

Trusted Global Innovator

NTT DATA ANNUAL REPORT 2020

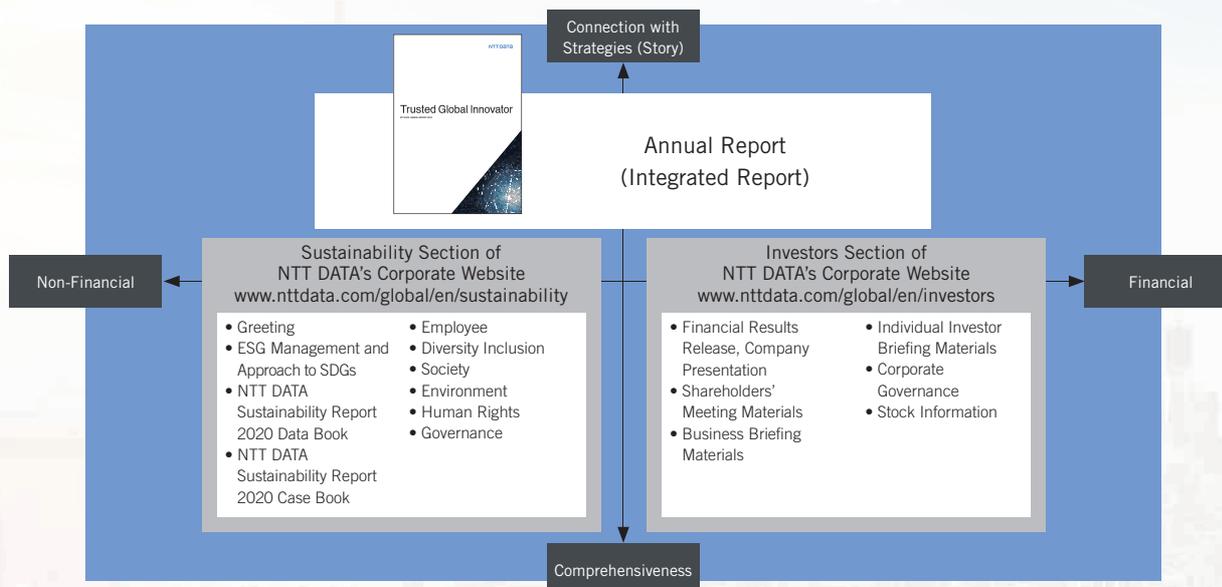


Editorial Policy for NTT DATA Annual Report 2020

NTT DATA Annual Report 2020 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 sustainable enhancement of corporate value through constructive dialogue.

The report integrates information particularly important to shareholders and investors, such as business strategies, business performance trends, etc. as well as environmental, social, and governance (ESG) data. We consider this report as an integrated report to explain NTT DATA Group's initiatives in creating sustainable value.

For more information, please see the investors and sustainability sections on our 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 the COVID-19 pandemic, 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.

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Mission Statement / Group Vision / Values

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

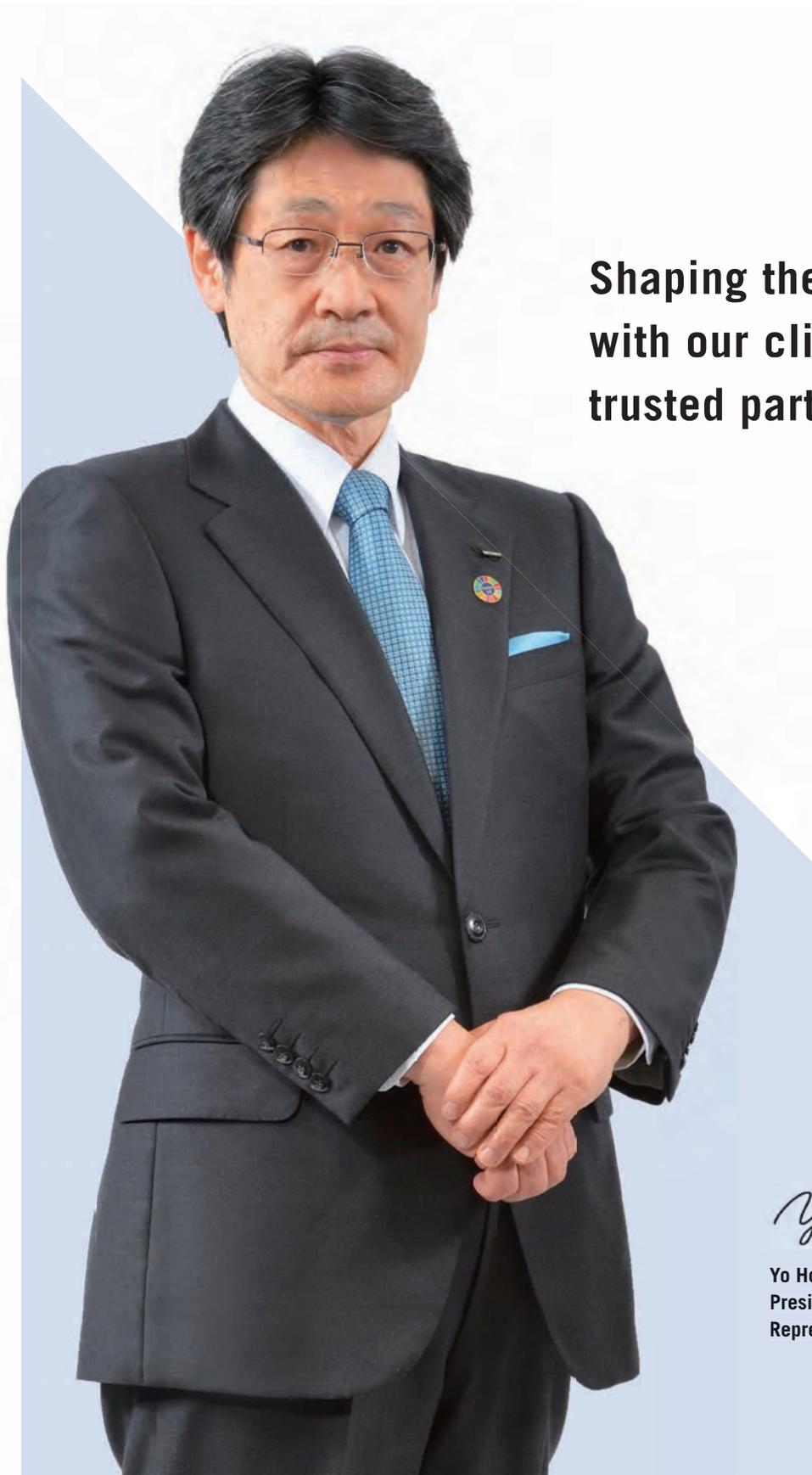
First, and above all else, we place the needs of our clients. We work continuously to understand your business and we strive to resolve every concern to your satisfaction. We feel responsibility to ensure your success and we let this obligation set the direction of our work and guide our actions.

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.



**Shaping the future society
with our clients as a
trusted partner.**

Yo Honma

**Yo Honma
President and Chief Executive Officer,
Representative Director**

I would like to express my deepest sympathies to all victims of the COVID-19 pandemic, those who have tragically succumbed to the disease and to their families. My thoughts and prayers are also with all those currently struggling to overcome the infection, and

I would like to express my sincerest appreciation to the healthcare workers fighting on the front lines to protect us, as well as government and municipal workers and all those helping to keep our lifeline infrastructure running.

To Create a Better Society

“Aiming for an optimum mixture of real and online”

Humanity is facing unprecedented challenges due to the COVID-19 pandemic. More than half a year has now elapsed since the outbreak, and the daily constraints on our lives have given us new-found appreciation for the ability to live normal lives and reminded us of the importance of the ties that bind people together.

Under the Pandemic Response Headquarters established in February, we have endeavored to ascertain the ever-changing situation at our offices and facilities. Faced with unprecedented challenges, with major cities around the world going into lock-down, each of our individual offices have responded to their specific circumstances to minimize the threat to human life and health. I would like to express my gratitude to all NTT DATA Group team members working around the world.

While COVID-19 has wrought drastic changes on the lives of people across the globe, it has also given us a chance to stop and contemplate social issues such as climate change, global population explosion, and food resource problems. Particularly in Japan, amid the scramble to ensure social distancing, several social issues have been brought into the spotlight, such as teleworking, online teaching, and online healthcare.

All over the world, the situation has provided an impetus for undertakings to build a better society and provide solutions to a range of social issues. I am firmly determined to make an even greater contribution to these efforts to build our future.

Over more than half a century since our days as the data

communications unit of NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION, “NTT”), NTT DATA has utilized IT to build up a wide range of social infrastructure. The new “paradigms” that we have produced for society are almost too numerous to mention, including payment settlement infrastructure such as the Credit And Finance Information Switching system (CAFIS), a comprehensive payment platform, and public infrastructure such as the “Social Insurance Online System.” We have faithfully carried out our mission statement to “use information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” and as such, I am convinced that we now have an even greater role to play in resolving the various social issues around the world.

Now then, precisely what kind of new “paradigms” need to be created? Now that COVID-19 is entrenched in society, there has been a rapid online transition, with the use of online conferencing tools for example, but there is no doubt that there will still be the need for physical human activity. In my view, the kind of society we ought to aim for is one that evolves the online world into a “new reality” that preserves the conventional real world of flesh-and-blood human activity, while also providing an “optimum mixture” of both worlds perfect for all sorts of purposes. And above all the most important ingredient for achieving that society will be “design thinking.”

The Challenge of Creating “Paradigms” for a New Era

“The path ahead will demand advanced design capabilities”

“The future of architecture will be less about simply constructing buildings and more about what kind of human use or enjoyment those buildings can offer. The way I see it, what I do is design townscapes and lifestyles.”*1 Those are the words of the famous Japanese architect Kengo Kuma, and I believe that philosophy translates into an approach for creating a new society utilizing digital technologies.

Over the past ten years, the status of IT has undergone dramatic change. We have now transitioned from an era when IT

was used as a means of rationalization and efficiency to an era where IT is used to create new services and business models, and in addition to the integration of development methods such as agile development, there is also an essential need for “design thinking” focused on client experience (CX) and user experience (UX). Specifically, to achieve the “optimum mixture of real and online,” we must adopt the perspectives of various stakeholders and create comprehensively integrated products. In addition, for the sake of continuous use and improvement, both IT service

Message from the CEO

providers and clients alike will need to have advanced design capabilities with insight into system utilization and data utilization. For example, schools are now being pressed to provide support for online teaching, and this entails not merely infrastructure upgrades, such as the distribution of PCs and tablets. It will also be important to design an ideal configuration for the field of education as a whole. If we can combine physical and online

activities and make thorough use of data to provide optimum curricula for each and every student, I have no doubt that the quality of education will improve.

I believe that by keeping the cycle going, from this sort of design through system and data utilization, we will be able to provide greater added value to our clients and pave the way for the creation of a new society. I call this cycle the “4D Value Cycle.”

4D Value Cycle

“The foundation of sustainable growth is Long-Term Relationships”

The prototype for the “4D Value Cycle” was the “3D Value Cycle.” This goes beyond the conventional contracted development business model, and molds the notion of providing our clients with added value into a concept covering the entire IT service life cycle. We work hand in hand with our clients as a trusted partner from the planning (“Design”) stage through system integration (“Develop”) and system utilization (“Drive”). We have kept this cycle going on a variety of projects up until now. Digital technology

today is undergoing dramatic evolution, and it has become extremely difficult to predict the future of social and economic environments or the future of our clients’ business environments. We must be able to anticipate a promising future image by analyzing trends in society, industry, and technology, and then be able to ascertain new ideal technologies for the realization of that image. Our 4D Value Cycle adds this kind of foresight (Discover) to our original 3D Value Cycle. We have positioned this 4D Value Cycle as a standard model for providing value throughout the NTT DATA Group, and we continue to run this cycle on numerous projects. One example of this is the “smart hog farming project” that we run together with NH Foods Ltd. and Interfarm Co., Ltd. This project aims to develop AI-based technology to ascertain the condition of swine livestock in real time using cameras and temperature, humidity, and other climate sensors installed within pigsties. To help solve the challenges not only of this particular pig farm but also challenges faced by the livestock industry as a whole, such as labor shortages and ensuring the passing on of trade skills, we are expanding the scope of the project to include building models for integrating smart technologies into the entire hog farming industry. And the foundation for keeping this cycle going is “Long-Term Relationships” with the client, which is our forte.



Progressing toward Global 3rd Stage Attainment

“We will achieve profitable global growth”

It is a true joy to hear our clients give us top marks for “carrying it through to the end,” because it really shows how we are deepening our strength in Long-Term Relationships. I am convinced that this strength will continue to be a major differentiating factor in co-creating new value with our clients by utilizing new technologies such as AI, the Internet of Things (IoT), and blockchain. We must continue to safeguard our mission

statement and our Long-Term Relationships as the foundation for the ongoing enhancement of the NTT DATA Group’s corporate value. With this in mind, we have integrated these assets into the basis of our current medium-term management plan (for FY2019 to FY2021) as “consistent belief.”

By 2025, we aim to reach the Global 3rd Stage, at which we will attain Global Top 5 status and become a company relied upon by

our clients around the world as a “Trusted Global Innovator.” We have designated the three years of our current medium-term management plan as the crucial halfway point on the path to that accomplishment. In order to elevate our “Growth” and “Earnings” abilities amid the tide of digital transformation, we ourselves must also have the courage to change and rigorously bolster our “Transformation” and “Synergy” abilities to continue to provide high added value to our clients. We are aiming to achieve “profitable global growth” by setting our consolidated operating income margin and our overseas EBITA margin as management objectives of the current medium-term management plan, and we are working to improve “GETS,” which is an acronym for these four abilities.

In FY 2019, the inaugural year of our current medium-term management plan, we took in record-high orders as we expanded the scale of both our domestic and overseas businesses, and we

succeeded in achieving consolidated sales growth for 31 consecutive fiscal years. Operating income was down due to initially planned growth investments and structural transformation, as well as the reworking of a number of low-profit overseas businesses.

In contrast to FY2019, when the COVID-19 pandemic had almost no impact on business performance, in FY2020, we must be wary of negative impacts such as cutbacks or postponement of IT investments by our clients, delays in development schedules, reductions in the scale of projects, or discontinuation of development. At the same time, now that COVID-19 is entrenched in society, we believe we will see acceleration in businesses that contribute to new lifestyle formats, and opportunities for us to contribute are growing dramatically. NTT DATA will firmly seize such opportunities, overcome this current phase of hardship, and move forward with even greater momentum toward reaching the Global 3rd Stage.

The Courage to Change

“Building unrivaled strengths and implementing genre-leading strategies”

After building up long years of experience in the Financial Segment, in 2010 I took charge of the Enterprise Segment (currently the Enterprise & Solutions Segment) for the first time as Head of the Retail & Services Sector. Even at that time, in contrast to the high market share and competitiveness we had in the Financial Segment, we had low market share and struggling earning power in the much larger enterprise market. We held rigorous discussions about how to strengthen our competitiveness, and decided to pinpoint our areas of strength, such as EC, and carry out selectivity and concentration on those areas. We also took the robust business model that brought us success in the Financial Segment and applied it to other clients and sectors, and from there we were able to spread out into other layers of information and communications technology (ICT). By applying this strategy to the Enterprise Segment as well, we succeeded in honing our strengths and enhancing our earning power. We also created a virtuous cycle in which the results of our employees’ original brainstorming and hard work help build confidence and lead to still further success.

And even now, as president, I have been working to build unrivaled strengths by enhancing global cross-functional collaboration, and implementing “genre top strategies,” with which we aim to be No. 1 in our strong-suit areas. One of those is to “expand global digital offerings,” which is Strategy 1 of our current medium-term management plan. We are working to bring

together the collective strengths of the NTT DATA Group around the world to generate synergies and create tools with which to compete globally as well as step up our game.

We are building “Global One Teams” for each of our strong-suit industries and providing services to clients with whom we collaborate on global business development. We have already won strong praise from our clients in the auto industry, in addition to which we have been successful in providing integral services in various industries such as telecommunications through our Group companies. Under our Digital Strategy Office (DSO), we are also working to create tools to give us a competitive advantage all around the world through concentrated investment in areas that combine our strong-suit industries with digital technologies. One example of this is our global platform for the insurance industry. We have enabled the provision of prompt and low-cost service by combining the insurance solutions of our Group companies and offering them in micro-service format. In FY2019, we had success in obtaining orders particularly in North America, and in FY2020 we will deploy our strategies to EMEA and Latin America as well.

Furthermore, we have formed Centers of Excellence (CoE) to gather and globally apply our Group’s technologies and wisdom. At our seven CoEs covering Blockchain, Digital Design, Agile/DevOps, AI, IoT, Intelligent Automation, and Software Engineering Automation, we have over 2,000 members supporting prompt creation and rollout of offerings utilizing cutting-edge technologies.

Delivering Greater Value to Clients Based on Regional Needs

“Steadily producing results from our existing strengths × digital technologies”

Strategy 2, “delivering greater value to clients based on regional needs,” aims to deliver greater value to our clients by using strategies optimized to different market characteristics and strengths and continuing to run our 4D Value Cycle. We have attained various results by combining strengths in existing areas with digital technologies.

Domestically in Japan, together with TEPCO Power Grid, Incorporated, Chubu Electric Power Company, Incorporated, and Kansai Transmission and Distribution, Inc., we have established Grid Data Bank Lab to promote “lab-based co-creation,” and we have begun providing services combining electric power data with a variety of industry data. In addition, CAFIS has begun providing a code payment gateway service that offers one-stop processing of international and domestic code payments, which is now in use by over 10,000 stores. These are the results of combining digital technologies with the strengths we have built up via Long-Term Relationships with our clients. Overseas as well, we have been steadily accumulating results by combining our strengths in areas such as IT outsourcing with digital technologies. Examples include the ITO and consulting service contract obtained from the Oklahoma State Government in the United States, a major outsourcing contract from Spanish gas and electricity major Naturgy Energy Group S.A., and a major SAP integration service contract obtained from German railway company Deutsche Bahn AG.

We have positioned profitability improvement in overseas businesses as a key challenge, and we carry out structural transformation to shift our business portfolio to digital domains. In FY2019, centered on EMEA and Latin America, we reshaped and reskilled our human resources by optimizing resources through means such as early retirement programs and the digitization of

our workforce. We also restructured low-profit businesses, and exercised selectivity and concentration in our digital offerings, and these efforts have been delivering results in the form of orders obtained in digital domains. In FY2020, I aim to accelerate structural transformation, particularly in North America, and fast track our transition to digital-focused business domains.

In our domestic business, we have built up strengths in the form of Long-Term Relationships with the potential for expansion into digital investments, as illustrated by our high market share rankings. We rank second*2 in the Public & Social Infrastructure Segment, first*2 in the Financial Segment, and fourth*2 in the Enterprise & Solutions Segment. In FY2020, although the impact of the COVID-19 pandemic may be relatively heavily felt in the Enterprise & Solutions Segment, which has many projects for which orders and sales are recorded in the same fiscal year, in our Public & Social Infrastructure Segment and Financial Segment we are leveraging the true value of our strengths in the form of resilience to changes in our environment, as these segments are buttressed by order backlogs and sales as well as recurring business, and we will minimize the impact of COVID-19. Meanwhile, turning our attention to overseas, although we have focused on improving our local presence and expanded our market share in Spain, Italy, etc., we rank eighth*2 in terms of global market share, and in order to reach the Global Top 5, we must further build up our strengths in Long-Term Relationships overseas and become a more efficient and profitable digital company on a groupwide basis. To that end, in addition to Strategies 1 and 2, we must carry out a third strategy, to “unleash our employees’ potential that maximizes organizational strengths” so as to more effectively implement our first two strategies.

Unleashing Our Global Employees’ Potential That Maximizes Organizational Strengths

“Aiming for a 100% digital workforce”

Today, the digital workforce shortage has become a problem, and in Japan it is estimated that, without progress on reskilling, there will be a shortage of up to 550,000 workers in the digital workforce by 2030. At NTT DATA, we have made “unleashing our employees’ potential that maximizes organizational strengths” our third strategy, and we are working to enhance each and every one of our employees’ ability to respond digitally and globally. We have sorted our workforce into three categories depending on their depth of technological knowledge: “Human resources that utilize digital technology,” “Digital specialists,” and “Core digital human

resources,” and we are aiming for a 100% digital workforce by promoting reskilling through various human resource development programs and an in-house leave system. We have an Advanced Professional (ADP) system for externally recruiting human resources with outstanding expertise in advanced IT, in addition to which we established a Technical Grade (TG) system in October 2019 to determine employees’ compensation based on the degree of their specialty-driven contributions.

People like Kengo Kuma are known in the architecture industry as “top architects.” Society is going to require the utilization of

digital technologies to achieve broad-spectrum integration of the “smart city” kind, and in order to create paradigms for that society, I believe our industry too will need “top architects” to visualize the future of society and industry. However, such top architects are a rare breed and not easily cultivated. The overall industry,

and the client’s side as well, will need to nurture architects that are well versed in both the client’s business as well as technologies and be able to design the right kind of paradigms for overall integration. We at NTT DATA intend to cultivate our worldwide design workforce into such architects.

ESG Management

“Shaping the future society with our clients”

The great Konosuke Matsushita (the founder of Panasonic Corporation) famously said: “Develop people before making products.” For businesses like NTT DATA, where human resources and intellectual property make up the majority of corporate value, “developing people” is the most valuable foundation for sustained business development. That is why, as a company devoted to environmental, social, and governance (ESG) management, we have included three human resource-related challenges in the 12 material ESG issues we instituted in FY2019. Recruiting and developing IT human resources is of course a core part of these undertakings, but our ambitions go much further. We pursue women’s empowerment and other diversity and inclusion goals as part of our management strategy to prevail over the global competition, and we are a pioneering force in workstyle reform initiatives.

To address our material ESG issues, in FY2020 we established

specific goals and project management protocols for each part of our organization, and we place particular emphasis on contributing to solutions for societal challenges through our business. During the COVID-19 pandemic, we have provided remote medical care solutions to support healthcare workers in Europe and South America, while in Japan we also provided AI optical character recognition (AI-OCR) and robotic process automation (RPA) to local governments to help them fast-track the payment of COVID-19 relief cash handouts. Thus, our business is the business of solving the challenges faced by our clients and society through the power of IT. We will integrally implement ESG management and operational strategies, and shape the future society with our clients as a trusted partner. In so doing, I hope to contribute to achievement of the Sustainable Development Goals (SDGs) and achieve ongoing enhancement of corporate value for NTT DATA.

In Closing

“Going the full distance”

It was about 30 years ago that the internet first appeared on the “real world” scene. The early 2000s saw services start to go online, and after that came smartphones and then social media. And today, the real world is on the cusp of a digital transformation. Once the “optimum mixture of real and online” is achieved, the evolution of technologies such as 5G and AI will likely propel us toward an “augmented real world” with total digital–physical fusion.

We take pride in having constructed social infrastructure using IT. And I want us to remain at the forefront in shaping a new society as well. To that end, I intend to go the full distance on the strategies that we have devised. If our entire workforce unites to undertake these initiatives with rigorous determination, I am absolutely convinced that we will succeed.

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



*1 Source: Tokyo Midtown SCENE, August 2020 issue

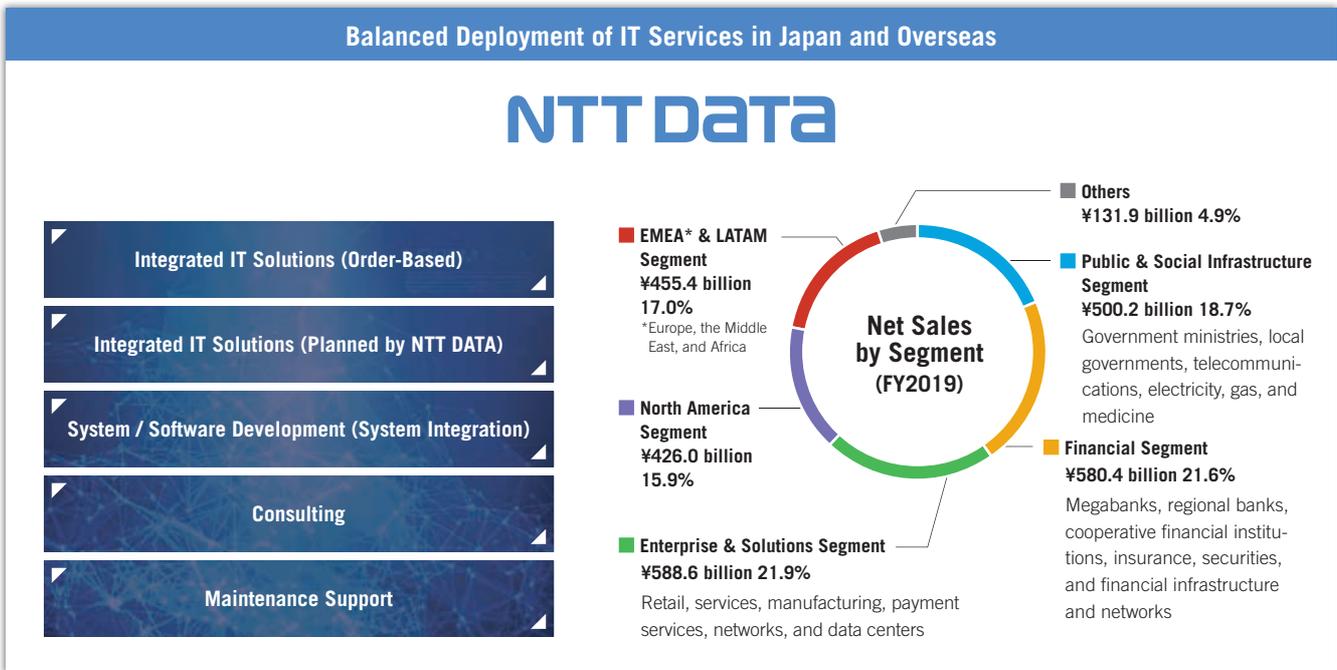
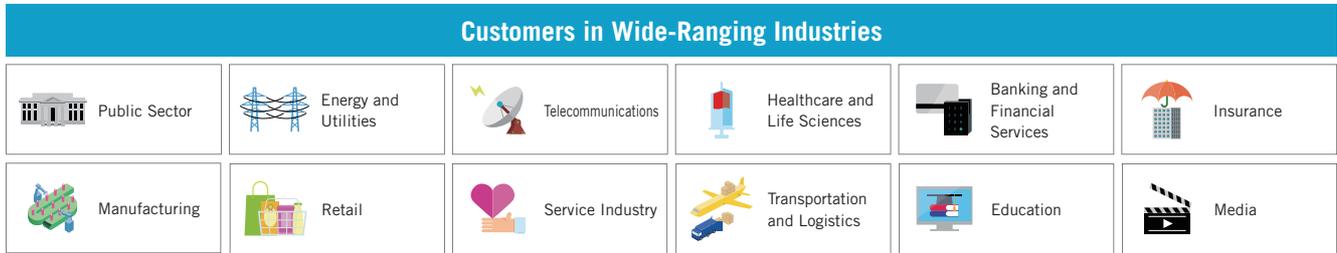
*2 Source: Gartner “Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020”

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

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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 (FY2019)

Net Sales

¥**2,266.8** billion

Operating Income

¥**130.9** billion

Consolidated Subsidiaries

318 companies

Total Assets

¥**2,686.0** billion

Employees

133,196 people

Net sales ranking among Japanese companies specializing in IT services

1st

(Based on research by NTT DATA)

Revenue growth for **31** consecutive years since our founding

Rankings in the IT Services Market in 2019* (Net Sales)

Japan

Overall

2nd

Financial

1st

Public & Social Infrastructure

2nd

Enterprise & Solutions

4th

Global

Overall

8th

Rankings by Country

Spain

3rd

Italy

9th

Germany

12th

Rankings by Industry

Financial

4th

Public

8th

Manufacturing

10th

External Recognition

Japan

ESG Index



Cutting-Edge Technologies



Global

ESG Index

Dow Jones Sustainability World Index / Asia Pacific Index

MEMBER OF
Dow Jones Sustainability Indices

In collaboration with

P40: NTT DATA's ESG Management

Cutting-Edge Technologies (Assessment by Leading Research & Analysis Firm)

A Leader
NelsonHall NEAT report for Digital Experience Consulting Services



HFS Top 10
Agile Software Development, 2020



* Graphs / charts are created by NTT DATA based on Gartner Research.

Source: Gartner "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020"

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

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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 31 consecutive years since our founding.

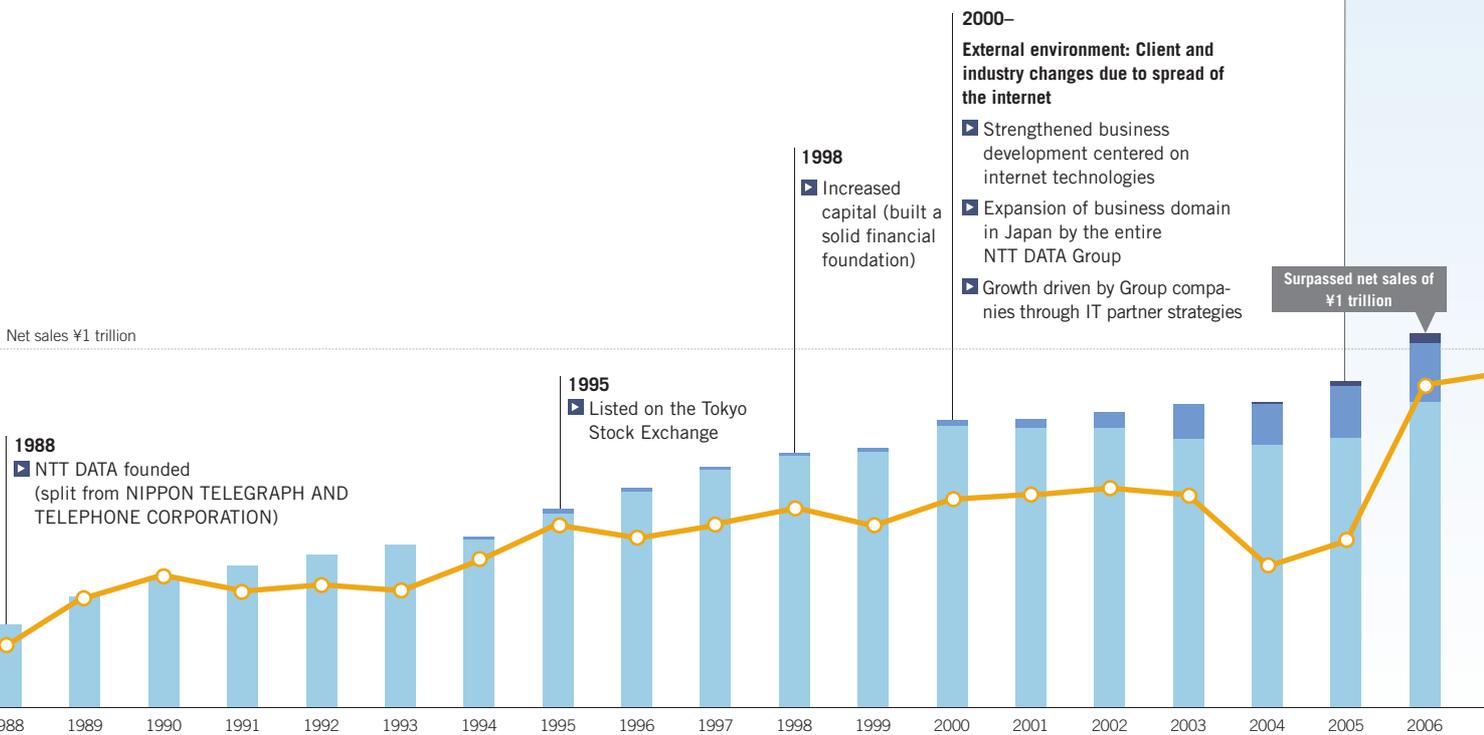


Net sales ¥2 trillion

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



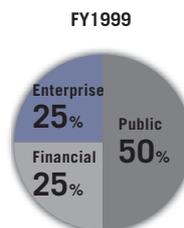
Implementing Our Mission Statement

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

Business Expansion Centered on the Public and Financial Sectors

Enterprise Business Expansion

Self-transformation of segment portfolio (Net sales by segments)



Global 1st Stage
FY2005–2015

Global 2nd Stage
FY2016–2018

Global 3rd Stage
FY2019–2025

Increased Global Coverage

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



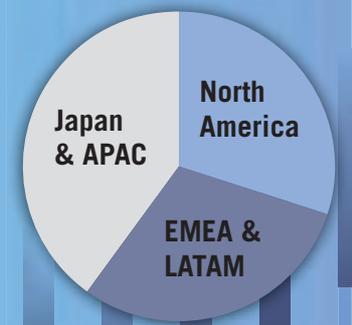
Recognized Global Brand

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



Reputation as Trusted Brand

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



2018–

- Adopted slogan “Trusted Global Innovator”

Surpassed net sales of ¥2 trillion

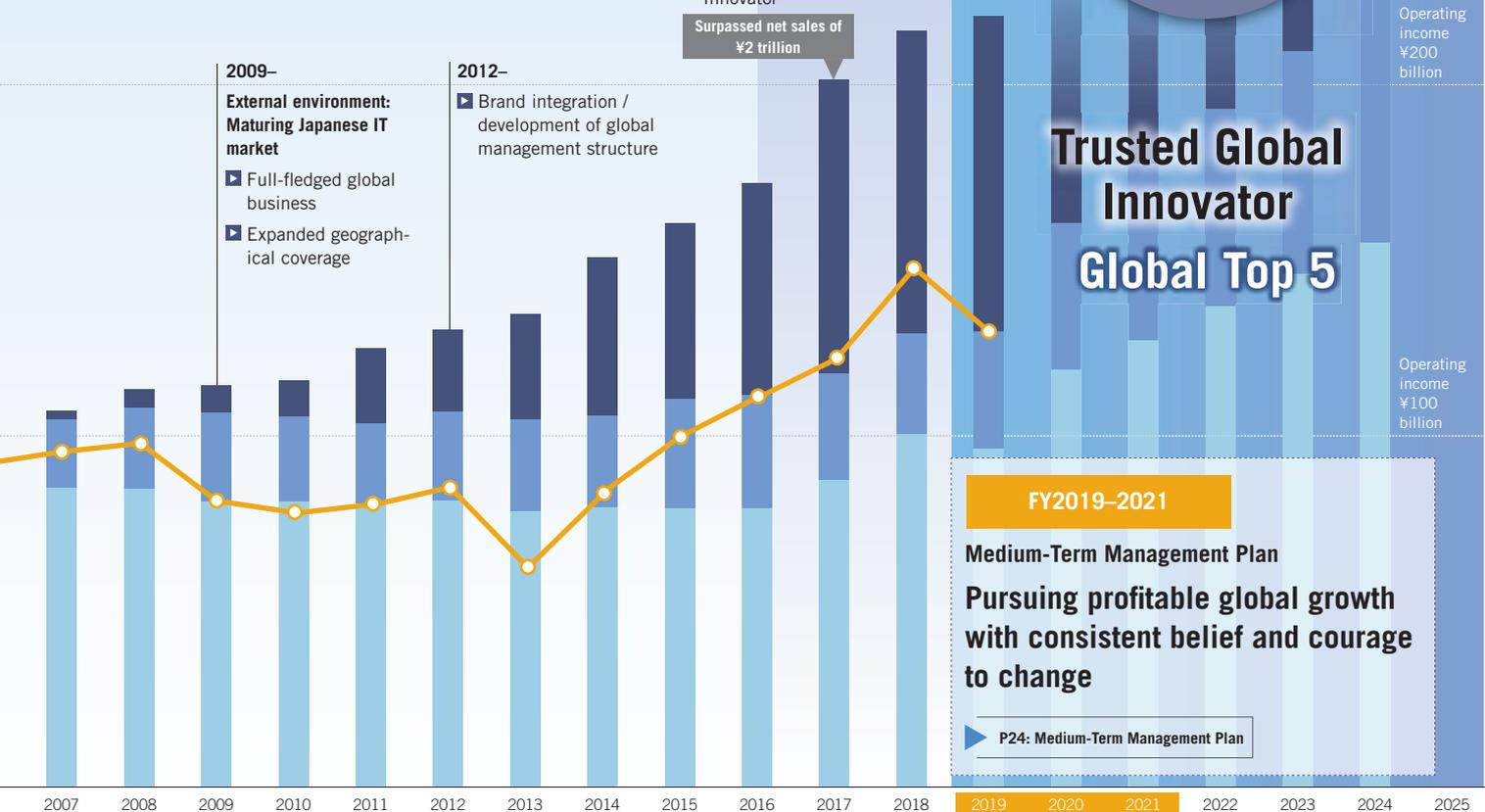
2009–

External environment: Maturing Japanese IT market

- Full-fledged global business
- Expanded geographical coverage

2012–

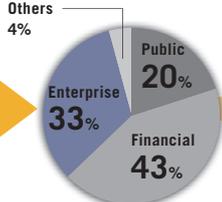
- Brand integration / development of global management structure



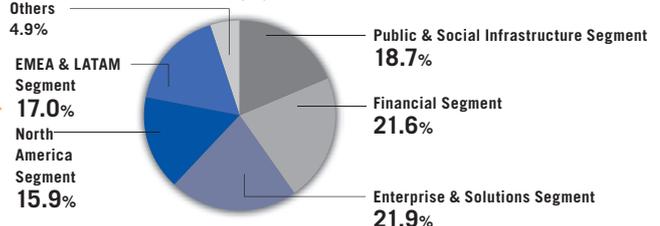
Global Business Expansion

P38: M&A Strategy

FY2009



FY2019



Fostered Strengths

Long-Term Relationships —Unwavering Bonds of Trust—

Established in 1988, for more than 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.” For the implementation of our mission statement, we have continued to adhere to our clients first principle, never becoming preoccupied with short-term gains or shying away from the challenges we face.

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.

NTT DATA's Positioning to Maximize the Effect of Long-Term Relationships

As NTT DATA has constantly served as a multi-vendor, which does not solely provide certain hardware / software products or services, remained flexible, and pursued advanced and innovative technologies;

- Through NTT DATA Group's sophisticated solutions and the partnership with players in various products and services segments, we can introduce a wide range of advanced products and technologies in the world and provide the most suitable solutions for clients;
- As many industries experienced digital transformation, we can deal with changes that markets and clients face, capture business opportunities in a broad range of fields, and create a new business model utilizing information technologies with clients;
- We can develop a social infrastructure system that would require coordination of a lot of vendors and deploy businesses beyond boundaries of industries;
- Through collaborations with other companies, by avoiding unnecessary investments, we can improve investment efficiency and reduce risks.

NTT DATA's Competitive Advantage Brought about by Long-Term Relationships

Provision of high added value / client satisfaction

The accumulation of knowledge in clients' business through Long-Term Relationships enables us to understand their needs accurately and make high-value-added proposals that are unique to us.

▶ P31: Strategy 2 of Medium-Term Management Plan

Sharing knowledge with Group companies

By sharing knowledge in business accumulated through long-term business relationships with specific clients with Group companies, we can take an approach incorporating the Group's expertise in various industries and sectors around the world.

▶ P28: Strategy 1 of Medium-Term Management Plan

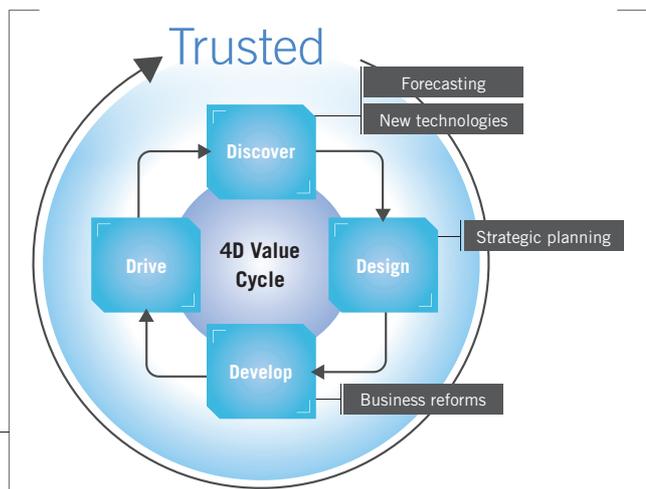
Stability

Long-Term Relationships with clients lead to stable earnings for a long period and allow us to make investments from a long-term perspective and improve the corporate value sustainably.

Association between Long-Term Relationships and NTT DATA's Value Offering Model “4D Value Cycle”

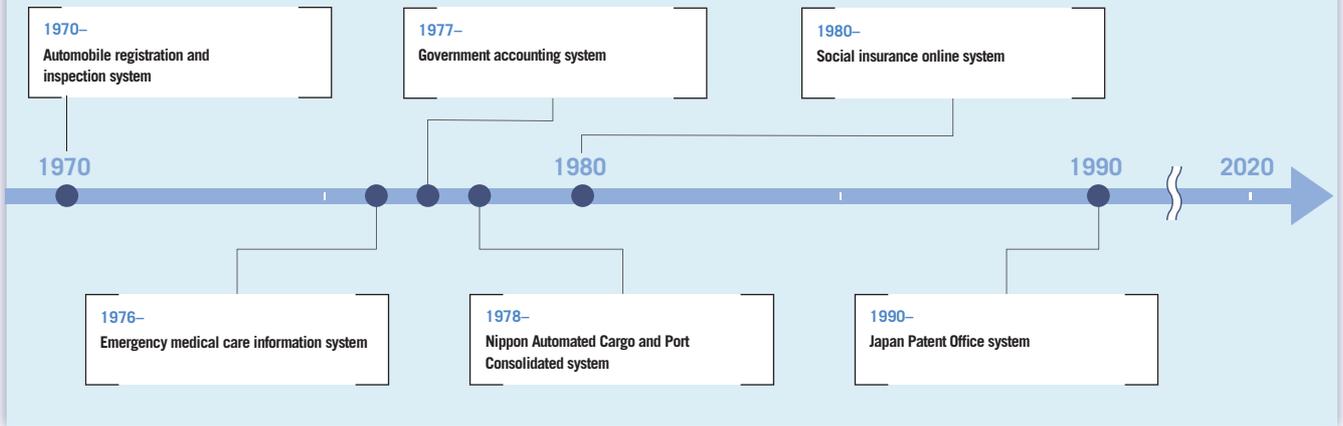
We believe that our ideal way of providing value to pursue is to take our business model a step beyond that of a traditional system integrator, which develops systems according to clients' requests, and take responsibility for the entire IT service life cycle. This belief is incorporated in the 4D Value Cycle (a value offering model shared throughout NTT DATA). We continued operating under this cycle for cases of Long-Term Relationships for clients' significant systems including the social insurance online system and a lot of systems such as ANSER and CAFIS that were designed by us and are used by many clients, which has increased clients' trust in NTT DATA.

- Common model to further enhance the value we provide to clients
 - Providing the value at all four D (Discover, Design, Develop, and Drive) stages
 - Continuing to utilize the 4D Value Cycle = Long-Term Relationships with clients
- This will result in NTT DATA's differentiation from competitors and increased competitive advantage.



Examples of Long-Term Relationships

Many Large-Scale Systems We Have Developed and Operated with Clients for a Long Time



Systems That Were Designed by NTT DATA and Have Been Used by Many Clients for a Long Time

ANSER

Over 35 years ago, we developed ANSER, a service that enables financial transactions, which used to be conducted over the counters of financial institutions or through ATM, at office, at home, and away from home. To meet the needs of the times, we worked with clients to add new services. Today, ANSER, a trusted and proven service, is used by over 500 financial institutions.

1981

Commencement of ANSER Service

ANSER was born as an epoch-making joint use service that enables users to conduct financial transactions via telephone or fax without visiting a financial institution. NTT DATA designed it upon requests from financial institutions and clients who used the financial institutions.

1986

PC Banking Service

Since its commencement, more major companies started to use the PC banking service.

1997

Internet Banking Service

Amid the spread of the internet, NTT DATA began providing the internet banking service that did not require dedicated software, unlike with the PC banking service.

1999

Mobile Banking Service

Amid the full-scale spread of mobile phones, NTT DATA began providing the mobile banking service.

2015

Application Banking Service

Amid the growing use of digital channels, NTT DATA began providing a banking application that allows users to check the balance, etc., easily without making an internet banking contract.

2017

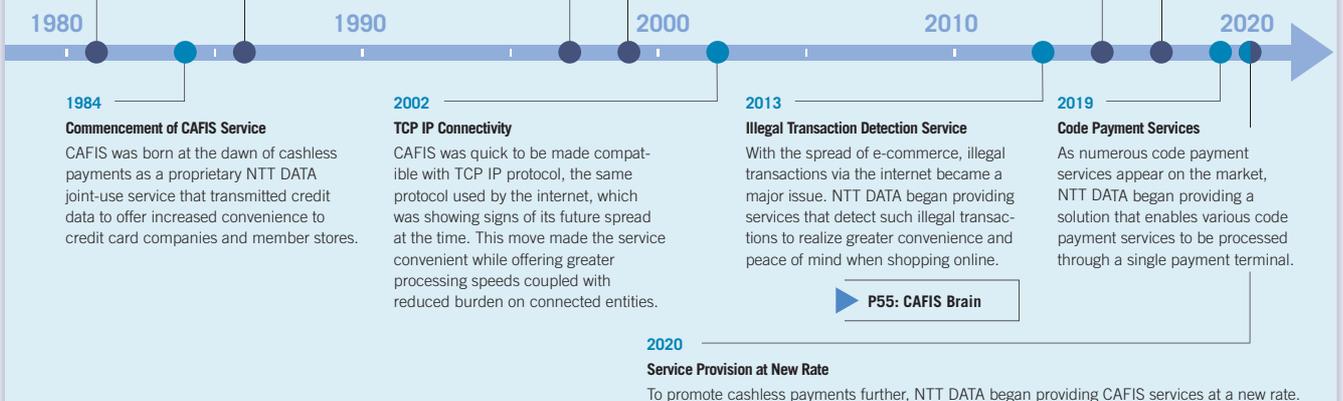
Response to "More Open" Financial Transactions

NTT DATA began providing a service to connect external service providers possessing Fintech technologies to financial institutions via API.

2020

NTT DATA began providing BizHawkEye, a multi-banking service for corporations that will increase the efficiency of financial and accounting operations at companies.

▶ P79: OpenCanvas initiatives

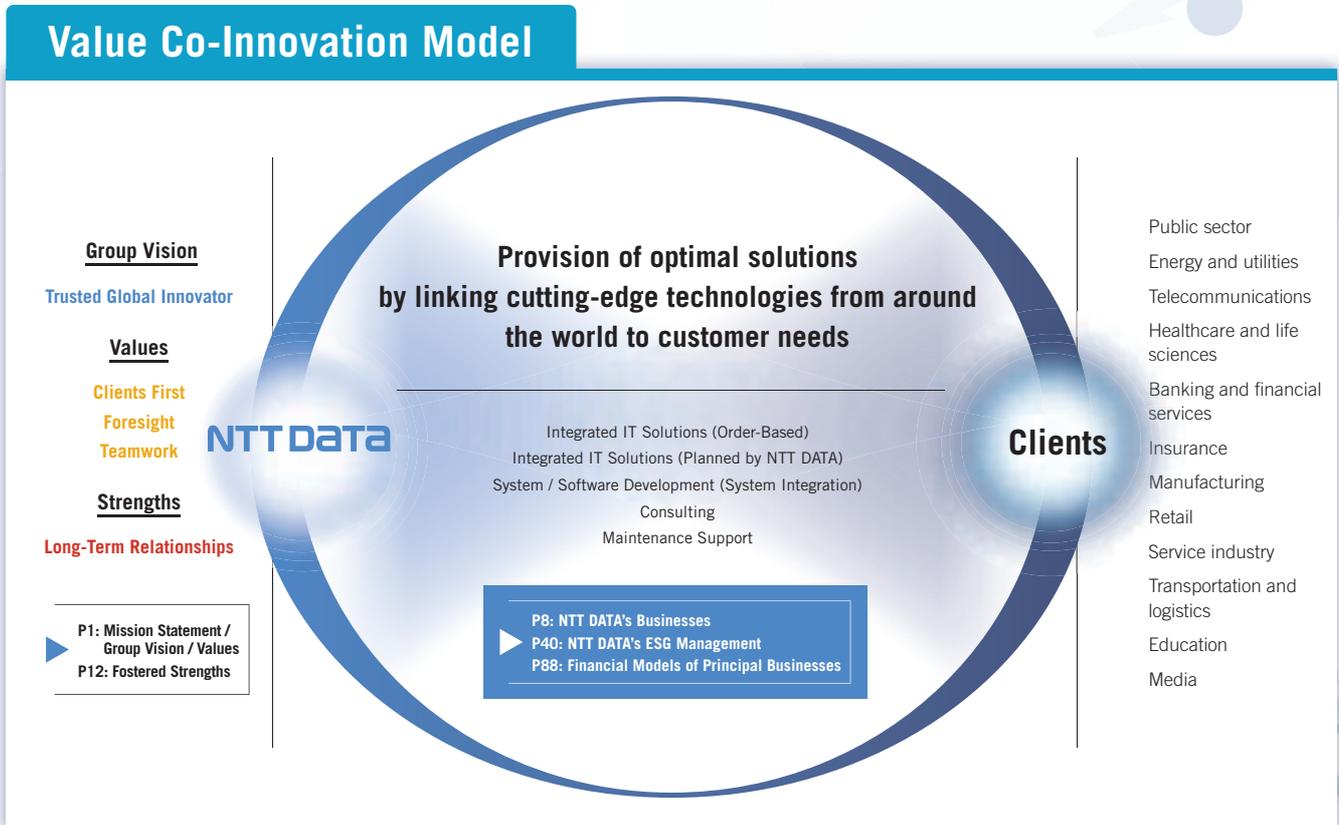


CAFIS

CAFIS, a proprietary 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 member stores and even individuals have embraced this payment infrastructure for its convenience.

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 future society with its customers. This is the very embodiment of our mission statement.



Financial Capital		
FY2019	<p>Consolidated Operating Income</p> <p>¥ 130.9 billion</p>	<p>Consolidated Total Equity</p> <p>¥ 987.4 billion</p>
		<p>D/E Ratio</p> <p>0.64 times</p>
Non-Financial Capital		
<p> Human Resources and Organizational Capabilities</p> <ul style="list-style-type: none"> Employees: More than 133,000 Ratio of employees working overseas: Approx. 70% Worldwide offshore and near-shore development personnel: More than 44,000 	<p> Technologies</p> <ul style="list-style-type: none"> Acquisition of higher evaluations for advanced technology fields from third-party evaluation institutions P9: External Recognition Staff of 2,060 people in seven advanced digital technology fields (Centers of Excellence) 	<p> Partners</p> <ul style="list-style-type: none"> Frameworks for global business development through collaboration with the NTT Group Number of business partners*1 (excluding the NTT DATA Group): Approx. 160 companies and 49,000 people
<p> Client Base</p> <ul style="list-style-type: none"> 74 clients (Number of clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)) 	<p>NTT DATA Brand</p> <ul style="list-style-type: none"> Global IT service ranking (Net sales): 8th*2 Ranked among top 10 market shareholders in three of 10 major countries of operation*2 	

*1 A certification system NTT DATA employs to build positive relationships with external suppliers
 *2 Source: Gartner "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., April 13, 2020"
 Within 10 major countries (United States, Japan, United Kingdom, Germany, China, France, Canada, Australia, Spain, and Italy), Japan, Spain, and Italy have the top 10 market shares.
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Outcome

Realizing a More Affluent and Harmonious Society



Resolving social issues



Shaping the future society with our clients

Enhancing Corporate Value

Targets of Medium-Term Management Plan (FY2019–2021) ▶ P26: Medium-Term Management Plan

Financial Capital			Non-Financial Capital	
Consolidated Net Sales	Consolidated Operating Income Margin*3	Overseas EBITA Margin*3		Client Base*4
¥2.5 trillion	8%	7%		Over 80
<small>*3 Excluding temporary costs such as M&As and structural transformation *4 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)</small>				

Please refer to the following section for information on material ESG issues and KPIs.

▶ P40: NTT DATA's ESG Management

Non-Financial Capital



Human Resources and Organizational Capabilities

- Unleash our employees' potential that maximizes organizational strengths
- 1. Unleash employees' potential
- 2. Digitize our work environment
- 3. Enhance our governance processes



Technologies

- Expand global digital offerings
- 1. Accelerate global marketing
- 2. Develop digital offerings
- 3. Expand Center of Excellence (CoE)



Partners

- Collaboration with the NTT Group through cutting-edge R&D, economies of scale, etc.
- Enhance resources and solutions lineups by reinforcing partnerships with vendors

NTT DATA Brand

- Reputation as "Trusted Global Innovator"
- Aiming for Global Top 5 in 2025

Reinvestment

▶ P34: Message from the CFO



Management Resources That Support NTT DATA's Growth

	 Human Resources and Organizational Capabilities	 Technologies	 Partners
Significance of management resources	To capture both clients' needs and technological trends and continue to produce innovations in the IT services industry with remarkable technological evolution, diverse and talented human resources are indispensable. Accumulated in people and the organization, our know-how on both clients' businesses and applications, which we have acquired from our solid client base over a long period of time, is the source of our competitiveness.	Technology is a base from which we propose optimal solutions for our clients. It is also important for producing innovations and continuously providing competitive services. Recently, digital technologies, such as AI and IoT, particularly have rapidly evolved. Digital technology-based competitiveness must be reinforced, and there is an increased need for responding to changing business models. Enhanced digital capability is one of our significant themes.	In order to provide optimal services to our clients, we have to widely incorporate great products and technologies from our partners across the world. Good relationships with our partners enable us to build a stable and flexible delivery system. Our strong partnership with the NTT Group is also important to increase our presence in the global market.
Strengths	<ul style="list-style-type: none"> Professional human resources with advanced expertise (over 133,000 professionals in 53 countries and regions) High employment and training capabilities (top employer for new graduates in Japan*1; over 30,000 global employees, excellent human resources training programs) High-quality approach to diversity and inclusion <ul style="list-style-type: none"> Promoting active participation of women (with a female employee rate of 29% for the entire Group; selected for Nadeshiko Brand in FY2019; and obtained the Platinum Kurumin Certification) Approach to sexual minorities including LGBT (won the Gold Award of PRIDE Index 2019) Employees' high engagement (The rate of highly engaged employees is 71%.*2) 	<ul style="list-style-type: none"> Top-class technological and project management capabilities that facilitate development and operation of mission-critical systems supporting social infrastructure One of the world's best digital technology capabilities: <ul style="list-style-type: none"> A Leader in NelsonHall NEAT report for Digital Experience Consulting Services HFS Top 10: Agile Software Development, 2020 Selected for the DX Issue 2020 Forecasting and discovering new technologies NTT DATA has delivered the NTT DATA Technology Foresight (trend information that predicts prospective changes initiated by technologies) for approximately 10 years. Research and development in collaboration with the NTT Group The entire NTT Group invests approximately ¥220 billion annually in research and development, including NTT Laboratories, one of the world's leading research institutes and NTT Research, Inc. NTT DATA can utilize its findings. 	<ul style="list-style-type: none"> We won the SAP AWARD OF EXCELLENCE for our partnership with IT companies worldwide for the fifth consecutive year. We are among AWS Partner Network (APN) Premier Tier Consulting Partners. We work together with Dell Technologies on several projects including OpenCanvas in Japan and healthcare and smart city projects overseas. We have accumulated our unique resources and know-how through the Global Open Innovation Contest that we have hosted since 2013. We have a number of business partners*3 (with about 49,000 people from some 160 companies). We collaborate with the NTT Group in research and development in advanced areas and utilize economies of scale.
	Solid human resources and organization with advanced digital technologies and expertise (2,060 CoE employees)		
Goals	<ul style="list-style-type: none"> Unleash our employees' potential that maximizes organizational strengths <ul style="list-style-type: none"> Unleash employees' potential Digitize our work environment Enhance our governance processes 	<ul style="list-style-type: none"> Expand global digital offerings <ul style="list-style-type: none"> Accelerate global marketing Develop digital offerings Expand Center of Excellence (CoE) 	<ul style="list-style-type: none"> Enhance resources and solutions lineups by reinforcing partnerships with IT companies around the world Drive NTT Group collaboration <ul style="list-style-type: none"> Leverage global solutions-based R&D as well as R&D in next-generation science Expand business by cross-sell and provision of total service (B2B2X, etc.) Drive reduced costs through NTT global procurement organization
Relevant Medium-Term Management Plan Strategies	Strategy 3 Unleash our employees' potential that maximizes organizational strengths	Strategy 1 Expand global digital offerings Drive NTT Group collaboration	Drive NTT Group collaboration
Relevant 12 Material ESG Issues	<ul style="list-style-type: none"> ③ Secure and develop IT human resources ④ Promote diversity and inclusion ⑤ Promote workstyle reform 	<ul style="list-style-type: none"> ① Offer social infrastructure and business category-specific solutions based on advanced technologies ② Build and ensure stable management / operation of IT infrastructure 	⑫ Promote responsible supply chain
Efforts in FY2019	<ul style="list-style-type: none"> ▶ P31: Strategy 3, Unleash our employees' potential that maximizes organizational strengths ▶ P46: Human Resources 	<ul style="list-style-type: none"> ▶ P28: Strategy 1, Expand global digital offerings ▶ P32: Drive NTT Group collaboration <p>NTT DATA Technology Foresight 2020 https://www.nttdata.com/global/en/foresight/trend-listing/</p>	▶ P32: Drive NTT Group collaboration

*1 "Total ranking" of "Ranking of Popular IT Companies for Job Hunting New Graduates 2021" by Rakuten Minshu

*2 Achievement in FY2019 of One Voice, an engagement survey on the employees, including those working for overseas Group companies

*3 Our business partnership system that evaluates management status from multiple angles to certify excellent partners as Business Partner Companies

*4 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan).

 Client Base	 NTT DATA Brand	 Finance
<p>A solid client base, which has been created through Long-Term Relationships with our clients, is indispensable for providing our unique and highly value-added IT services that accurately reflect the clients' needs.</p> <p>It also enhances our business stability and enables us to stably invest in the future.</p>	<p>Because it is our business to provide the invisible values of "IT services" and specialize in building systems that support social infrastructure, our clients focus on our reputation and reliability. Spreading a brand of NTT DATA across the world is one of our extremely important themes in acquiring new business opportunities. It is also an extremely critical management resource for higher profitability.</p>	<p>Besides creating cash to invest in businesses required for profitable global growth, the maintenance of a sound financial base is an important issue to stably operate information infrastructures that support society, finance, and economy.</p>
<ul style="list-style-type: none"> • Long-Term Relationships with numerous clients and our deep understanding of their operations, which we have built over a long period of time by way of constructing and stably running mega-scale systems in national projects, etc., that support social infrastructure (Client base*4: 74 companies) 	<ul style="list-style-type: none"> • High market shares <ul style="list-style-type: none"> Ranked second in domestic net sales in the IT services market*5 Ranked eighth in global net sales in the IT services market*5 • Achievements we have made over a long period of time by constructing and stably running mega-scale systems in national projects, etc., that support social infrastructure. 	<ul style="list-style-type: none"> • Robust financial base (ratings: AA (R&I); AA+ (JCR)) • Abilities to create cash that enable investment required for growth (A consolidated free cash flow of ¥22.8 billion)
<ul style="list-style-type: none"> • Further expansion of clients base by maximizing the value we provide to clients <ul style="list-style-type: none"> • Over 80 clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan) 	<ul style="list-style-type: none"> • Reputation as trusted brand <ul style="list-style-type: none"> • Global Top 5 • Rank in Top 10 in major countries 	<ul style="list-style-type: none"> • Net sales ¥2.5 trillion • Operating income margin*6 8% • Overseas EBITA margin*6 7%
<p>Strategy 1 Expand global digital offerings</p> <p>Strategy 2 Deliver greater value to clients based on regional needs</p>	<p>Strategy 1 Expand global digital offerings</p> <p>Strategy 2 Deliver greater value to clients based on regional needs</p>	<p>Strategy 1 Expand global digital offerings</p> <p>Strategy 2 Deliver greater value to clients based on regional needs</p>
<ol style="list-style-type: none"> 1 Offer social infrastructure and business category-specific solutions based on advanced technologies 2 Build and ensure stable management / operation of IT infrastructure 	<ol style="list-style-type: none"> 1 Offer social infrastructure and business-category-specific solutions based on advanced technologies 2 Build and ensure stable management / operation of IT infrastructure 	<ol style="list-style-type: none"> 1 Offer social infrastructure and business-category-specific solutions based on advanced technologies 2 Build and ensure stable management / operation of IT infrastructure
<p>▶ P28: Strategy 1, Expand global digital offerings P31: Strategy 2, Deliver greater value to clients based on regional needs</p>	<p>▶ P28: Strategy 1, Expand global digital offerings P31: Strategy 2, Deliver greater value to clients based on regional needs</p>	<p>▶ P28: Strategy 1, Expand global digital offerings P31: Strategy 2, Deliver greater value to clients based on regional needs P34: Message from the CFO P88: Financials</p>

*5 Source: Gartner, "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020."

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*6 Excluding temporary costs such as M&As and structural transformation

Financial / Non-Financial Highlights

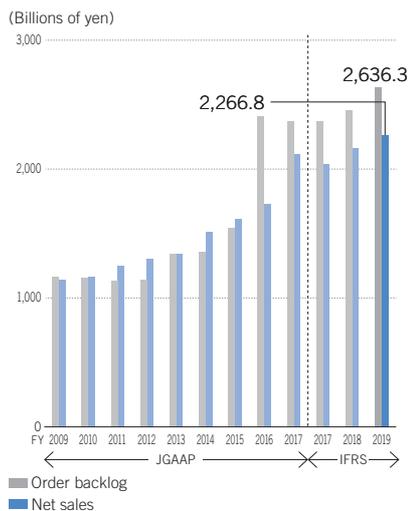
Financial Highlights

P90: Financial Position and Business Results Analysis

Order Backlog / Net Sales

P34: Message from the CFO, Business Performance Review

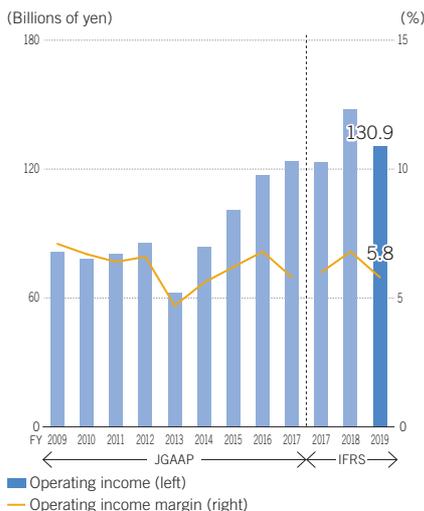
Both new orders received and net sales have grown steadily due to the robust domestic business and expansion of scale in the overseas business. As a result, net sales has grown for 31 consecutive fiscal years. Order backlogs also increased due to strong orders and remained at a high level.



Operating Income / Operating Income Margin

P34: Message from the CFO, Business Performance Review

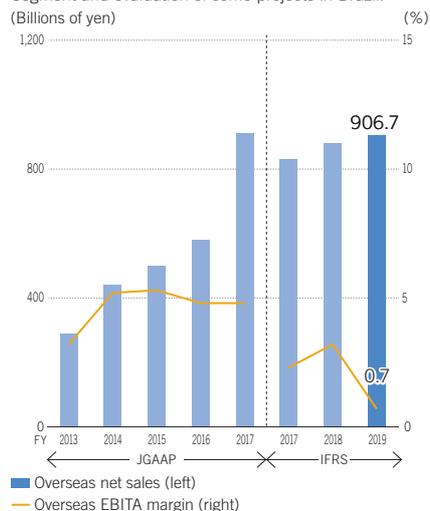
Operating income fell due to growth investments and structural transformation which were scheduled at the beginning of the term as well as review of businesses with low profitability overseas and others.



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

P33: Enhanced Response to Individual Management Issues

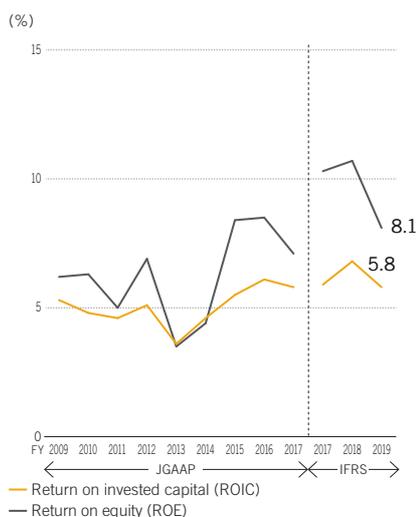
Overseas net sales grew mainly due to expansion of business scale especially in the EMEA & LATAM Segment, despite a decrease due to negative impact from yen appreciation in foreign exchange. The overseas EBITA margin declined due mainly to an increase of structural transformation cost including the review on less profitable businesses in the EMEA & LATAM Segment and evaluation of some projects in Brazil.



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

P37: Message from the CFO, Improving Capital Efficiency

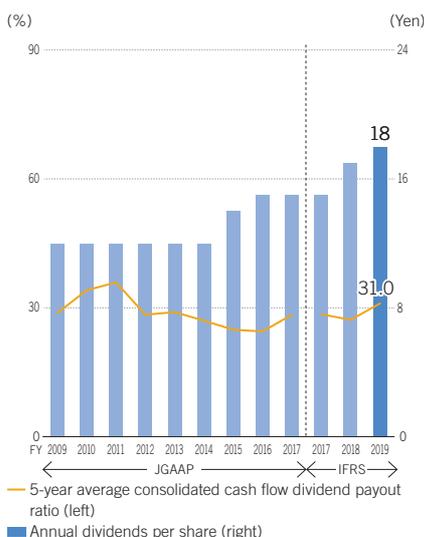
ROIC and ROE both dropped due to a decrease in operating income and net income attributable to shareholders of NTT DATA.



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

P37: Message from the CFO, Shareholder Return Policy

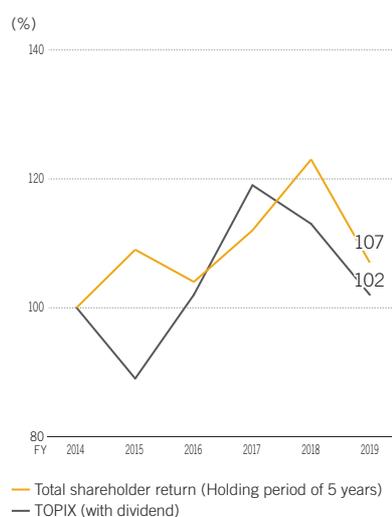
NTT DATA's basic policy is to pay stable dividends focusing on maintaining the consolidated cash flow dividend payout ratio over the medium to long term. For the annual dividends per share for FY2019, we increased the ordinary dividends by ¥1.



Total Shareholder Return (TSR)

P37: Message from the CFO, Shareholder Return Policy

The rate of return for holding our company's share for the most recent 5 years is 107%, which is slightly 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
EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to PPA arising from acquisition and others

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

*4 The figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.

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

*6 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, a 5-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

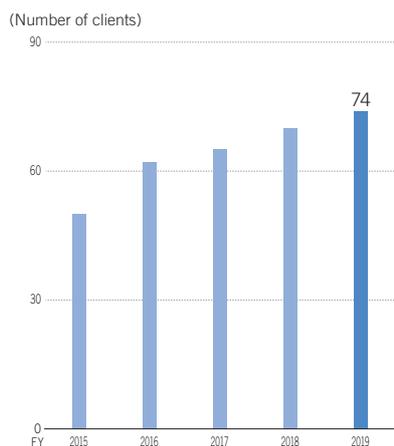
*7 Total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets - capital investment). In FY2019, this was calculated excluding lease amortization expense (¥38.3 billion in FY2019).

Non-Financial Highlights

Client Base

P16: Management Resources That Support NTT DATA's Growth

As a result of our efforts in the medium-term management plan, we have 4 more clients with annual net sales of ¥5 billion or more (Japan) or US\$50 million (ex-Japan) compared to 70 as of the end of FY2018.

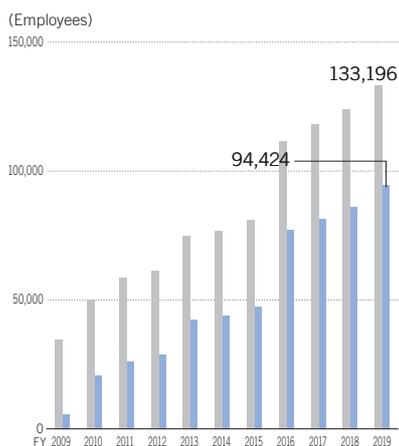


■ Client base (clients with annual net sales of ¥5 billion or more (Japan) or US\$50 million (ex-Japan))

Number of Employees / Number of Overseas Employees

P38: M&A Strategy

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



■ Number of employees
■ Number of overseas employees

Number of Countries and Regions / Cities Overseas

P38: M&A Strategy

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

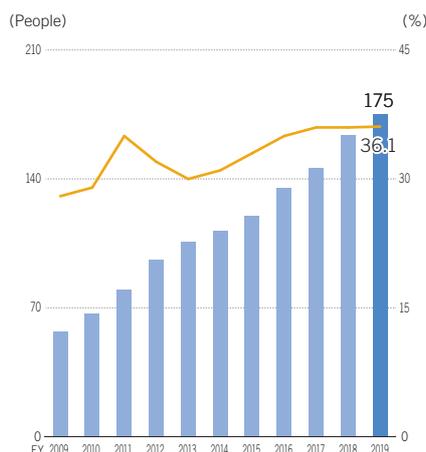


■ Overseas countries and regions (left)
■ Overseas cities (right)

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

P49: Human Resources, 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 on an increase in recent years.

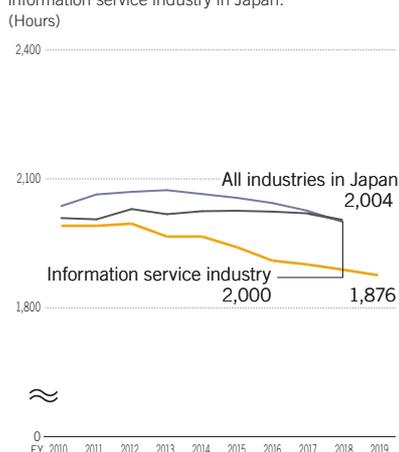


■ Number of female managers (left)
— Ratio of female new graduates hired (right)

Workhours*⁹

P50: Human Resources, 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.



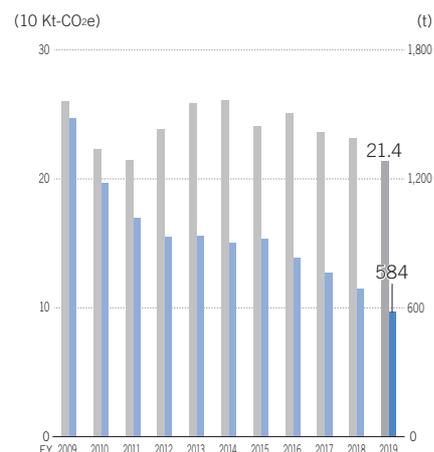
— Workhours (NTT DATA)
— Workhours (Information service industry)
— Workhours (All industries in Japan)

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

Greenhouse Gas Emissions (Scope 1 and 2)*^{11, 12} / Paper Usage*¹¹

P59: Environment, Response to Climate Change Issue

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)

*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 Numbers guaranteed by a third party. For details, please see P61 "Independent Practitioner's Assurance."

*11 Total of NTT DATA (non-consolidated) and Group companies

(in Japan only / FY19: 71 companies, 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).

*12 Total of direct gas emissions by use of fuels (Scope 1) and indirect gas emissions by use of purchased electricity / heat (Scope 2) is converted to CO₂. The unit is CO₂e (CO₂ equivalent).

Opportunities and Risks

The NTT DATA Group aims to grow sustainably by understanding the constantly changing business environment, and opportunities and risks to the Company, and maintaining the “courage to change” things that need to be changed for flexible change and adaptation.

	Opportunities	Risks	Actions
Technology innovations	<ul style="list-style-type: none"> Needs for a business model reform utilizing digital technologies Needs for the improvement of efficiency of the existing operations and systems utilizing digital technologies 	<ul style="list-style-type: none"> Risk that a delay in response to unexpected disruptive technology innovations could reduce competitiveness in markets and brand value 	<ul style="list-style-type: none"> Medium-Term Management Plan Strategy 1 Expand global digital offerings
System development		<ul style="list-style-type: none"> Risk that a project could become unprofitable 	<ul style="list-style-type: none"> Strategy 2 Deliver greater value to clients based on regional needs
System operation		<ul style="list-style-type: none"> Risk that a failure is caused on a system in operation 	<ul style="list-style-type: none"> Drive NTT Group collaboration Enhanced Response to Individual Management Issues (Enhancement of Efforts to Curtail Unprofitable Projects)
Investments / M&A	<ul style="list-style-type: none"> Expand business through investments and M&As 	<ul style="list-style-type: none"> Risk that expected returns would not be realized Risk of impairment of goodwill or others 	<ul style="list-style-type: none"> M&A Strategy Message from CFO (Investment Management)
Large-scale disasters, serious outbreak of an infectious disease, etc.	<ul style="list-style-type: none"> Needs for system investments to overcome a huge earthquake, climate change, and other large-scale natural disasters as well as serious outbreak of an infectious disease, etc. 	<ul style="list-style-type: none"> Risk that providing services would become more difficult when a huge earthquake, climate change, other large-scale natural disasters, and serious outbreak of an infectious disease, etc., occurs Risk that IT investments would be curtailed or postponed due to economic slowdown 	<ul style="list-style-type: none"> NTT DATA's Response to COVID-19 NTT DATA's ESG Management; Disaster Risk
Changes in economic situations, societies, and systems	<ul style="list-style-type: none"> Needs for system investments to adapt to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, politic and economic situations in various countries, and climate change 	<ul style="list-style-type: none"> Risk that business opportunities would diminish due to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, politic and economic situations in various countries, and climate change 	<ul style="list-style-type: none"> Medium-Term Management Plan Strategy 2 Deliver greater value to clients based on regional needs NTT DATA's ESG Management; Environment
Securing human resources	<ul style="list-style-type: none"> Creating new competitive services through innovations achieved by excellent IT human resources and diverse personnel 	<ul style="list-style-type: none"> Risk that providing services would become more difficult if excellent human resources are not secured or fostered 	<ul style="list-style-type: none"> Medium-Term Management Plan Strategy 3 Unleash our employees' potential that maximizes organizational strengths NTT DATA's ESG Management; Human Resources
Influence of parent companies	<ul style="list-style-type: none"> Business expansion by increasing presence in the global market through the collaboration with the NTT Group 	<ul style="list-style-type: none"> Risk that NTT would take actions that might be best for itself but not necessarily beneficial to other shareholders 	<ul style="list-style-type: none"> Drive NTT Group collaboration NTT DATA's ESG Management; Corporate Governance (Protection of Minority Shareholders)
Information security	<ul style="list-style-type: none"> Needs for system investments to strengthen and sophisticate security measures 	<ul style="list-style-type: none"> Risk that a security incident would occur as a result of a cyberattack 	<ul style="list-style-type: none"> NTT DATA's ESG Management; Security
Compliance	<ul style="list-style-type: none"> Needs for system investments to enhance compliance 	<ul style="list-style-type: none"> Risk of compliance violation in Japan and overseas countries 	<ul style="list-style-type: none"> NTT DATA's ESG Management; Compliance NTT DATA's ESG Management; Corporate Governance (Group Governance; Internal control / risk management)
Intellectual property	<ul style="list-style-type: none"> Business expansion through solution development and platform offering 	<ul style="list-style-type: none"> Risk of being unable to provide certain services due to a failure to obtain a necessary license, etc. Risk of being claimed for damages from violating other parties' intellectual properties 	<ul style="list-style-type: none"> Medium-Term Management Plan Strategy 1 Expand global digital offerings Establishment of an organization responsible for the promotion of intellectual property-related activities
Increased competition	—	<ul style="list-style-type: none"> Increased competition due mainly to the emergence of consultant firms, active participation of platformers and start-ups in the market, and rapid growth of Indian vendors Raised demands for lower costs mainly from clients who are more willing to adopt cloud technologies 	<ul style="list-style-type: none"> Medium-Term Management Plan Strategy 1 Expand global digital offerings
Foreign exchange fluctuations	—	<ul style="list-style-type: none"> Risk of foreign exchange fluctuations 	<ul style="list-style-type: none"> Measures including closing foreign exchange contracts

The NTT DATA Group has provided various services for a wide range of clients and industries around the world, and each business unit faces a different business environment. Therefore, we delegate significant authorities to heads of each sector, presidents of Group companies inside and outside Japan, and others, to enable each unit to appropriately understand relationships with clients as well as opportunities and risks related to market environments and take immediate actions. For opportunities and risks for each segment, please refer to the pages of each segment.

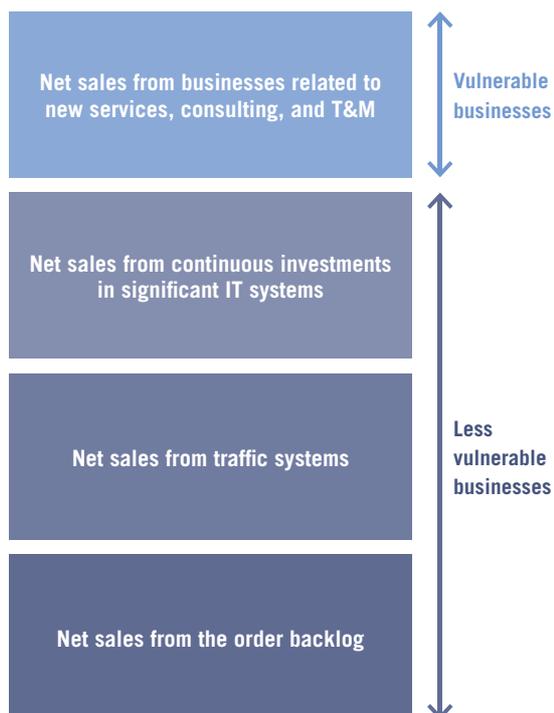
▶ **P76: Public & Social Infrastructure Segment; P78: Financial Segment; P80: Enterprise & Solutions Segment; P82: North America Segment; P84: EMEA & LATAM Segment**

NTT DATA's Response to COVID-19

NTT DATA's Business Structure

NTT DATA earned most of the revenue from “large-scale system / software development in Japan (e.g., systems of government ministries in the public segment, core and settlement systems in the financial segment, etc.), outsourcing services inside and outside Japan, and businesses centered on maintenance and support business that remained in the order backlog,” “traffic systems that promise stable income,” and “IT investments necessary for clients’ business promotion or maintenance of social infrastructures.” Therefore, we expect that we will be less affected by the COVID-19 pandemic.

Figure showing sources of net sales



Forecasted net sales in FY2020

(Billions of yen)

	FY2020 (Forecast)	YoY change (%)
Entire company	2,170.0	(4.3)%
Public & Social Infrastructure	505.0	+1.0%
Financial	574.0	(1.1)%
Enterprise & Solutions	563.0	(4.3)%
North America	368.0	(13.6)%
EMEA & LATAM	422.0	(7.3)%

Impact on NTT DATA's Business

Although the outbreak of COVID-19 inside and outside Japan still does not allow optimism, we expect that most of the economic and corporate activities will recover gradually from the second half and onward as the government repeatedly issues and lifts lockdowns and stay-at-home requests in specific limited areas, based on the fact that countries around the world reopened economic activities.

Negative influence	<ul style="list-style-type: none"> • Negative impact is expected broadly, although the level varies by country and by industry, since investment appetite is likely to decline due to deterioration in business confidence and restrained investment on the side of clients who would strive to maintain and improve their businesses. • Delays, downsizing, or suspension of development are expected mainly with existing expanded projects and additional projects. • Greater negative impact is expected on the enterprise market, new projects, and business targeting SMEs markets both in Japan and abroad, since those businesses are likely to reduce IT spend.
Positive influence	<ul style="list-style-type: none"> • Conversely, in order to build back better, during the new normal with COVID-19 or in the Post-COVID-19 era, businesses leveraging digital technologies to build a new society are expected to accelerate, which would provide more business opportunities for NTT DATA to contribute to. • Since clients would start to consider and spend for such projects from FY2020, many of such businesses would be recognized in our business performance from FY2021 and onward.

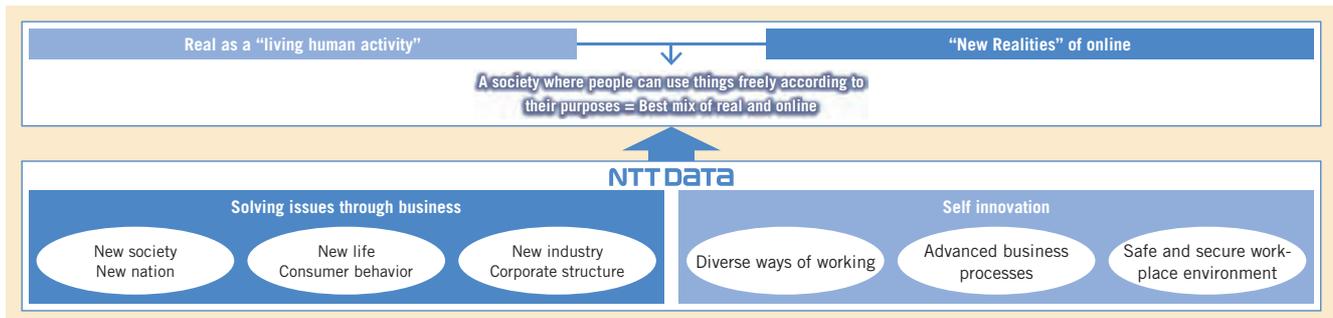
For business impacts on each segment, please see P74.

NTT DATA's Vision for a New Society and Efforts to Realize It

The COVID-19 pandemic accelerated the move to create new societies around the world.

NTT DATA expects an optimum mixed society where going online, which is rapidly advancing, evolve into a "new reality" which will be fused harmoniously with the "reality" of traditional activities of human beings, and people can use both of them freely according to their purposes. An era of coexisting with COVID-19 will continue for a while. NTT DATA will always imagine a better society and aim to realize it by utilizing the strengths and digital technologies it gained.

Under our consistent belief to "create a better society by utilizing information technology," we will cooperate with colleagues around the world and take a company-wide approach.



NTT DATA INSTITUTE OF MANAGEMENT CONSULTING released the "Recommendations for the Digital Society to Fight the Disaster of COVID-19" as the first step toward the creation of a new society.

New daily life of "online first society" –Toward a society where the online and the real are fused–

NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.

"Online first society." It is a society in which online is a natural part of all human social activities. Of course, real human activities are important, and their value will not change. However, conducting all activities physically in the era where we coexist with COVID-19 is not realistic, as nobody really knows when the end of this pandemic will come. That's why we are required to evolve online into a "New Reality" that demonstrates exactly the same value as real human activity.

NTT DATA INSTITUTE OF MANAGEMENT CONSULTING proposes an early realization of a society in which people have a clear understanding of both real as a "living human activity" and "new realities" of online and use them freely according to their purposes, the so-called "online first society."

The business model of globalization continued to generate widespread, rapid, and frequent human mobility, and the unipolar concentration of resources in cities resulted in a dense and efficient society. It may be true that these factors contributed to the rapid spread of COVID-19. It goes without saying that self-restraint in social activities as a measure against infection will lead directly to a contraction of the market and a recession.

However, our mission is not to create a society in which we can endure and reconcile the calamities of COVID-19. Under the concept of the BBB (Build Back Better), building a better society in which even the various social issues of modern age can be resolved simultaneously is necessary.

If you look back at history, in 14th-century Europe, after the plague, a great social change called the Renaissance occurred. Now is the time to embark on the creation of an epoch-making society.



For details, please refer to the website of NTT DATA INSTITUTE OF MANAGEMENT CONSULTING.
<https://www.nttdata-strategy.com/newsrelease/200722.html> (in Japanese only)

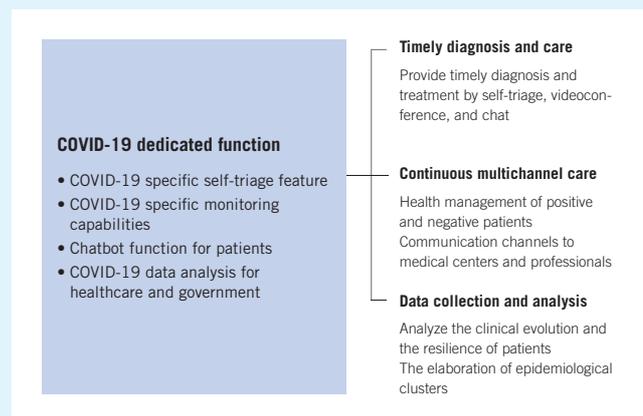
Accelerating Social Contribution through Business: Example of Our Efforts 1



COVID-19 dedicated function enables remote medical care for patients with mild symptoms Reducing the burden on medical institutions and contributing to the prevention of the spread of infection

everis Group, one of NTT DATA's subsidiaries, developed "ehCOS Remote Health," a cloud-based telemedicine solution for medical institutions in April 2020 and provides it in Europe and South America. This solution enables diagnoses and recommendations related to COVID-19 by collecting information on symptoms and other healthcare information input by patients. Patients with a mild to moderate case of COVID-19 can be diagnosed remotely through this solution, which will reduce the congestion of patients who need to see a physician in person at medical institutions. Additionally, this solution helps medical institutions find clinical changes in patients' conditions and make an appropriate decision by collecting and analyzing a massive amount of input data. In

order to help resolve issues caused by the pandemic, we will take further measures.



Save work and advance non-face-to-face customer service by using AI and avatars
Create a new store experience in a society coexisting with COVID-19

Recently, the retail industry has experienced difficulty in increasing the number of brick-and-mortar stores due to the decrease in the workforce and a shortage of favorable places for new stores to open. Also, in order to prevent the spread of COVID-19, companies are forced to have their shop staff avoid direct physical contact with customers as much as possible and reform the working styles, for example, by allowing staff to work at home. In this market environment, NTT DATA conducted a proof of concept (PoC) on a digital store where an operator can propose and promote products remotely via an avatar, which moves exactly the same way as the operator, in cooperation with TOKYU HANDS INC. (TOKYU HANDS).

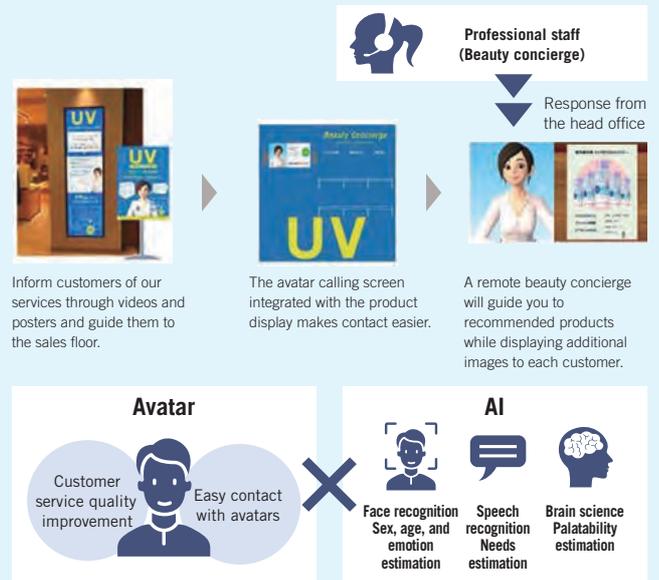
For this PoC, we set up a special booth for the avatar at the section of ultraviolet (UV) blocking products where staff demonstrating expertise in such products remotely asked customers about their purpose of use and skin conditions and recommended suitable products that would meet their needs. As a result of the PoC, we received favorable feedback such as “I could talk to the avatar more easily” and “As a description and an image of a product were displayed on the same screen, it was easy to understand.” Therefore, we expect companies to provide new options of working style for their staff without adhering to common knowledge that staff must service customers in person.

In addition, we successfully collected data regarding customers’ gender and age, data from which we assume how they felt, and dialogue data at the brick-and-mortar store. Based on such data, we expect companies to know what kinds of customers visit

the store by time of day and understand customers’ needs from dialogues with them. In the future, this data is expected to contribute to the improvement of the quality of customer services, product development, and promotions.

Based on the results of this PoC, NTT DATA will work with TOKYU HANDS to create a brand-new store experience that is more convenient and exciting for customers.

Overview of the PoC at the Health and Beauty Corner

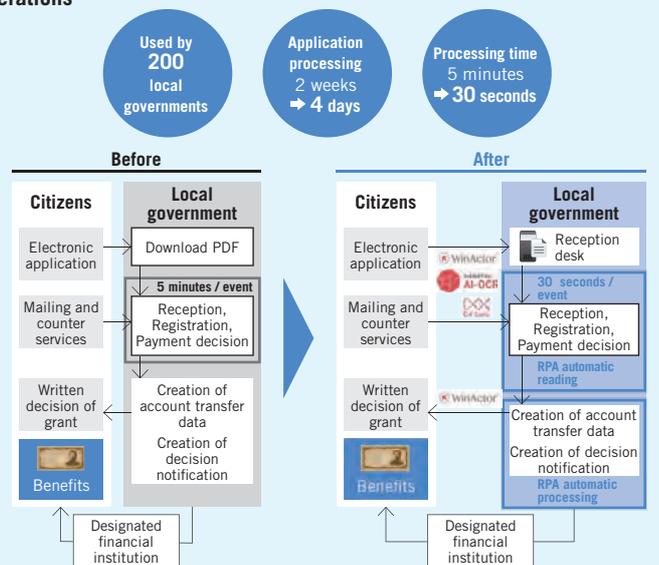


Free provision of AI-OCR and RPA to automate local government grant operations
Contributing to the prompt issuance of “special fixed benefits”

As part of its social contribution activities, NTT DATA provided local governments that dealt with operations of granting “special fixed benefits” with “NaNaTsu AI-OCR with DX Suite*1,” an AI-OCR service to digitalize paper-based documents, and “WinActor*2,” an RPA solution, and e-learning of the RPA solution during the period of benefit payment commencing on May 1, 2020, and ending on July 31, 2020, for free of charge.

In order to grant special fixed benefits, local governments were required to receive applications for the benefits from residents in an electronic or paper format, input data into a system, assess the eligibility for the benefits, and complete payment procedures. These automation technologies helped local governments. For example, AI-OCR converted information on paper-based applications to text data, and RPA assisted them in inputting text and data to systems, comparison checking for the eligibility assessment, creating data for account transfer, and so on. These technologies automated the operation of granting the benefits. Local government staff were required to perform just simple operations for the introduction.

NTT DATA will help clients reduce operational burdens on them by providing technologies to automate operations.



*1 NaNaTsu AI-OCR with DX Suite is an AI-OCR service for local governments used by over 100 organizations (as of April 23, 2020).
*2 WinActor is a domestically developed RPA solution based on a technology developed by NTT Access Network Service Systems Laboratories in 2010, which was successfully modified by NTT Advanced Technology Corporation for commercial use in 2013. Since it was made available, approximately 5,000 companies and local governments have introduced it.

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

	Global 1 st Stage	Global 2 nd Stage
	Increased Global Coverage	Recognized Global Brand
	FY2012–2015	FY2016–2018
Changes in the Medium-Term Management Plan	<p>Two Previous Medium-Term Management Plans</p> <p>Evolving into a corporate group that can efficiently provide diverse IT services worldwide</p>	<p>Previous Medium-Term Management Plan</p> <p>NTT DATA : ASCEND Rise and grow our global brand</p>
Management Targets	<p>Net Sales</p> <p>Over ¥1.5 trillion Achieved</p> <p>EPS</p> <p>¥200 Achieved</p>	<p>Net Sales</p> <p>Over ¥2 trillion Achieved</p> <p>Adjusted Operating Income</p> <p>+50%*1 (Operating Income ¥142 billion) Achieved</p> <p><small>*1 Compared to FY2015 (adjusted item: incremental investment in new areas)</small></p>
Strategy Overview and Major Achievements	<p>Expansion of new business fields and reinforcement of product competitiveness</p> <p>→ We used game-changing approaches to increase our share of existing markets (client base*5: 50 companies) and successfully enter new business fields.</p> <p>Expansion, enhancement, and reinforcement of global business</p> <p>→ We achieved an overseas sales ratio of more than 30%, and overseas sales exceeded ¥500.0 billion.</p> <p>Pursuit of overall optimization</p> <p>→ By introducing shared service centers, we reduced management expenses by more than ¥10.0 billion compared with FY2011.</p> <p><small>*5 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)</small></p>	<p>Strengthen local presence</p> <p>→ In the IT services market, we increased our presence in 8 of 10 countries.</p> <p>Game-changing approach</p> <p>→ We built a stronger client base and established a stable business foundation (client base*6: 70 companies).</p> <p>Breakthrough technology</p> <p>→ We reduced costs through standardization, automation, and other production technology innovations, and formed globally consistent R&D facilities to support client digitalization initiatives.</p> <p><small>*6 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)</small></p>
Issues	<p>Prevent unprofitable projects</p> <p>→ The Company has introduced a variety of measures to curtail unprofitable projects, including the establishment of the Project Review Committee in FY2013. However, we recognize the need for further curtailment efforts, as a large amount of loss from unprofitable projects occurred in FY2015.</p>	<p>Maximize value for our clients</p> <p>→ To maximize value for our clients, we recognize the need to further accelerate digital transformation and maximize global synergy.</p> <p>Prevent unprofitable projects</p> <p>→ With the exception of a specific project, we succeeded in reducing the number below our target level*7 through such methods as establishing the Project Review Committee. Due in particular to increasingly complex technologies, we need to further step up curtailment efforts.</p> <p>Improve profitability of overseas businesses</p> <p>→ Although net sales grew significantly, profitability remains low, so substantial improvement is necessary.</p> <p><small>*7 0.3%–0.5% of consolidated net sales</small></p>

▶ **P33: Enhanced Response to Individual Management Issues**

Global 3rd Stage

Reputation as Trusted Brand

FY2019–2021

Medium-Term Management Plan

—Midpoint to Global 3rd Stage—

Pursuing profitable global growth with
consistent belief and courage to change

▶ P26: Medium-Term Management Plan

Growth

Net Sales

¥2.5 trillion

Client Base*²

Over 80 companies

*² Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)

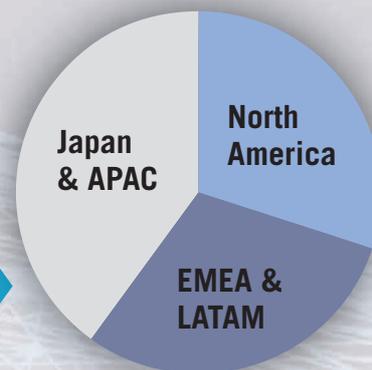
Earnings

Operating Income
Margin*³

8%

Overseas EBITA*³
margin

7%

*³ Excluding temporary costs such as M&As and structural transformation

2025

Trusted Global Innovator

Aiming to become a company trusted
by clients worldwide with

Global Top 5 status

Client base*⁴ more than 100 companies

Rank in Top 10 in major countries

*⁴ Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)

COURAGE TO CHANGE

Maximize Value for Clients

Transformation & Synergy

Strategy 1

Expand global digital offerings

Strategy 2

Deliver greater value to clients
based on regional needs

Strategy 3

Unleash our employees' potential that maximizes organizational strengths

Drive NTT Group
collaboration

▶ P27: Four Strategies for Maximizing Value for Our Clients

CONSISTENT BELIEF

Shape the Future Society with Our Clients

▶ P40: NTT DATA's ESG Management

—Midpoint to Global 3rd Stage—

Pursuing profitable global growth with consistent belief and courage to change

- Medium-term management plan positioned as an incredibly important three-year period for accomplishing Global 3rd Stage vision by 2025
- Promote profitable growth through enhancement of the four strengths that we call “GETS” (growth, earnings, transformation, and synergy)
- Consolidated net sales of ¥2.5 trillion and client base*¹ of more than 80 companies as growth targets and consolidated operating income margin*² of 8% and overseas EBITA margin*² of 7% as earnings reinforcement targets for becoming Global Top 5 company

Overview of the Medium-Term Management Plan

Profitable Global Growth: FY2021 Business Goals

G _{rowth}	Net Sales	Client Base* ¹	E _{arnings}	Operating Income Margin* ²	Overseas EBITA Margin* ²
	¥2.5 trillion	Over 80		8%	7%
*1 Clients with annual sales of over ¥5 billion (Japan) or US\$50 million (ex-Japan)			*2 Excluding temporary costs such as M&As and structural transformation		



COURAGE TO CHANGE

Maximize Value for Our Clients

Transformation & Synergy

Strategy 1

Expand global digital offerings

Strategy 2

Deliver greater value to clients based on regional needs

Strategy 3

Unleash our employees' potential that maximizes organizational strengths

Drive NTT Group collaboration

CONSISTENT BELIEF

Shape the Future Society with Our Clients

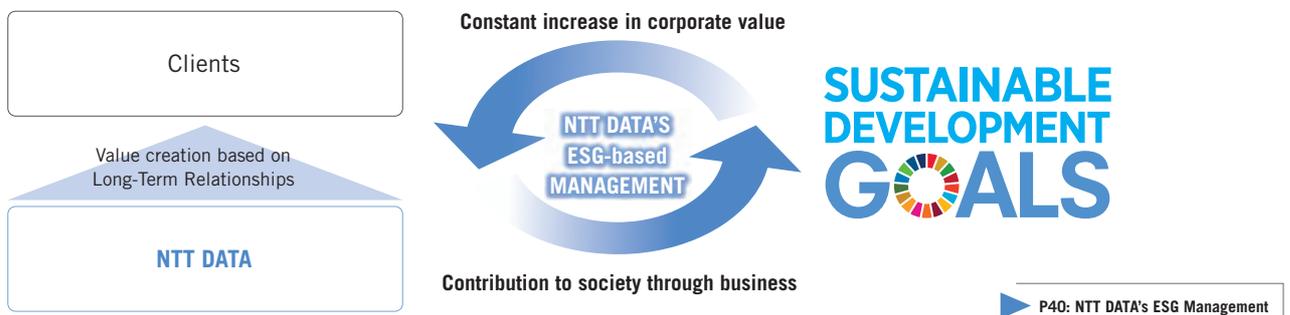
CONSISTENT BELIEF

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.



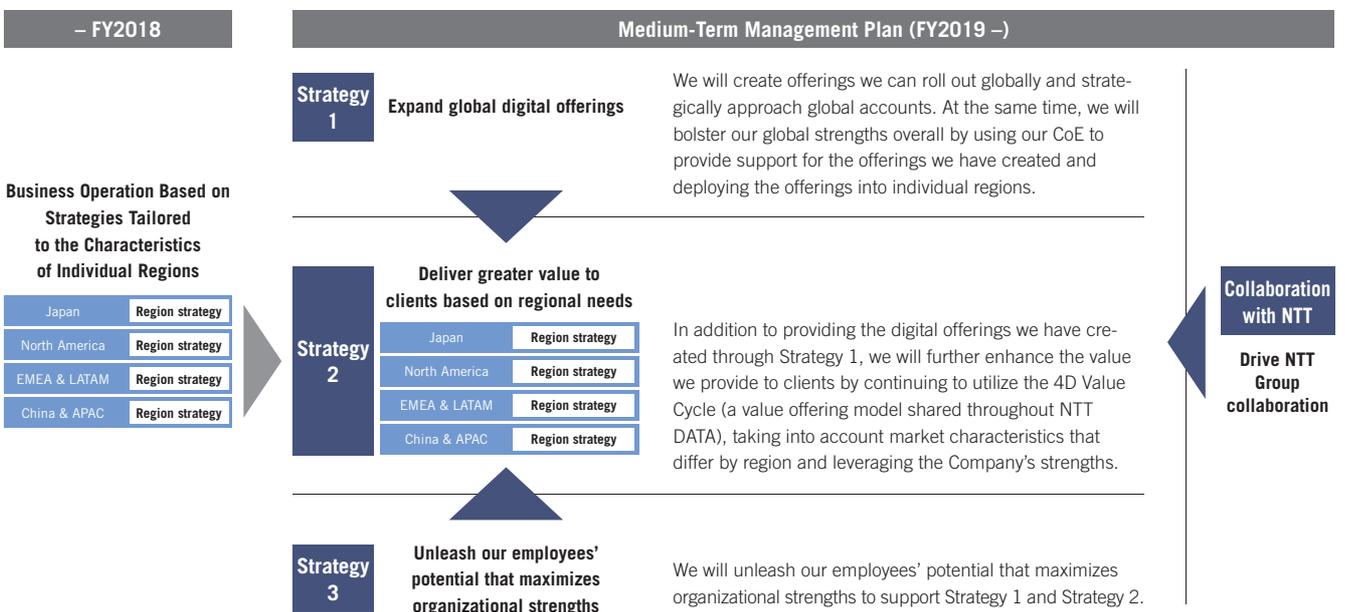
COURAGE TO CHANGE

Four 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 maximizes organizational strengths.



Courage to change		
Strategy 1	Strategy 2	Collaboration with NTT
Strategy 3		

Strategy 1 | Expand global digital offerings

Enhancing our global digital offerings 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 3rd Stage, we recognize the need to create globally consistent strengths. For this reason, the current 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 global synergies together with marketing and technology utilization.



Courage to change		
Strategy 1	Strategy 2	Collaboration with NTT
Strategy 3		

Accelerate Global Marketing

Globally Accelerate Intra-Industry Synergies and Strategically Approach Global Accounts

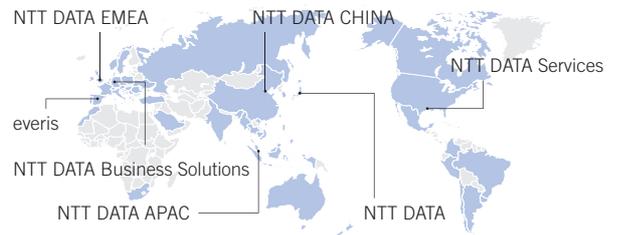
We will foster collaboration around the world among members in charge of specific industries and accelerate our global accounts program, which strategically approaches key clients doing business on a global basis. By also sharing and making use of digital success stories, we will encourage organic efforts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

Global Coordination in Focus Industries

Focus Industry: Global Industries & Accounts



Coordination: Global One Team



Case Study: Initiatives in Telecommunications / Media Industry

Overseas NTT DATA Group companies coordinate as a Global One Team to formulate and implement strategies for growing global businesses in the telecommunications industry.

Partnership Contract with No. 1 U.K. Telecommunications Provider Telefónica UK Acquired through Global Coordination and Teamwork

- Provide support and quality management resource to some of Telefónica's most significant projects including its digitalization program to enhance its operations and customer offerings
- Based on a trusted Long-Term Relationship with the Telefónica Group, OpCos collaboration as a Global Account and leveraging delivery partnerships
- Commitment to deliver service improvements and added value, underpinned by digital innovation, automation, and AI



Expansion of CoE Network

Support for Swift Creation and Deployment of Global Digital Offerings by Consolidating Cutting-Edge Digital Technologies and Expertise

NTT DATA is expanding its CoE network to consolidate the technical functions for supplying digital technology-related insight, training, technical support, and assets (intellectual property) to support the global expansion of digital businesses. To complement the prior four CoEs, three additional CoEs were established in June 2020 for the IoT, intelligent automation, and software engineering automation fields. With this expanded network, we will support the swift creation of global offerings and their deployment to different regions.

Case Study: Blockchain CoE Initiatives

Established team of 300+ professionals in 24 countries

World's 1st commercialized blockchain technology



Overseas remittance
International money
transfer platform



Interbank payment
ABI Spunta Project



Trade finance
Trade platform
TradeWaltz

Courage to change		
Strategy 1	Strategy 2	Collaboration with NTT
Strategy 3		

Develop Digital Offerings

Nine Focus Industries Defined to Create Tools to Compete at the Global Level

NTT DATA has defined nine focus industries based on consideration for future projections for market and technology trends, etc., and the fields in which the Company can exercise strength on the global stage. In these fields, we aim to create solutions and services that boast competitiveness at the global level.



Case Study: Retail Industry Initiatives

The retail industry has been suffering in recent years as labor shortfalls, rising personnel expenses, long working hours, and other issues have become serious, making it difficult to sustain the operation of physical stores. Meanwhile, competition in the retail industry is becoming more complicated and multifaceted, as exemplified by the growth companies with a focus on online sales and others. Accordingly, companies are increasingly being required to design store business models oriented toward digital stores while capitalizing on their strengths in relation to physical stores. At the same time, consumers are coming to expect more convenient and enjoyable shopping experiences that offer savings in shorter periods of time. This trend is being stimulated by the popularization of smartphones, anticipations for new information-driven services models, changes in behavior patterns, and other factors. New services utilizing digital technologies are arising in response to this trend.

NTT DATA has traditionally gone beyond offering payment solutions that facilitate in-store purchases to supply solutions for omnichannel retailing, e-commerce websites, etc., acquiring a diverse range of business expertise for serving the retailing industry in the process. By combining this expertise with service designs focused on customer experience and digital technologies, NTT DATA is endeavoring to create new offerings.

For example, Catch&Go, our service for opening cash register-free digital stores, allows consumers to make purchases simply by picking up a product and leaving the store, without having to pay at a register, so long as they enter the store using a dedicated smartphone app. Moreover, this service makes it possible for store operators to accumulate data on customer behavior in physical stores to be utilized for marketing.

To further enhance this service, it is being coordinated with NTT DATA's CAFIS comprehensive cashless payment platform. Through this coordination, we aim to realize a next-generation digital store platform that allows for the provision of payment points in both physical and e-commerce retail venues that accommodate a diverse range of payment methods, devices, etc. Furthermore, we are collaborating with start-ups boasting advanced technologies to expand the range of functions of this service beyond the ability to purchase products without paying at a register. We aim to introduce Catch&Go at 1,000 retail venues by March 31, 2023.

Experience Value Provided by Catch&Go Cash Register-Free Digital Store Opening Service



Purchase products by entering a store with a dedicated smartphone app or undergoing facial recognition, picking up the product, and then leaving

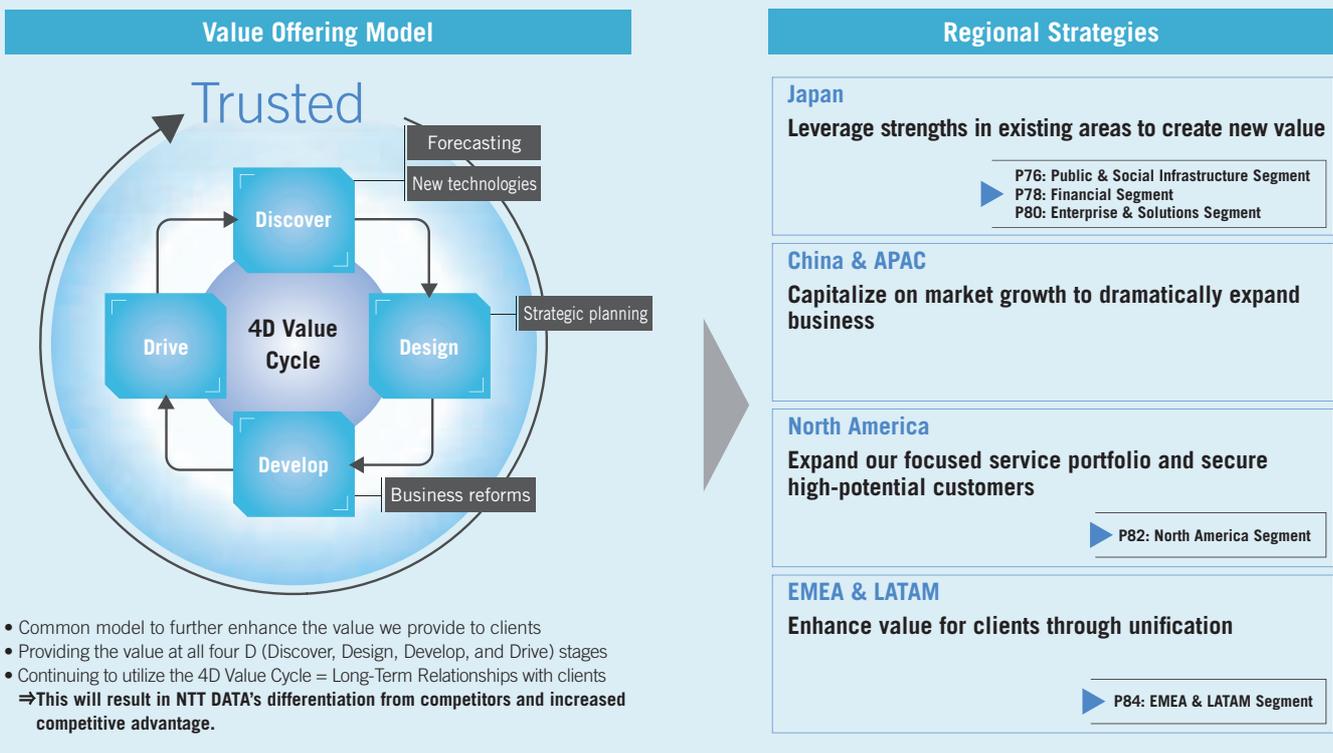


Note: The Catch&Go service was launched in September 2019, and we have been gradually adding functions and revising the service since.

Courage to change		
Strategy 1	Strategy 2	Collaboration with NTT
Strategy 3		

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.



- Common model to further enhance the value we provide to clients
- Providing the value at all four D (Discover, Design, Develop, and Drive) stages
- Continuing to utilize the 4D Value Cycle = Long-Term Relationships with clients
 ⇒ This will result in NTT DATA's differentiation from competitors and increased competitive advantage.

Strategy 3 | Unleash our employees' potential that maximizes 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.

<p>Unleash Employee Potential</p> <ul style="list-style-type: none"> • Enhance digital capabilities With a view to the Global 3rd Stage, we aim for all employees to develop the ability to leverage digital capabilities. We will tailor our measures 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. <p>Status of Initiatives P46: Human Resources</p>	<p>Digitize Our Work Environment</p> <ul style="list-style-type: none"> • 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. <p>Status of Initiatives P46: Human Resources</p>	<p>Enhance Our Governance Processes</p> <ul style="list-style-type: none"> • 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. <p>Status of Initiatives P33: Enhancement of Efforts to Curtail Unprofitable Projects P62: Corporate Governance</p>
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Courage to change		
Strategy 1	Strategy 2	Collaboration with NTT
Strategy 3		

Drive NTT Group Collaboration

There are significant benefits for NTT DATA to capitalize on as a member of the NTT Group. These benefits include the ability to utilize the research results from the NTT Group's world-leading research institutions, to achieve lower procurement costs by virtue of economies of scale, to expand its business through cross-selling and provision of total services in regions around the world, and so on. NTT DATA maintains its original management and brand and enhances collaboration with NTT Group to increase its presence in the global market.

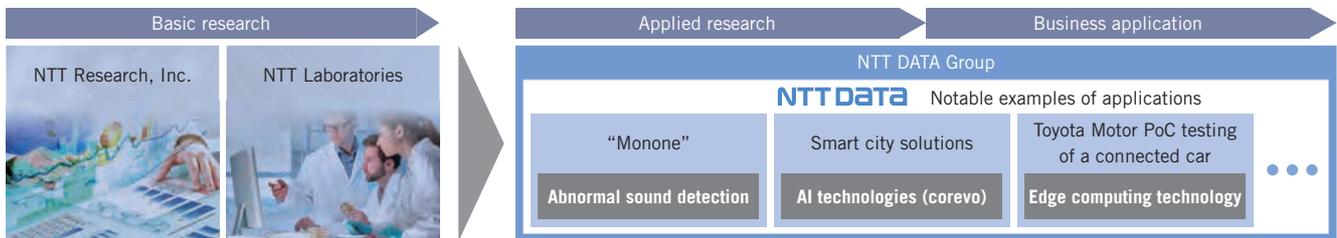


*1 AI, IoT, etc.
*2 Quantum computing science, cryptography information theory, biological information processing

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. R&D expenses at NTT DATA total approximately ¥22.0 billion* on an annual basis. In comparison, the annual budget for the entire NTT Group, which includes such world-leading research institutions as NTT Research, Inc. and NTT Laboratories, is roughly ¥220.0 billion. * The privilege to utilize the results of the efforts of these research institutions is a major benefit of belonging to the NTT Group.

* FY2019

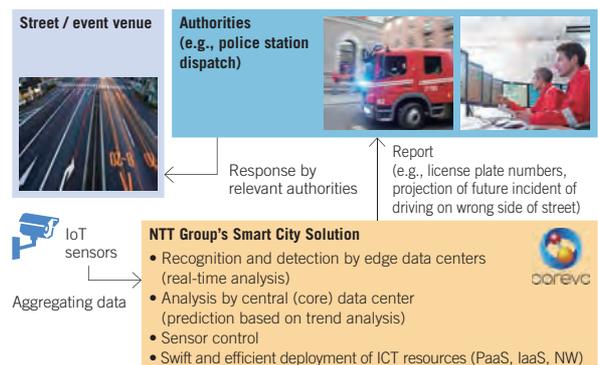


Collaboration in Each Region

The NTT Group began providing smart city solutions, which contribute to public safety, to Las Vegas, in the U.S. state of Nevada, in February 2019.*1 This solution entails collecting information from sensors installed within the area and integrating this information with historic crime statistics, weather data, social media information, and other data at micro data centers near the sensor (edge) and at the central data center (core). This data is then analyzed to track the status of the area. Moreover, the system can detect patterns deemed to be abnormal and report these to the appropriate authorities to expedite initial responses and facilitate more accurate response decisions. This project entails services provided by NTT DATA Services as a prime system integrator.

The technologies and expertise developed through the provision of this solution in Las Vegas is being utilized to jointly examine the creation of a smart campus solution with Denenchofutaba Gakuen. This examination began in February 2020. In the same month, we also commenced an on-site verification*2 in Cyberjaya, Malaysia, together with local stakeholders.

NTT DATA will continue to coordinate with other members of the NTT Group as well as with regional stakeholders going forward in its quest to build sustainable business models and contribute to the realization of a sustainable society.



*1 Joint PoCs were commenced in September 2018 before the start of commercial service.
*2 This on-site verification is part of a FY2019 project, Research on Smart City Model for Solving Social Problems in Malaysia, of the Ministry of Internal Affairs and Communications.

Enhanced Response to Individual Management Issues

Enhancement of Efforts to Curtail Unprofitable Projects

Losses from unprofitable projects totaled ¥34.2 billion under the previous medium-term management plan (FY2016–2018) and ¥62.9 billion under the plan before that (FY2013–2015). We fully recognize the importance of restraining unprofitable projects. However, as we take on new, ambitious projects, we cannot completely eliminate the risk of such projects turning out to be unprofitable. Accordingly, if the annual amount of losses from unprofitable projects is between 0.3% and 0.5% of consolidated net sales, we believe management can be judged to be effectively controlling risks.

The October 2013 establishment of the Project Review Committee and our various other initiatives had generated a certain degree of success in preventing losses on unprofitable projects. However, we have been unable to prevent projects with incredibly sophisticated technical requirements from turning unprofitable, and limiting losses from these technologically challenging projects is thus a pressing task.

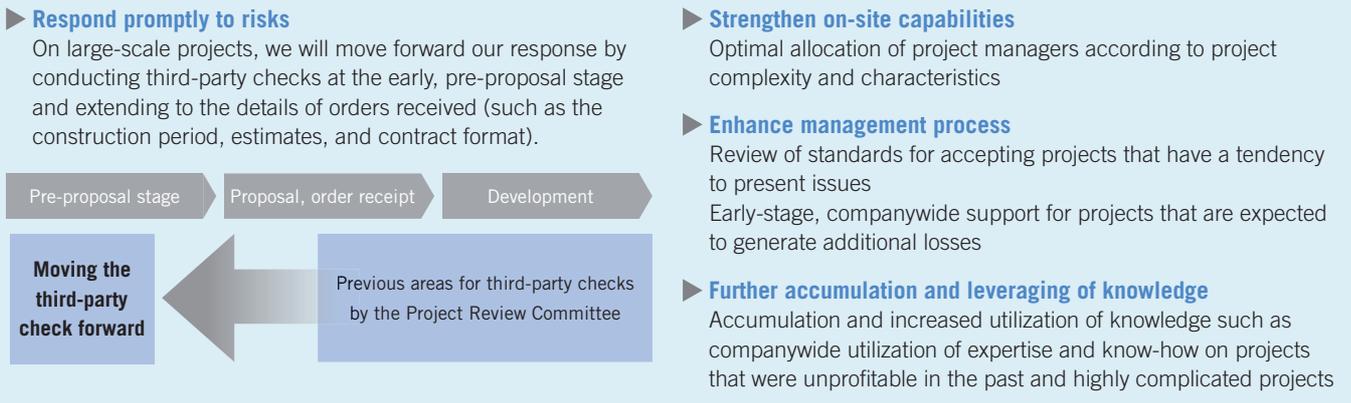
In FY2019, steps for addressing this included responding promptly to risks, further strengthening on-site capabilities, enhancing management processes, and ramping up other measures for restraining unprofitable projects. By implementing these steps, we were able to keep the amount of such losses lower than we had targeted.* Going forward, we will continue to step up efforts for restraining unprofitable projects.

* Total losses from unprofitable projects in FY2019: ¥10.3 billion (0.45% of consolidated net sales)

P92: Impact of Loss from Unprofitable Projects



Status of Initiatives for Addressing Issues

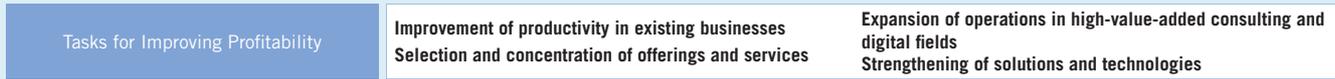


Improvement of Profitability of Overseas Businesses

The overseas EBITA margin* remains low (2.3%*¹ in FY2017, 3.2%*¹ in FY2018, and 0.7%*¹ in FY2019), and we recognize that improving the profitability of overseas businesses is an important management task. In the North America and EMEA & LATAM segments, we are advancing structural transformations that entail strategically shifting our existing business portfolio toward consulting and digital fields. Through these efforts, we aim to achieve one of the management targets of the medium-term management plan—an overseas EBITA margin of 7%.*²

*¹ Including temporary costs such as M&As and structural transformation

*² Excluding temporary costs such as M&As and structural transformation



Status of Initiatives for Addressing Issues: Structural Transformations



P18: Overseas Net Sales / Overseas EBITA Margin P82: Business Strategies by Segment (North America Segment) P84: Business Strategies by Segment (EMEA & LATAM Segment)



We will take measures for future growth and become more competitive while maintaining a sound financial base, even in a difficult situation where COVID-19 is spreading.

**Senior Executive Vice President and Representative Director
Toshi Fujiwara**

Business Performance Review

Results for FY2019

In FY2019, the first year of the current medium-term management plan (FY2019–2021), we recorded the most new orders received thanks to the expanded scale of operations in Japan and overseas. FY2019 also marked the 31st consecutive year of an increase in net sales, dating back to our founding. Operating income decreased partly because the increased profit due to sales growth was offset by the increased investments for growth under the medium-term management plan and impacts of the structural transformation and others in the EMEA & LATAM Segment. Especially, operating income of the EMEA & LATAM Segment decreased significantly due to spending of approximately ¥14.0 billion for structural transformation, including spending as a result of the review of projects with low profitability and additional costs of roughly ¥5 billion as a result of the evaluation of some projects in Brazil. However, as we have expanded the pool of digital human resources and finished streamlining less profitable projects, largely as expected, we believe we implemented measures necessary to improve profitability in the future.

Also, despite some project delays and cancellations in overseas countries, especially in the North America Segment, the COVID-19 pandemic had minor impacts on our business performance in FY2019 because we were affected by lockdowns, etc., for only a short period.

Forecasts for FY2020

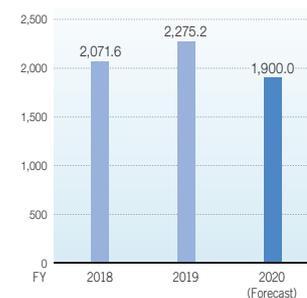
Although the spread of COVID-19, inside and outside Japan, still does not allow optimism, countries worldwide are reopening economic activities. Therefore, our FY2020 forecasts assume most economic and corporate activities will gradually recover from the second half onward as governments repeat cycles of lockdowns / self-restraint requests and relaxations limited to certain areas.

We project that new orders received will decline significantly, mainly because of fewer orders for large-scale projects than the previous fiscal year and clients' unwillingness to make IT investments because of the COVID-19 pandemic. Especially, new orders received by the North America Segment are forecasted to decrease significantly by more than ¥150.0 billion from the previous fiscal year due mainly to clients' unwillingness to make IT investments because of the COVID-19 pandemic and delays in decision-making that would result in cancellations, postponement, etc., of projects.

Despite the stable conversion from the order backlog, net sales are projected to decline mainly because the number of projects and others requiring a shorter development period for which we receive new orders and record net sales in this fiscal year would decrease significantly compared to the previous fiscal year due to the COVID-19 pandemic. Operating income will decline, mostly because of a decrease in net sales and carrying out of structural transformation especially in the North America Segment.

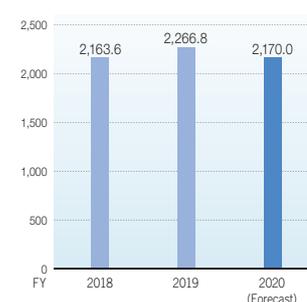
New Orders Received

(Billions of yen)



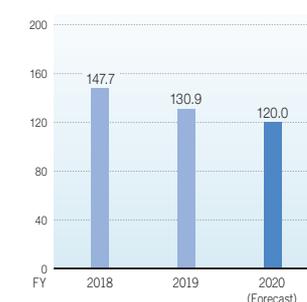
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



We expect the COVID-19 pandemic will have especially bigger impacts on the North America, EMEA & LATAM and Enterprise & Solutions segments. The North America Segment will see a sharp decline in profits because net sales will decrease significantly due to cancelled and postponed projects mainly for manufacturing and logistics industries as well as medical institutions and a smaller number of projects for which we would receive orders and record net sales in this fiscal year. In the EMEA & LATAM Segment, profits will decrease due to significant negative impacts on Germany's auto industry and Spain's financial and manufacturing industries. In the Enterprise & Solutions Segment as some projects for manufacturing and logistics industries have already been postponed, we forecast a decline in net sales due to lasting impacts of clients' restraint on IT investment, which would lead to a decline in profit.

On the other hand, we expect that the COVID-19 pandemic

will accelerate business for building a new society utilizing digital technologies. In FY2020, we will strive to shift our business domain to focusing on digital technologies as early as possible to steadily approach new business opportunities. We plan to spend approximately ¥15.0 billion for structural transformation, particularly in the North America Segment to finish it ahead of the original schedule. We will also continue investing for growth in digital-related areas that we started in the previous fiscal year and make efforts to develop digital offerings and solutions globally.

We have begun considering and spending on new businesses for a society coexisting with COVID-19 this fiscal year. Hopefully, we will see the results reflected in our business performance during and after FY2021. We will continue transforming ourselves to accelerate social contribution through our businesses and technologies to help resolve various social issues and realize a new society.

Financial and Capital Strategy

Our policy regarding the use of funds is to prioritize essential business investment that focuses on profitable global growth to achieve the objectives in our new medium-term management plan, structural transformation to enhance digital capabilities, M&As, and others. This policy will help us maintain a sound financial base, even though we need to watch the impacts of the COVID-19 pandemic closely.

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.

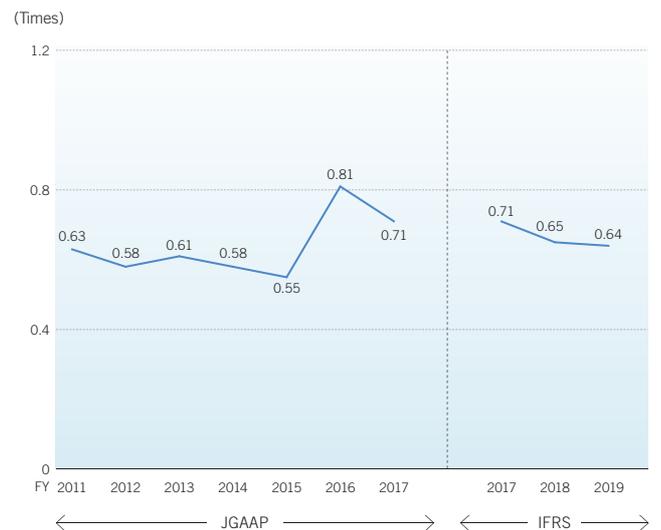
Maintaining a Sound Financial Base

As a company tasked with developing and operating large-scale systems that support society, finance, and the economy, we believe it is essential to maintain a robust financial base to enhance corporate value over the medium to long term and stably continue business activities. 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, considering it our critical mission to secure funds for such purposes favorably, flexibly, and reliably. As a general guideline, we maintain an awareness of whether or not we are achieving levels that allow us to maintain an AA credit rating while focusing on our financial base's soundness.

We believe the FY2019 D/E ratio of 0.64 times is within an appropriate range, and we have also maintained our credit ratings (AA [R&I] and AA+ [JCR]). While remaining aware of the 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.

We developed a mechanism that allows us to procure necessary funds flexibly from NTT FINANCE CORPORATION, a core financial company of the NTT Group, through participation in the NTT Group's cash management system in addition to borrowing from financial institutions and issuance of corporate bonds. The mechanism will allow us to secure funds favorably and stably. We have also secured sufficient backup funds in case the environment deteriorates due to the COVID-19 pandemic or other factors.

D/E Ratio

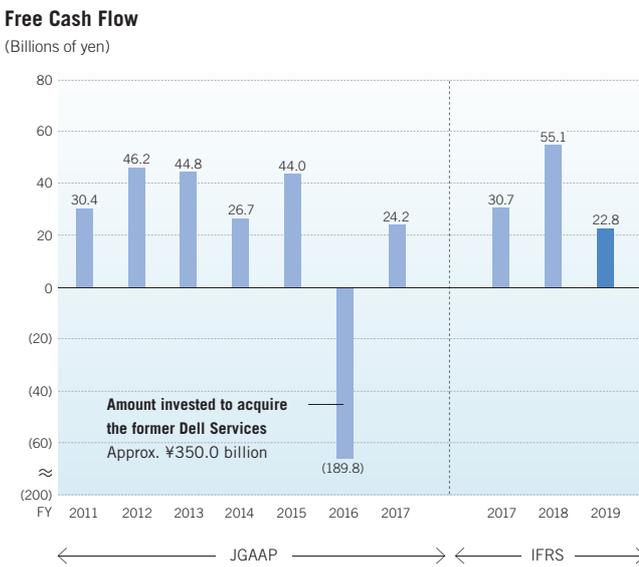


*1 The figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.
 *2 D/E ratio = interest-bearing liabilities / (net assets - non-controlling interests)

Essential Business Investment Targeting Growth

Although we need to monitor the spread of COVID-19 closely, under the current medium-term management plan, we will allocate cash for growth investment in digital domains and others, structural transformation to improve profitability in overseas countries, and business investments necessary for growth including M&A activities. Basically, we intend to keep such investments 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 maintaining a sound financial base.

P38: M&A Strategy



Investment Management

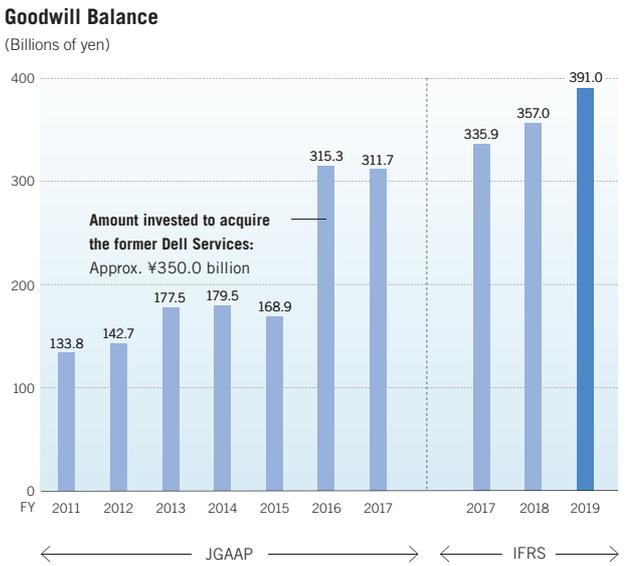
To acquire new technologies, solutions, and development resources, develop strategic partnerships, and so on, the NTT DATA Group has invested in companies and organizations inside and outside Japan. Against this backdrop, if an expected return is not realized, we need to take actions, including recording impairment loss on goodwill and others which could have large impacts on the Group's business performance results and financial position. We consider it one of the greatest risks.

To mitigate the above risks, we make it mandatory to assess investment effectiveness using indicators including return on investment (ROI) and undergo a third-party assessment by external experts such as a financial advisor, accountant, and lawyer as well as to conduct due diligence including internal and external experts. Then, we make decisions based on the verification of identified risks and countermeasures against them to reduce such risks. For risks that expected return is not realized, for example, net sales or operating income are much lower than expected due to a lack of synergy with the NTT DATA Group, we focus on the continuous growth of acquired companies by creating synergy with the Group and using long-term incentives (compensation for a predetermined period of service), earnout (payment of acquisition price in installments), etc., depending on the project scale and contents. We also make it mandatory to draw out a post-merger integration (PMI) plan when making a decision. Thus, we strive to reduce risks by starting the integration process at an early stage to maximize M&A effects.

For appropriate management after the acquisition, we intensively monitor synergy with the NTT DATA Group and PMI's progress, including the integration plan for a certain period. If any of the above risks becomes explicit after the acquisition and the acquired company records poorer business results or reviews its business

plan, which conflicts with a predetermined standard, we draw out a management improvement plan for the individual company, seek companywide approval, and conduct focused monitoring.

With the countermeasures indicated above, we strive to prevent risks from occurring by carrying out close verifications and developing an appropriate governance structure so that such risks do not significantly affect the NTT DATA Group's business performance results and financial position.



Shareholder Return Policy

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

We intend to provide stable 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 emphasize maintaining the medium- to long-term consolidated cash flow dividend payout ratio.*1 In FY2020, we plan to issue a dividend of ¥18 per share, which is the same as the previous fiscal year's dividend.

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

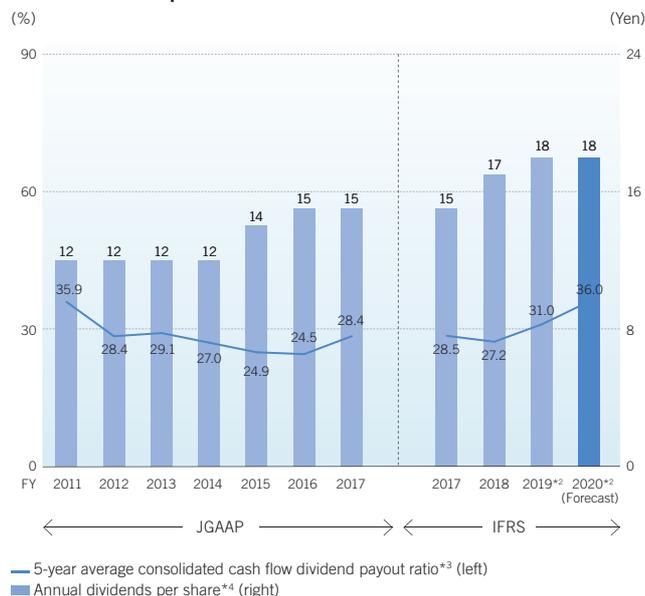
*1 Consolidated cash flow payout ratio = total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets – capital investment)

*2 Figures for FY2019 and onward were calculated excluding the lease amortization (¥38.3 billion as actual result of FY2019 and ¥35.0 billion (estimate) as a forecast of FY2020).

*3 For weighted average of past 5 yrs. in IFRS, figures based on JGAAP are used in FY2016 and earlier.

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

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



Improving Capital Efficiency

We are facing higher demand for management 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.

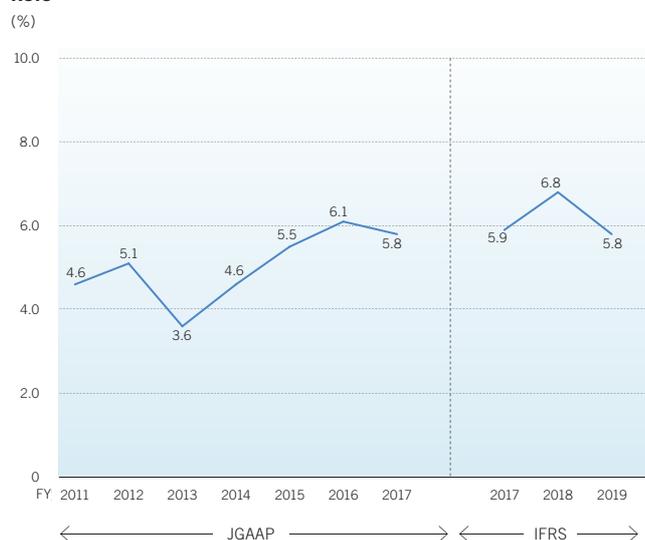
In terms of improving capital efficiency, even though we need to monitor the impacts of the COVID-19 pandemic closely, we are currently in a growth stage and will allocate cash to the business investment necessary for achieving growth as we move forward, in principle. For this reason, we will improve capital efficiency by expanding profit (the numerator in the ROIC*5,6 equation) through the achievement of growth that accompanies quality, rather than by decreasing invested capital (the denominator in the ROIC*5,6 equation). We are maintaining an awareness regarding profitability improvement under the current medium-term management plan and have set our target operating income margin to 8% and our target overseas EBITA margin 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 The figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.

*7 Excluding temporary costs such as M&As and structural transformation

ROIC



M&A Strategy

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 3rd Stage.

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

Focus Points	<div style="display: flex; align-items: center;"> <div> <h3>Geography (Priority regions)</h3> <p>Expanding coverage and increasing local presence</p> <ul style="list-style-type: none"> Regions where IT services have a large market scale Regions in which our market share is less than 2% </div> </div>	<div style="display: flex; align-items: center;"> <div> <h3>Offering (Service provision capability)</h3> <p>Reinforcing capabilities that are lacking</p> <ul style="list-style-type: none"> Reinforcing consulting capability Reinforcing ability to offer digital service Expanding client base in focused industries </div> </div>
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Example of Acquisition Scheme

We will reduce acquisition risk by 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)

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

Initial payment amount
Paid at the time of acquisition

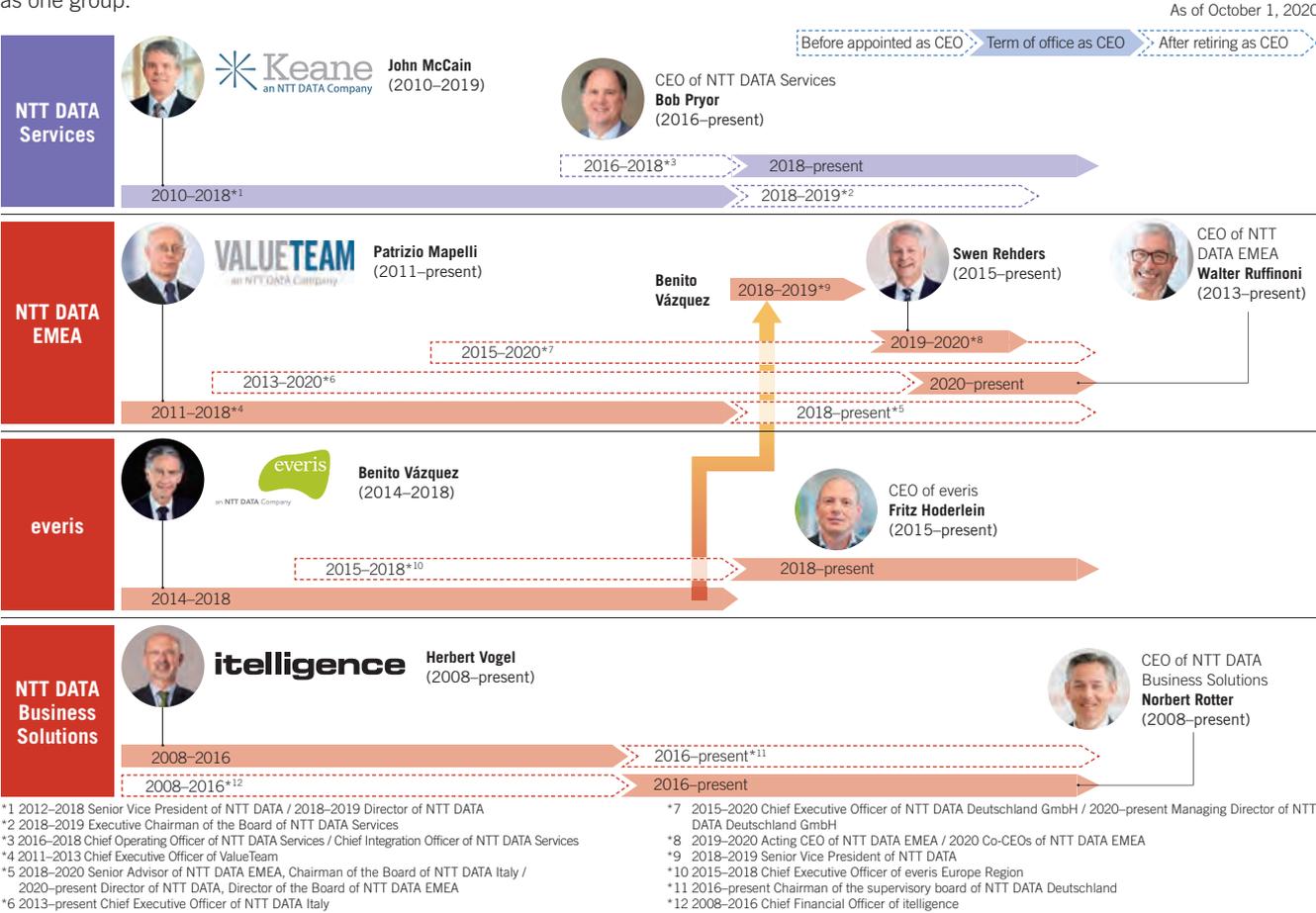
Major Overseas Acquisitions (Acquired company, year of acquisition, purpose of acquisition)

Region	Company	Year	Geography (Priority regions)	Offering (Service provision capability)
United States	THE REVERE GROUP	2005	Yes	Yes
	INTELLIGROUP	2010	Yes	Yes
	Keane	2010	Yes	Yes
	Optimal	2013	No	Yes
	Carlisle & Gallagher Consulting Group	2015	No	Yes
	The former Dell Services	2016	Yes	Yes
	Cognosante Consulting, LLC	2019	No	Yes
Germany	itelligence	2008	Yes	Yes
	circquent	2008	No	Yes
	VALUETEAM	2011	Yes	Yes
	everis	2014	Yes	Yes
Italy	VALUETEAM	2011	Yes	Yes
Spain / LATAM	everis	2014	Yes	Yes

Transition of CEOs at Companies Acquired through M&As

NTT DATA, in conducting M&A activities, considers it important that top management including the CEO share the same values and have affinity with the Group.

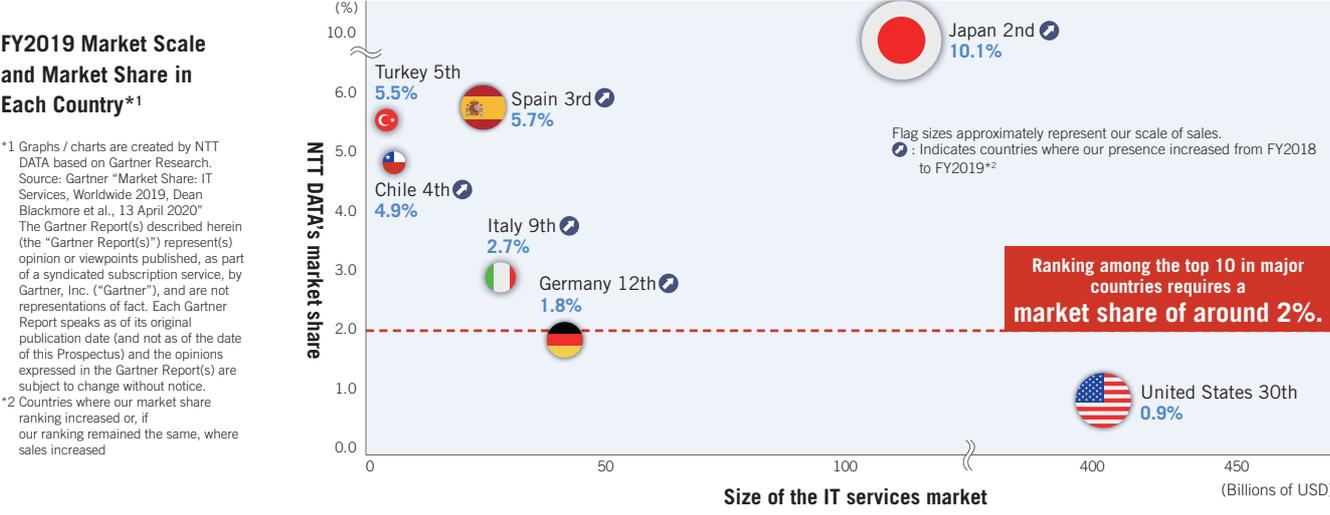
Retaining top management of acquired companies for a certain period of time at the NTT DATA Group helps enhance competitiveness as one group.



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.



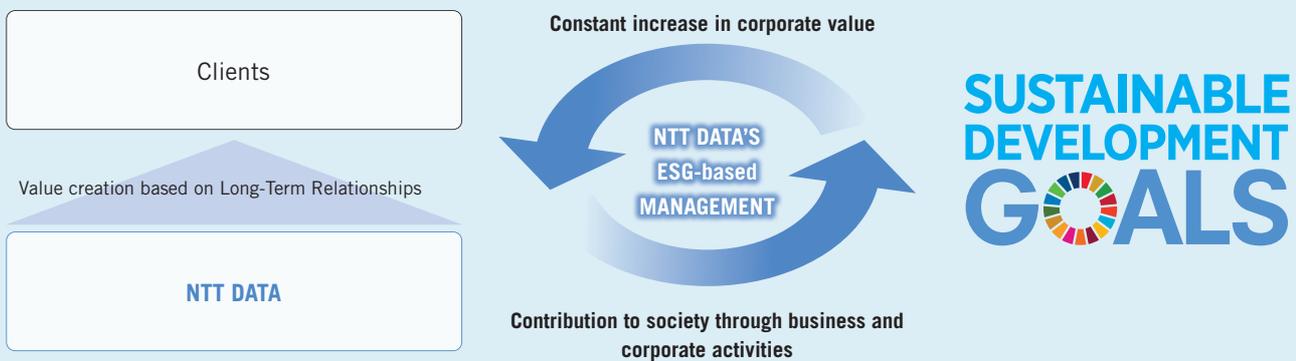
NTT DATA's ESG Management

In recent years, there has been a growing movement to evaluate companies and their relationship with society in terms of ESG factors that stems from a demand that companies make a global response to social and environmental issues as represented by the 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 the resolution of social issues through our corporate activities, which take into account cultivating IT talent, implementing workstyle transformation, and respecting diversity, etc., and sustainably increasing our corporate value.

“Shape the future society with our clients”



Points

- Although we promote ESG management from both business and corporate activities, **we specifically focus on social contribution and enhanced corporate value through business.**
- We **established 12 Material ESG Issues after discussions** at the Board of Directors' meeting in FY2019.
- In FY2020, we **set KPIs for the 12 Material ESG Issues.**

Concepts of ESG Management

Contributing to society and increasing corporate value through “business”

Resolve social issues with our clients and enhance our corporate value through our services and solutions

Contributing to society and increasing corporate value through “corporate activities”

By resolving each of our material ESG issues and making use of know-how we have cultivated through our corporate activities in business, we will also resolve issues faced by our clients and society through business and increase corporate value.

Reinforce corporate governance

Aiming for more effective corporate governance, we are working on the reinforcement of our governance system and a more effective Board of Directors. We thereby promote the creation of an ESG management base in the NTT DATA Group as a whole, including overseas Group companies.

Material ESG Issues Identification Process

We investigate advanced technologies and social trends that will hugely impact society and business in the next three to 10 years to publish the NTT DATA Technology Foresight that predicts future changes every year. In setting the Material ESG Issues in FY2019, we used the NTT DATA Technology Foresight as input and set 12 new Material ESG Issues based on the client satisfaction survey, the employee satisfaction survey, individual hearings with shareholders, ESG institutional investors, and experts from NPOs, taking into account socially important issues and expectations toward us, after discussions at the Board of Directors' meeting.

Step 1 Set issues 60	Set the NTT DATA Technology Foresight 2019 (important issues that will change the world) as social issues.	Step 2 Select issues 15	Consider materiality from the following two axes: "social significance" and "corporate significance." Select issues relevant to us, and prioritize them.	Step 3 Determine issues 12	The Board of Directors composed of our key decision-makers judges and determines the adequacy of the identified material issues.
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12 Material ESG Issues

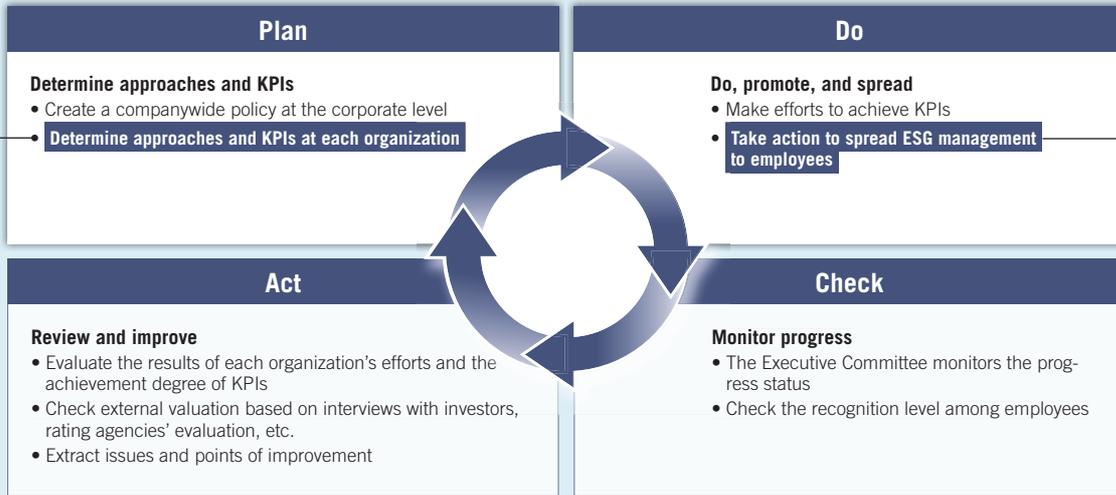
In FY2019, we set 12 new Material ESG Issues after discussions at the Board of Directors' meeting. In FY2020, we set KPIs for the Material ESG Issues so that each employee becomes aware of ESG management and helps to realize the SDGs in their business and corporate activities. By making these KPIs each organization's management evaluation indices, we aim to further promote our ESG management.

Category	Material ESG Issues	KPIs (FY2020)
 Business (Innovation) ▶ P44	① Offer social infrastructure and business category-specific solutions based on advanced technologies	<ul style="list-style-type: none"> The number of new or extended businesses created, originating in social issues The number of proposed solutions, new orders received and their amounts, and launched services that contribute to resolving social issues
	② Build and ensure stable management/operation of IT infrastructure	<ul style="list-style-type: none"> The number of improved operation and maintenance processes The rate of systems in operation
 Human Resources ▶ P46	③ Secure and develop IT human resources	<ul style="list-style-type: none"> The number of digital human resources The number of mid-career hires Improvement of the human resources system The ratio of career interviews conducted The number of digital training programs (that thematize advanced technologies) offered The number of hours spent on self-innovation
	④ Promote diversity and inclusion	<ul style="list-style-type: none"> The number of measures taken, contributing to "active participation of diverse human resources" Increase in the number of female executives and managers Improved scores of One Voice (the employee engagement survey)
	⑤ Promote workstyle reform	<ul style="list-style-type: none"> The number of proposed projects and new orders received that contribute to the clients' workstyle reform The number of measures taken for workstyle reform and improved organizational capabilities The ratio of Digital Work Place utilization
 Security ▶ P52	⑥ Ensure information security	<ul style="list-style-type: none"> The number of new orders received that contribute to clients' reinforced security
	⑦ Protect data privacy	<ul style="list-style-type: none"> The number of secure public cloud services provided The number of measures for enhanced internal security level
 Environment ▶ P56	⑧ Respond to climate change	<ul style="list-style-type: none"> The number of new orders received contributing to resolving the clients' environmental issues Efforts to reduce greenhouse gas emissions based on SBT*1 and approach to TCFD*2 recommendations
 Community ▶ P60	⑨ Promote IT education	<ul style="list-style-type: none"> The number of contributory activities through IT education opportunities created and realized in local communities Creation of IT opportunities for primary education through NTT DATA Academia (the total number of participants and the number of sessions held)
 Disaster Risk ▶ P60	⑩ Respond to disaster risk	<ul style="list-style-type: none"> The number of new orders received for business continuity plan (BCP)-related solutions Upgrading the business continuity plan (BCP) to mitigate disaster risk
 Compliance ▶ P60	⑪ Ensure compliance	<ul style="list-style-type: none"> Implementing measures to enhance global compliance
 Supply Chain ▶ P60	⑫ Promote responsible supply chain	<ul style="list-style-type: none"> Expanded procurement coverage from partners who give a pledge on the NTT DATA Guidelines for CSR in Supply Chain
Common to ①-⑫		<ul style="list-style-type: none"> The recognition level of the social contribution policy among employees

*1 SBT (Science-Based Targets): Corporate targets for reducing the effect of greenhouse gas emissions in compliance with the Paris Agreement.
 *2 TCFD: Task Force on Climate-related Financial Disclosures.

Promotion of ESG Management

We manage all ESG activities under the supervision of the Senior Executive Vice President and Representative Director and Senior Vice Presidents. By implementing the following plan-do-check-act (PDCA) cycle, we promote ESG management.



Create a Social Contribution Policy at Each Business Sector and Unit to Set Targets

Instead of a corporate top-down method, **each business sector or unit sets its own social contribution policy and targets** based on the companywide policy. We specifically focus on social contribution and enhancement of corporate value through business. Almost every business sector has set its KPIs for social contribution and enhancement of corporate value through business.

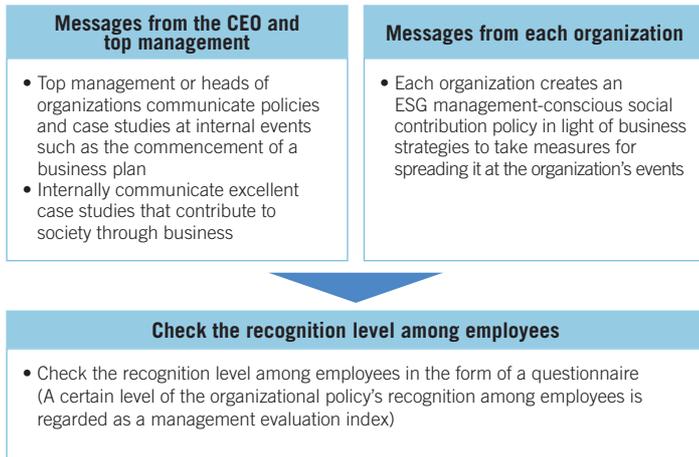


The percentage of organizations that have set KPIs for social contribution and enhancement of corporate vales through business* 87%

* The percentage of profit center organizations such as business sectors

Take Measures to Spread ESG Management to Employees

We believe that to root ESG in management, it is necessary for each employee to understand their organization's policy for promoting its ESG management and reflect it on their actions. Therefore, we focus on measures to spread ESG management to employees and make various efforts.



KPI Case Studies on “Social Contribution and Enhanced Corporate Value through Business” Set by Business Sectors

Social Infrastructure Solution Sector



KPI Measure

Proposed a solution that contributed to client's achieving their SDGs

Relevant Material ESG Issues

- ① Offer social infrastructure and business category-specific solutions based on advanced technologies
- ⑤ Promote workstyle reform
- ⑧ Respond to climate change

Background of the measure

The Social Infrastructure Solution Sector's vision is to “**provide socially valuable solutions to contribute to the digitalization of society as a whole.**”

Each employee is aware of “SDGs sought by the client” in making a proposal so that they can contribute to the client in achieving their SDGs. This will lead, we believe, to the Group's social contribution.

Our solutions for automating routine tasks, “WinActor / WinDirector” has contributed to the reform of the client's workstyle. The worldwide digital 3D map provision service called “AW3D” has contributed to creating a convenient, safe, and secure society. Thus, we will contribute to society by helping the clients to achieve their SDGs in various areas.

What we aim to become

Aware of the client's SDGs, all employees take action and provide highly valuable solutions to contribute to society.

IT Services & Payments Services Sector



KPI Measure

Promoted stable operation of CAFIS services

Relevant Material ESG Issues

- ② Build and ensure stable management / operation of IT infrastructure

Background of the measure

The payment infrastructure, “CAFIS,” that the IT Services & Payments Services Sector provides is aligned with many diverse payment systems that have been recently on the rise and **has a significantly increasing number of users. Its materiality in society is growing higher and higher.**

We promote the stable operation of the CAFIS / CDS* core services, **support the advancement of payment methods in Japan, and accelerate the promotion of a cashless society to contribute to society.**

What we aim to become

We will run the payment infrastructure stably to provide a sense of security in the use of new payment services and realize a society with diversified payment methods.

* CDS: Connecting member stores with credit card operators online, CDS is a system that promptly and accurately transmits data files of sales, invalid notifications, validity checks, gift coupons, etc.

Business (Innovation)

Recently, a move to create a sustainable society, environment, and economy, including SDGs, is expanding globally. There is a wide range of areas in which IT can contribute in building the sustainable society, environment, and economy, and we think that there is large potential as a market. In NTT DATA, as per our mission statement of "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society," the business itself resolves clients' and social issues using the power of IT.

Going forward, we will use digital technologies for innovation together with clients, continuously and stably provide high-quality IT infrastructure services to contribute to the resolution of clients' and social issues and to sustainably enhance our corporate value.

Material ESG Issues

Overview

P41: 12 Material ESG Issues

- 1 Offer social infrastructure and business category-specific solutions based on advanced technologies
- 2 Build and ensure stable management / operation of IT infrastructure

Social Values Provided

Contributing to society through business

- Contribute to the resolution of clients' issues and social issues that goes beyond that by providing services to clients using state-of-the-art technologies including digital technology
- Contribute to creating a society where people can live with a sense of security by providing high-quality services and stable operation as a company that provides social infrastructures

Opportunities

- Needs to transform business models using digital technologies
- Needs to improve efficiency of existing operations and systems using digital technologies
- Needs to invest in systems to overcome huge earthquakes, climate change, and other large-scale natural disasters as well as serious infectious diseases, and others
- Needs to invest in systems to respond to various factors and changes including social infrastructures such as electricity and communication, legal systems such as tax and various regulations, political and economic trends in different countries, and climate change

Risks

- Risk of reducing competitiveness and brand value in the market in case of delay in response to unexpected disruptive technological innovation
- Risk of unprofitable projects
- Risk of system failure
- Risk of services becoming difficult to provide in case of huge earthquakes, climate change, and other large-scale natural disasters as well as occurrence of serious infectious diseases
- Risk of decreased business opportunities due to various factors and changes including social infrastructures such as electricity and communication, legal systems such as tax and various regulations and political and economic trends in different countries

KPIs (FY2020)

Contributing to society through business

- The number of new or extended businesses created, originating in social issues
- The number of proposed solutions, new orders received and their amounts, and launched services that contribute to resolving social issues
- The number of improved operation and maintenance processes
- The rate of systems in operation

Relevant Medium-Term Management Plan Strategies

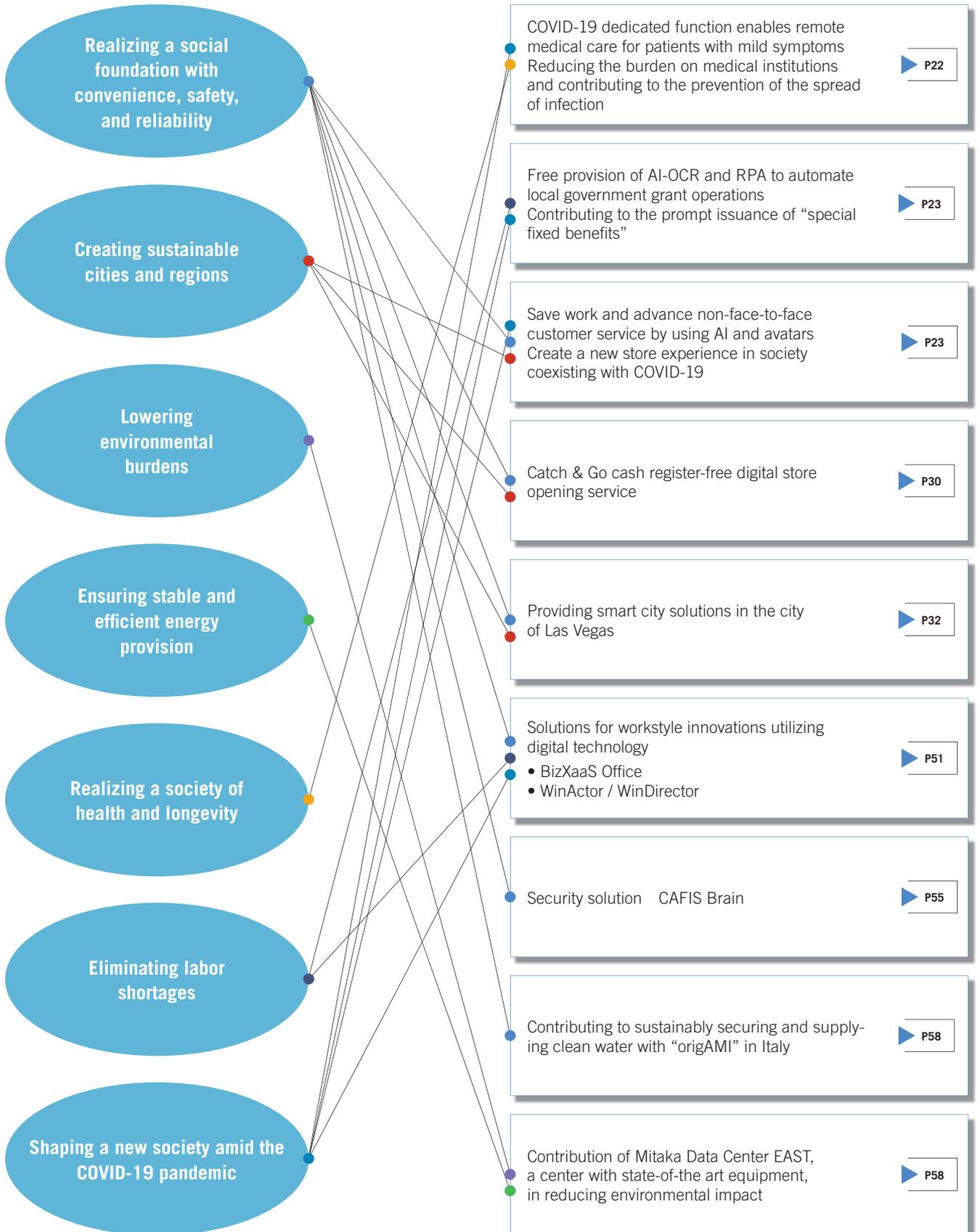
Strategy 1 Expand global digital offerings ▶ P28

Strategy 2 Deliver greater value to clients based on regional needs ▶ P31

Relevant Management Resources

- Human Resources and Organizational Capabilities
- Technologies
- Partners
- Client Base
- NTT DATA Brand
- Finance

Realizing a more affluent and harmonious society



Human Resources

In order to capture both clients' needs and technological trends and continue to produce innovations in the IT services industry with remarkable technological evolution, diverse and excellent human resources are indispensable. Accumulated in people and organization, our know-how on both clients' businesses and applications, which we have acquired from our solid client base over a long period of time, is the source of our competitiveness and the most important management resource. As our Group Vision states, we aim to "enhance our creativity by respecting diversity" from a long-term perspective.

Against this background, the medium-term management plan that started in FY2019 recognizes "unleashing our employees' potential that maximizes organizational strengths" as one of our growth strategies. 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.

We will also utilize our know-how that was cultivated through these efforts to contribute to solving the issues of both clients and society, including the recruitment and training of IT human resources and the promotion of workstyle innovations, and to continuously enhance corporate value.

Material ESG Issues

Overview

P41: 12 Material ESG Issues

- 3 Secure and develop IT human resources
- 4 Promote diversity and inclusion
- 5 Promote workstyle reform

Social Values Provided

Contributing to society through corporate activities

- Recruit and train diverse and excellent IT human resources who, in turn, will provide high-value-added IT services to contribute to resolving various clients' issues as well as social issues.

Contributing to society through business

- Taking advantage of the know-how that we have cultivated through our efforts to train IT human resources and innovate workstyles, we help clients to train IT human resources or innovate workstyles, thereby contributing to resolving clients' issues as well as social issues.

Opportunities

- Globally competitive and excellent IT human resources and diverse human resources produce innovations to create competitive services
- Improve productivity by taking advantage of our digital technology-enabled strengths
- Expand opportunities to provide IT services to solve human resource-related issues, based on our know-how on IT human resources development and workstyle innovations

Risks

- Our capabilities to serve our clients may deteriorate if we fail to recruit or educate excellent IT human resources and diverse human resources
- Our productivity may deteriorate if we fail to accelerate workstyle innovations or maintain employees' mental and physical health
- Opportunities to provide IT services to solve human resource-related issues may decrease due to external environmental changes

KPIs (FY2020)

Contributing to society through corporate activities
Secure and develop IT human resources

- The number of digital human resources
- The number of mid-career hires
- Improvement of the human resources system
- The ratio of career interviews conducted
- The number of digital training programs (that thematize advanced technologies) offered
- The number of hours spent on self-innovation

Promote diversity and inclusion

- The number of measures taken, contributing to "active participation of diverse human resources"
- Increase in the number of female executives and managers
- Improved scores of One Voice (the employee engagement survey)

Promote workstyle reform

- The number of measures taken for workstyle reform and improved organizational capabilities
- The ratio of Digital Work Place utilization

Contributing to society through business
Promote workstyle reform

- The number of proposed projects and new orders received that contribute to the clients' workstyle reform

Relevant Medium-Term Management Plan Strategy

Strategy 3 Unleash our employees' potential that maximizes organizational strengths

P31

Relevant Management Resources

- Human Resources and Organizational Capabilities
- Technologies
- NTT DATA Brand
- Finance

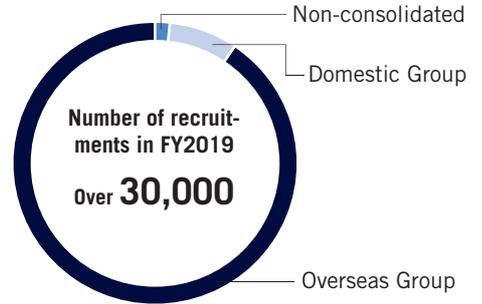
Recruitment and Retention of Human Resources

Recruit Diverse Human Resources

Achievements in Global Recruitment

- Over 30,000 hires groupwide in FY2019
- Enhanced recruitment of highly professional human resources necessary for business growth as IT workforce is highly mobile
- Established a global career site that unifies overseas Group company recruitment sites along with advancing recruitment activities utilizing LinkedIn and other means
- Highly recognized by external parties, such as receiving awards, as a company that utilizes LinkedIn for effective employer branding
- Established and delivered EVP (Employee Values Proposition*) based on actual voices of employees, including those who work for overseas Group companies. Working together with the overseas Group, we performed branding on our global career site

* EVP: Values, as conceived by the Company, that our employees acquire by working for us



NTT DATA's Non-Consolidated Achievements in Recruiting

Overall rankings in recruitment of new graduates by Rakuten Minshu

No. 1

Mid-career hires 96 (FY2018)

199

(FY2019)

- No. 1 in overall rankings as first ever IT company in the most popular employer among new graduates in 2021 by Rakuten Minshu, a word-of-mouth job-finding site. We remain No. 1 in the IT industry rankings for the 11th consecutive year.
- Specialists interview candidates to check their competency in "AI and other advanced technologies" and "consulting" to reinforce the recruitment of industry-ready human resources.
- Strengthened recruitment of human resources with high global aptitude through overseas career forums (in London and Boston).
- Accelerated the recruitment of mid-career professionals for diverse human resources' active participation (199 recruited in FY2019, doubled from the previous fiscal year).
- Recruited seven through the Advanced Professional (ADP) system for recruiting professional human resources with outstanding expertise in advanced technology areas.
- Launched UpToData, a recruitment brand common to new graduates and mid-career professionals recruitment to introduce fascinating sites and human resources externally.



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Number of new graduate hires	379	379	378	385	418	430
Number of mid-career hires	20	8	15	26	96	199

Retention of Diverse Human Resources

Global

NTT DATA believes that human resources are its valuable asset.

Particularly in overseas markets with higher labor mobility, we are actively working to make human resources acquired through mid-career recruitment or M&As settle early and retain employees.

We hold on-boarding sessions as appropriate in various places for mid-career hires. We also provide diverse opportunities where all employees can interact with one another on equal footing across the world beyond the border of a single organization through our efforts, including Values Week workshops and NTT DATA Awards.

With regard to M&A, the top management ensures that they visit major offices to hold town hall meetings to resolve employees' anxiety at an early stage, thus promoting the creation of a better workplace.

In a recent social environment with an uncertain future, we conducted mental checks and provided online training and consultation as appropriate to encourage our employees.

NTT DATA (Non-consolidated)

Labor mobility among IT human resources has been increasing. Even in Japan, we see so much interest in not just conventional membership-type employment but also job-type employment.

More and more workers are oriented toward a workstyle that allows them to actively use their skills anywhere and anytime. We also believe that our employees can use their diverse skills better if we adopt a mechanism for matching up people with jobs.

This led us to establish the Advanced Professional (ADP) system in December 2018, enabling us to recruit industry-ready human resources with outstanding expertise who can lead new business from outside.

In October 2019, we established the Technical Grade system to realize a career path for specialists. In July 2020, we also set up the Flexible Grade system for adequately appointing and compensating diverse business contributors, including those with management skills.

By organizing such human resources systems, we enable our employees to exercise and deepen their ability so that we can retain human resources. But this is not all. By maximizing our employees' professionalism, we intend to maximize value provided to our clients.

P38: M&A Strategy
P69: Values Week

Employee Skills Development

We are working to develop employee skills by enhancing digital capabilities and global capabilities, the two components of the 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.

Employee Skills Development and Continuous Improvement / Relearning of Skills

We offer a system of educational programs to support employee skills development. Each employee receives training for 80 hours annually.

Since FY2019, we have implemented self-innovation time that allows employees to strengthen their skills and share knowledge with other organizations as part of their working hours, targeting continuous improvement / relearning of their skills. In FY2020, we are working to enhance its quality and create groupwide collaboration.

Hours of Training per Person

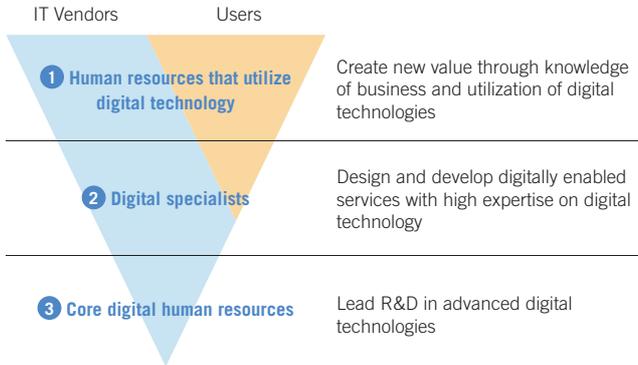
80 hours

(FY2019)

Enhance Digital Capabilities

The medium-term management plan focuses on the reinforcement of digital capabilities of all employees and promotes a variety of system designs.

Definition of NTT DATA's digital human resources and their development



1 Develop human resources that utilize digital technology

In order to reinforce the digital capabilities of all employees, since FY2017 we have hosted numerous training courses and seminars on design-based thinking, creative ideas, and state-of-the-art technologies, to make them acquire an unconventional way of thinking and perspective. In FY2019, approximately 12,800 employees participated. (The seminars were held, targeting all new recruits, mid and leader tiers.)

2 Develop digital specialists

- Launched the Digital Acceleration Program
Since FY2019, we have implemented a series of development programs that combine off-the-job training in advanced areas with actual experience in diverse advanced projects to develop and strengthen core digital human resources groupwide.
- Training Programs such as Digital Boot Camp
We have developed a skills system and methodologies to develop digital human resources and offered training programs to develop digital human resources. In FY2017 through FY2019, we held training sessions and others for approximately 14,000 employees in the areas of design, AI, Agile, IoT, cloud, IT architecture, and security.

3 Develop core digital human resources

- Center of Excellence (CoE)
We have expanded CoE (in the following seven areas: blockchain,

digital design, Agile / DevOps, AI, IoT, intelligent automation, and software engineering automation), a site to accumulate expertise on state-of-the-art technologies across the globe as part of global digital strategic activities, which form the backbone of the medium-term management plan. We intend to hire approximately 5,000 human resources with advanced digital technology skills in the entire CoE through our CoE activities by the end of FY2021.

• Gitohon Academy

Enlisting trainees companywide, the academy educates next-generation top engineers who are directly taught by top engineers that represent NTT DATA.



Our Unique Digital Human Resources Development Program

We have implemented our unique human resources development program, Professional Career Development Program (CDP), including Group companies. In FY2019, 14,300 employees in and out of Japan were certified, with over 55,000 certified employees in total.

The Professional CDP has established phased human resource types in response to business requirements, as well as changes in technology and business. “Business Developers” and “Data Scientists” were added as human resource types in FY2019, and “Cloud” was recently added as IT specialists’ area of expertise in FY2020.

Human Resource Types at NTT DATA

System development and operation	Project Managers
	Application Specialists
	IT Service Managers
Technology	IT Architects
	IT Specialists
	R&D Specialists
	Data Scientists Added in FY2019
Sales	Clients Sales
	Solution Sales
	Consultants
Business Developers Added in FY2019	
Staff	

Enhance Global Capabilities

In order to cultivate global human resources, we provide opportunities for international business exchanges targeting employees from management to younger employees. A cumulative total of 826 employees have participated in the Global Leadership Program, a discussion forum for executive trainees from around the world, and others. 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.



Community activities with the overseas Group companies

Expanding the Circle of Globalization Drivers

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

We also work on online human resources development amid COVID-19 as a new initiative and carry out community activities, including the overseas Group companies.

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.

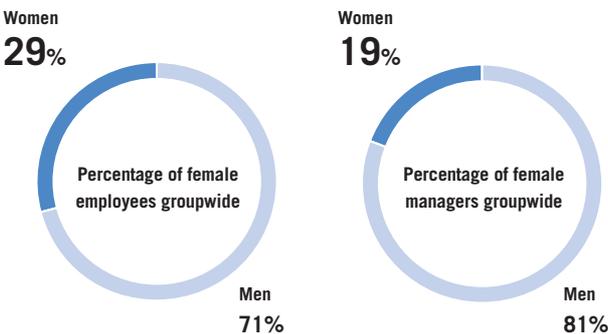
High Evaluations from External Parties



Active Participation of Diverse Human Resources

Accelerating Promotion of Diversity Worldwide

Following the signing of the Women's Empowerment Principles (WEPs) in March 2019, we used the United Nations (UN) WEPs gender-gap analytical tool to measure each organization's diversity promotion status in global sites in February 2020, where 19 sites in 16 countries responded (with a coverage rate of about 50% when converted to the number of employees worldwide). Capitalizing on these measures, we are actively working to promote diversity and inclusion globally.



* As of March 31, 2020

Goals for Promoting Active Participation of Women

As the Act on Promotion of Women's Participation and Advancement in the Workplace has come into force, NTT DATA has created an action plan to prepare a fuller environment to promote the active participation of women in the workplace, in addition to its existing programs. We achieved all goals in FY2020 through groupwide concerted efforts to do so.

Our General Employer Action Plan (Published in March 2016)

Goal 1	Continuously aim to achieve a female employment rate of over 30% by the end of FY2020 ▶ Achieved! We have achieved this goal with over 30% continuously since FY2016. A female recruitment rate of 34.4% in April 2020
Goal 2	Achieve average 1,890 hours / year of total working hours per employee by the end of FY2020 ▶ Achieved! We achieved the goal with 1,889.6 hours in FY2018. 1,876 hours in FY2019
Goal 3	Aim to have over 200 female managers by the end of FY2020 ▶ Achieved! We achieved the goal with 200 as of April 1, 2020.
Goal 4	Aim to have over 10 female executives (officers and heads of organizations) by the end of FY2020 ▶ Achieved! We achieved the goal with 12 executives as of July 1, 2020.

Initiatives for Active Participation of Diverse Human Resources

We have continuously promoted initiatives for gender minorities such as LGBT through human rights awareness, seminars for employees, participation in the Tokyo Rainbow Pride, and system administration development. Since April 2018, we have applied, in principle, all spouse-related systems to same-sex partners recognized as equivalent to the spouse. As a result of these initiatives, we won the gold award in the PRIDE Index from work with Pride, the private institution, in 2019, marking the third consecutive year to receive this award.

In December 2019, we set up a prayer space in the headquarters building in light of employees' need. Thus, we are actively working to create an environment where diverse human resources can exercise their abilities to the fullest and continue to play an active role.

Workstyle Innovations

Workstyle Innovations Utilizing Digital Technology

We not only promote employees' diverse workstyles but also improve their productivity through workstyle innovations utilizing digital technology.

We take advantage of our know-how on workstyle innovations that we have cultivated through internal initiatives to propose solutions that support clients' workstyle reform, including provision of BizXaas Office to clients or promoting extended application of integrated development cloud to clients' commercial environments.

• Work Anywhere

We enable employees to work at office, on the go, or at home by using thin-client terminals and cloud-based development environments (extended application of the integrated development cloud in and out of Japan).

We have a system and internal infrastructure environment in place so that all employees can utilize telework. Under the recent state of emergency amid the spread of COVID-19, over 80% of our employees worked at home or mainly worked at home*1, and we were able to reduce office work rate to 20% or less. While working at home, our employees realized business continuation at an almost similar level to ordinary times.

*1 From April 2020 to June 30, 2020, we periodically conducted a questionnaire survey on workstyles and health conditions for all employees on a weekly basis to timely capture the situation.



• Effective Workstyle

We maximize value provided to our clients by utilizing RPA such as WinActor and AI in business to improve work efficiency and quality and to focus on more value-adding operations.

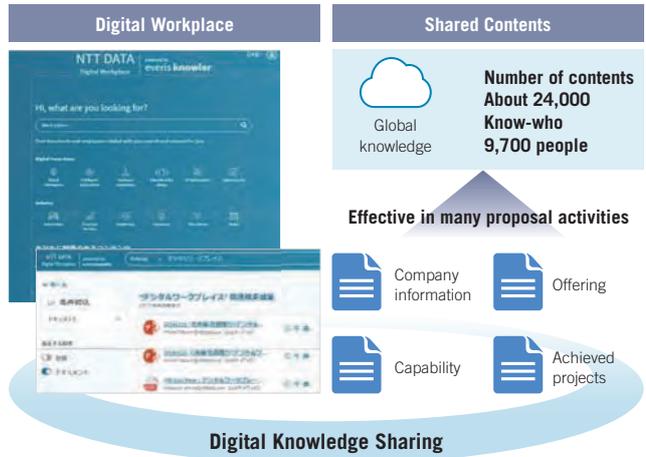


• Digital Knowledge Sharing

We have implemented a digital system for sharing expertise and know-how across the globe to promote collaboration and innovate business processes. We share about 24,000*2 pieces of know-how and 9,700 employees'*3 Know-who content globally, which has proven effective in numerous proposal activities.

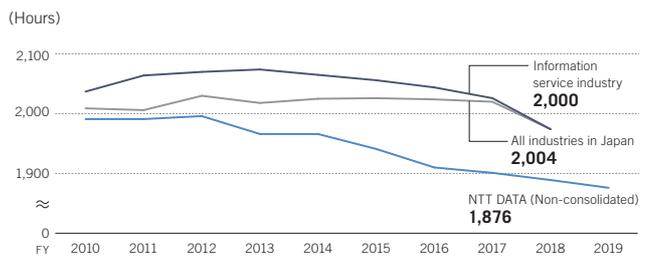
*2 As of August 31, 2020
*3 As of September 15, 2020

Accelerated aggregation and utilization of knowledge sharing (Know-how and Know-who)
Continue to maximize Group synergy globally



• Trends in Annual Hours Worked per Employee (Hours)

The total working hours are on the decline every year and hit 1,876 hours in FY2019.



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

Extended White 500 Certification to the Entire Group

NTT DATA and its Group companies in Japan are working on health management. As a result, NTT DATA and six Group companies have acquired White 500 certification, a program that awards companies with excellent health management or initiatives that address local health issues, jointly hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

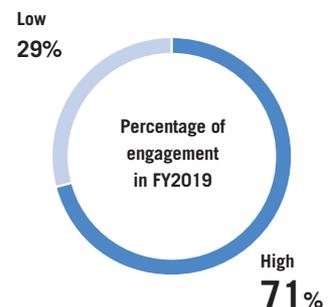


Improving Employee Engagement

"To be a No. 1 employer, for the best talent worldwide!," we conduct One Voice, an engagement survey on all employees, including those who work for overseas Group companies, and make concerted efforts to create satisfying workplace.

The survey in FY2019 resulted in a high engagement rate of 71%, in excess of 68%, the average rate of participants.

Each organization accurately understands employees' situations, obtained through the survey, from the result report, to consider action plans and take initiatives for future improvement. This will lead to maintaining and improving engagement and creating a better workplace.



Case Studies for Workstyle Innovations Utilizing Digital Technology

As COVID-19 has recently been widespread, remote work has become an indispensable means for continuing business and social and economic activities. We have been providing solutions that contribute to workstyle innovations, such as eliminating long working hours, responding to shortage of system engineers, and creating new values and innovations within a limited time frame. We will contribute to our clients' workstyle innovations by providing advanced solutions utilizing digital technology.



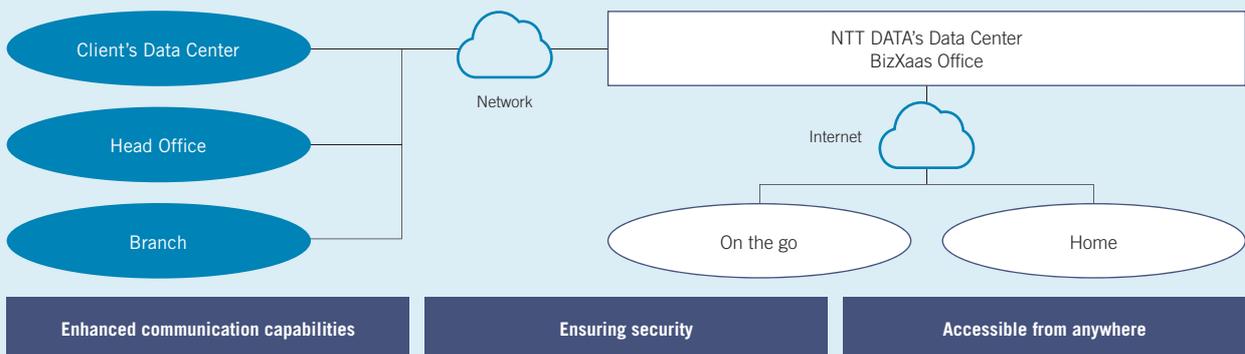
Contributing to Society and Improving Corporate Value through Business

Solution Case 1

BizXaas Office

NTT DATA provides BizXaas Office service available anywhere, in and out of the office, by providing an office environment required for basic operations on the cloud. This service allows the user to work anywhere and activate communications between teams and the organization through Web meetings. It also ensures security at the same level as the office environment and can be used from any equipment safely. For these reasons, it has acquired over 150 corporate clients (as of July 31, 2020).

By making a "usual office environment" available from internal or external terminals, we will contribute to the clients' workstyle reform, including the promotion of telework.



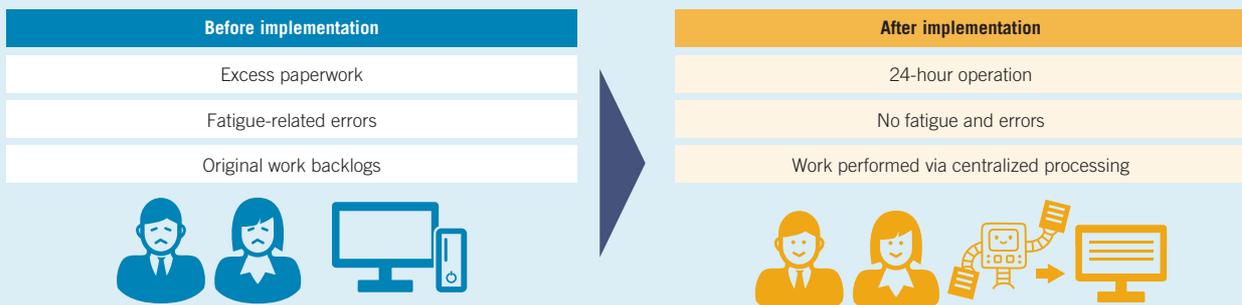
Contributing to Society and Improving Corporate Value through Business

Solution Case 2

WinActor / WinDirector

WinActor / WinDirector are software robots that automate operations performed using Windows applications. These tools can handle a wide variety of tasks ranging from those related to Excel and browsers to workflows and other business systems, making it easy to create scenarios without modifying the entire system.

Besides resolving human resource shortage as a social issue, it can contribute to labor-saving routine work and improved work efficiency and quality in a variety of industries and sectors. It has been highly appreciated by many clients as a means for optimally deploying human resources to value-added work. Since it is easy to implement and is stably usable after being implemented, it is used by over 3,150 corporate clients (as of June 30, 2020).



Security

The number of cyberthreats to information systems has increased dramatically in recent years such as unauthorized access via the internet and targeted attacks, which involve the insertion of malware. Accordingly, it is becoming increasingly important for companies to develop robust information security systems and be exceptionally careful in protecting the privacy of customers as they proactively utilize and share information to heighten their competitiveness. Information security and privacy have been designated as important risk areas with the potential to impact corporate management that need to be addressed if the Company is to remain a trusted partner to clients. Accordingly, NTT DATA is devoting effort to countering these risks.

NTT DATA believes it is important to both ensure information security and proactively utilize and share information at the same time. Specific measures with this regard are based on two axes, which are managerial countermeasures, such as the establishment of internal rules and education and awareness-raising activities, and technological countermeasures, such as the introduction of information security solutions.

Ensuring security and furnishing appropriate responses in the event of an emergency are important obligations as a service provider. Accordingly, we view security as an important aspect of systems and are working to improve quality with this regard. In addition, we provide security-related solutions to help address clients' and social security issues in pursuit of ongoing improvements in corporate value.

Material ESG Issues

Overview

P41: 12 Material ESG Issues

- 6 Ensure information security
- 7 Protect data privacy

Social Values Provided

Contributing to society through corporate activities

- Fulfillment of obligations to clients and society as a service provider through implementation of comprehensive internal security measures as a leading company in terms of security

Contributing to society through business

- Contribution to the resolution of clients' and social security issues through provision of highly secure systems and security solutions

Opportunities

- Expansion of business opportunities as clients position security as investments in risk management or for digital technology-driven growth
- Increased business opportunities related to observance of new privacy laws, social expectations for business ethics, etc.
- Growing business opportunities to be claimed by becoming recognized as an IT company excelling in security and privacy

Risks

- Security incidents stemming from cyberattacks
- Loss of business opportunities due to clients postponing security- and privacy-related investment
- Deterioration of credibility as an IT company due to becoming recognized for lacking sufficient security measures or deploying systems and solutions that violate privacy or other human rights

KPIs (FY2020)

Contributing to society through corporate activities

- The number of measures for enhanced internal security level

Contributing to society through business

- The number of new orders received that contribute to clients' reinforced security
- The number of secure public cloud services provided

Relevant Medium-Term Management Plan Strategies

Strategy 1 Expand global digital offerings P28

Strategy 2 Deliver greater value to clients based on regional needs P31

Strategy 3 Unleash our employees' potential that maximizes organizational strengths P31

Relevant Management Resources

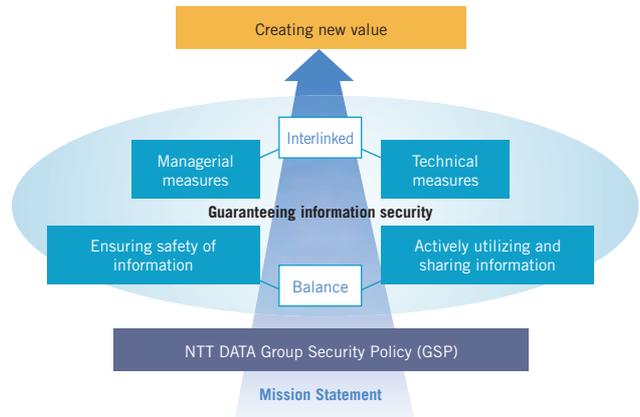
- Human Resources and Organizational Capabilities
- Technologies
- Client Base
- Brand (NTT DATA)
- Finance

Basic Approach Regarding Information Security

The Information Security Policy was established in 1998 as guidance for appropriately handling clients' and Company 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 IT progress and social 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 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 managerial 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



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 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.

*1 The term information security incidents refers to the actualization of events that pose security threats to information management and system operation, such as computer malware infection, unauthorized access, and information leakage.

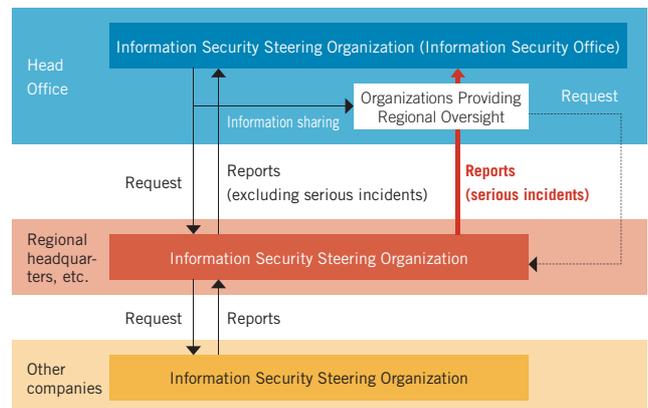
*2 A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies, and vulnerabilities, and conduct activities including implementing effective countermeasures and training.

*3 FIRST is a global community consisting of 535 (as of July 2020) CSIRTs from government agencies, educational institutions, companies, and other organizations.

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



Initiatives Aimed at Strengthening 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

NTT DATA has established the GSP and the aforementioned information security management system, based on which it practices global-level control centered on regional headquarters. Furthermore, the Group has formulated and is spreading awareness of the NTT DATA Group Network Access Infrastructure Security Measure Standards to protect against information leaks, etc., resulting from cyberattacks via the internet and malware, which are becoming increasingly more frequent around the world in recent years.



Education and Awareness-raising Activities

We issue a multilingual information security handbook in six languages: Japanese, English, Chinese, Vietnamese, Portuguese, and Spanish (internet-based training (IBT) on information security is conducted in three languages: Japanese, English, and Chinese).

At NTT DATA (Non-consolidated), information security and personal information protection 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.

Establishment and Utilization of NTT DATA's AI Guidelines

The rapid development of AI technologies has the potential to shape society, and it can therefore be expected that these technologies will continue to permeate society going forward, eventually coming to influence people's behavior and decisions. Based on this outlook, we established NTT DATA's AI Guidelines in May 2019 to indicate our stance toward contributing to the realization of a more affluent and harmonious society in which people coexist alongside AI (an "AI-infused society").

NTT DATA believes that the potential for AI goes beyond simply ensuring efficiency. We therefore aim to utilize AI to contribute to the realization of an AI-infused society in which clients and all other stakeholders are able to receive the benefits of AI with safety and security. This goal is to be accomplished by paying due consideration to security and to privacy and other human rights.

Framework of NTT DATA's AI Guidelines		
1. Realizing well-being and sustainability of society	2. Co-creating new values by AI	3. Fair, reliable, and explainable AI
4. Data protection	5. Contribution to dissemination of sound AI	

For more information on the NTT Data's AI Guidelines, please visit NTT DATA's corporate website. <https://www.nttdata.com/global/en/About%20Us/Company%20Profile/AI%20Guidelines>

Resolution of Social Issues and Maximization of Client Value by Unlocking Potential of AI through Implementation of Medium-Term Management Plan Strategies in Accordance with NTT DATA's AI Guidelines

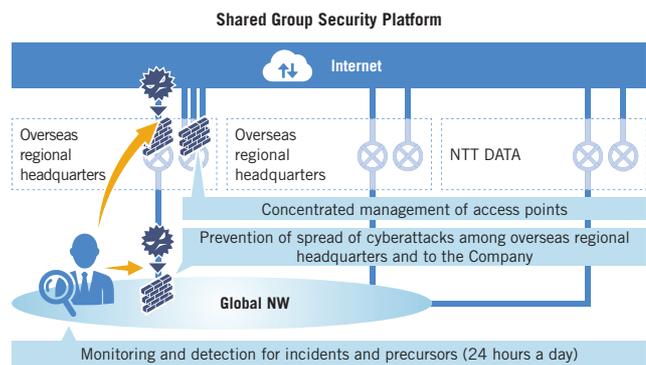
Strategy 1	Strategy 2	Strategy 3	Collaboration with NTT
Expand global digital offerings	Deliver greater value to clients based on regional needs	Unleash our employees' potential that maximizes organizational strengths	Drive NTT Group collaboration
Creation of AI offering, expansion of AI CoE	Combining existing systems and services with AI	Training and acquisition of AI talent	Improving AI technology through R&D

P26: Medium-Term Management Plan



Development of Security Platforms

To counter increasingly sophisticated cyberattacks, the NTT DATA Group is working to improve global security governance by development, implementation, etc. of globally standardized security platforms. The security platform for ensuring safety in connecting to Company networks, one of these platforms, is capable of swiftly detecting incidents and incident precursors through the consolidation and automated analysis of logs from bases worldwide.



Security Experts

With information security threats getting more diverse and sophisticated, there are concerns about the shortage of human resources with the information security expertise required. Against this backdrop, the NTT DATA Group develops security experts and improves their skills actively. As of April 2020, 9,382 experts with the "Security Expert Qualification" offered internally by the NTT Group were active in Japan and overseas.

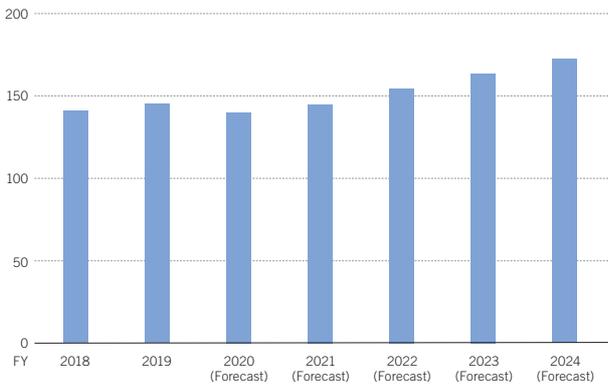
Security Expert Qualification		Job Classification
Level		
Advanced 12 Security Masters / Security Principals	Produce first-rate experts with the best performance in the industry	<ul style="list-style-type: none"> Security management / consulting Security operation Security development
Intermediate 753 Security Professionals	Reinforce the pool of specialists with deep experience and judgment	
Beginner 8,617 Security Experts	Raise the level of workers who can do their work with the required knowledge	

Business Conditions and Security Quality Improvement Initiatives

As cyberattacks against information systems become increasingly more intense, the information security market is expected to continue to grow. NTT DATA recognizes that effective security and emergency response measures in the services it provides to clients are important obligations as a service provider. We are therefore working to improve the quality of security as an important element of systems while also providing security-related solutions to contribute to the resolution of the security issues of clients and society.

Security Market Size (Global)*

(Billions of USD)



Initiatives for Improving Security Quality

- Analyze status and risks of upstream system processes and incorporate expert insight
- Expand scope of systems to which security quality standards apply
- Enhance system for globally coordinated responses in preparation for incidents to combat increasingly more diverse and insidious cyberattacks
- Cultivate and develop skills of security personnel

* Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2018-2024, 2Q20 Update", Inna Agamirzian et al., 2 July 2020 Banking & Securities, Securities, End-User spending basis. 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.

NTT DATA's Strengths

In the information security market, sales tend to focus on standalone products. NTT DATA, however, views these products as components of larger systems. Our strengths thus include our ability to provide optimal services for entire systems, including hardware, middleware, and application layers; to supply comprehensive solutions that encompass operating procedures; and to combine products from different vendors to meet customer needs, etc.

In addition, NTT DATA is collaborating with NTT as a member of the NTT Group in business activities and utilizes the results of R&D projects related to security and others.

Furthermore, we collaborate with Forum of Incident Response and Security Teams (FIRST)*, the Nippon CSIRT Association, and other global security-related organizations to acquire the latest security-related information from around the world. This diligence enables us to utilize cutting-edge technologies in client businesses.

* FIRST is a global community consisting of approximately 535 (as of July 2020) CSIRTs from government agencies, educational institutions, companies, and other organizations.

Contributing to Society and Improving Corporate Value through Business

Case Study—CAFIS Brain

CAFIS Brain is a cloud service that analyzes the nature of transactions and related behavior to detect suspicious transactions with a high degree of accuracy. This service performs these analyses by combining transaction data with data from the terminals (computers, smartphones, etc.) of end users of smartphone payment services and others, which are becoming increasingly important in conjunction with the acceleration of online shopping, internet banking, and, more recently, cashless payments.



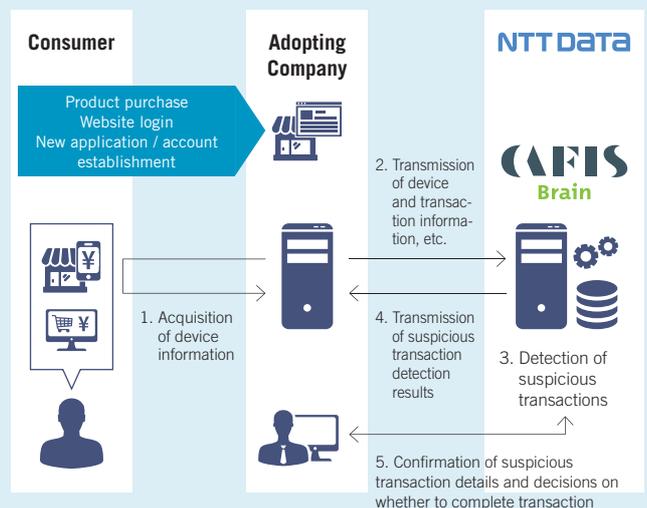
Application Layer Security Measures

Increasingly insidious are the methodologies used in performing illegal transactions by impersonating others using personal information, etc., obtained illegitimately via information leaks, phishing, and others. The implementation of security measures for preventing illegal transactions and unauthorized logins is becoming a pressing task as online transactions and smartphone payments grow more popular.

CAFIS Brain helps contribute to efficient business transactions by increasing the safety and security of internet transactions and minimizing the monetary damages of illegal transactions.

Hardware and Middleware Security Measures

The CAFIS Brain cloud service utilizes NTT DATA's high-level security and data centers. For this reason, we are able to realize strong security while also reducing the burden of system development and operation at adopting companies.



Environment

In addressing global environmental issues, it is important nowadays to ensure sustainability from a wider perspective, which includes responding to climate change and conserving biodiversity and water resources. The NTT DATA Group recognizes its responsibility for its corporate activities and businesses that may affect environmental burden. It also finds it important to understand the influence of environmental issues on its corporate management as well as its various systems that support social infrastructure provided by the Group and to take measures.

In addition to "Greening the Group," an approach giving 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" through its products and services. It contributes to resolving various environmental issues and sustainably enhances its corporate value.

<p>Material ESG Issue</p> <p>Overview</p> <p>P41: 12 Material ESG Issues</p>	<p>8 Respond to climate change</p>	<p>Social Values Provided</p> <p>Contributing to society through corporate activities</p> <ul style="list-style-type: none"> • Advance Greening the Group, use renewable energy, and actually reduce environmental burden to contribute to the creation of a sustainable society <p>Contributing to society through business</p> <ul style="list-style-type: none"> • Provide environmental solutions that contribute to reduced environmental burden or minimize the impact of environmental issues to contribute to resolving issues of both clients and society through IT
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<p>Opportunities</p>	<ul style="list-style-type: none"> • Expand business opportunities in which clients recognize IT costs of addressing environmental issues, such as climate change, as an investment • Expand business opportunities to respond to reinforced laws and regulations, social demand, etc., pertaining to environmental issues • Expand business opportunities by becoming an acclaimed IT company that takes great environmental measures for its own activities and has excellent environmental solutions
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<p>Risks</p>	<ul style="list-style-type: none"> • Loss of business opportunities in failing to proactively respond to decarbonization in which society and clients take an increasing interest • Loss of business opportunities due to increased running costs in light of reinforced environmental laws and regulations or the delayed use of renewable energy • As the average temperature rises and abnormal weather increases, disaster costs will increase to maintain assets such as data centers or loss may be incurred • NTT DATA may destroy its credibility as an IT company if it fails to address environmental issues sufficiently or take due measures in rolling out solutions
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<p>KPIs (FY2020)</p>	<p>Contributing to society through corporate activities</p> <ul style="list-style-type: none"> • Efforts to reduce greenhouse gas emissions based on SBT*¹ and approach to TCFD*² recommendations 	<p>Contributing to society through business</p> <ul style="list-style-type: none"> • The number of new orders received contributing to resolving the clients' environmental issues
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<p>Relevant Medium-Term Management Plan Strategy</p> <p>Strategy 2 Deliver greater value to clients based on regional needs</p> <p>P31</p>	<p>Relevant Management Resources</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center;"> <p>Human Resources and Organizational Capabilities</p> </div> <div style="text-align: center;"> <p>Technologies</p> </div> <div style="text-align: center;"> <p>Partners</p> </div> <div style="text-align: center;"> <p>Client Base</p> </div> <div style="text-align: center;"> <p>Brand</p> </div> <div style="text-align: center;"> <p>Finance</p> </div> </div>
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*1 SBT (Science Based Targets): Corporate targets for reducing greenhouse effect gas emissions in compliance with the Paris Agreement
 *2 Task Force on Climate-related Financial Disclosures

NTT DATA Group's Action Plan

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

Contributing to the greening of our clients and society through IT

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

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

- Steadily reduce CO₂ 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

Management System

The NTT DATA Group has built an environmental management system across the Group, with both the Eco Activity Promotion Committee led by the Senior Executive Vice President and Representative Director and the Eco Activity Liaison Committee composed of ISO 14001-certified departments, environmental managers, and promoters from Group companies. ISO 14001-noncertified Group companies also have environment promoters to reinforce the Group's environmental management promotion system. Material agenda particularly are reported to the Board of Directors.

The chairperson of the Environmental Protection Promotion Committee is responsible for business strategies, risk management, and IR, and manages risks relevant to climate change in groupwide risk management under the supervision of the Board of Directors on a half-yearly basis.

Progress status **P69: Internal Control / Risk Management**

Quantitative Targets and Results

Environmental burden involved in the NTT DATA Group's business activities mainly consists of greenhouse gas emissions caused by electric energy consumption. In addition, the Group affects the natural environment on a varying scale by using paper and water resources or constructing data centers. We cannot ignore energy consumption and other environmental burden when we run systems at our clients. Therefore, the NTT DATA Group accurately understands and analyzes environmental burden involved in its business activities, leading to various improvement activities.

Scope	Target Definitions	Base Value (Base fiscal year)	FY2019		Results	Base Value (Base fiscal year)	FY2020 Targets	FY2021 Targets	FY2022 Targets
			Targets	Value*7					
Reduce the environmental impact of society through the promotion of green IT*1	NTT DATA Group's contribution to reducing CO ₂ emissions in society will be at least X times more than the amount of its own emissions	—	4 times or more	5.0 times	○	—	4 times or more	4 times or more	4 times or more
Reduce greenhouse gas (GHG) emissions*2,3	GHG emissions (Scope 1 and 2) <input checked="" type="checkbox"/> *6	244,081 t-CO ₂ e (FY2013)	5% increase or less (256,285 t-CO ₂ e or less)	12% reduction (214,098 t-CO ₂ e)	○	378,546 t-CO ₂ e (FY2016)	25% reduction or more	28% reduction or more	32% reduction or more
Reduce the amount of copy paper purchased*4	Amount of copy paper purchased (Gross amount calculated on a number-of-sheets basis)	201.22million sheets (FY2013)	4% reduction or more (193.17 million or less)	44.3% reduction (111.99 million)	○	—	Fewer than previous fiscal year's results	Fewer than previous fiscal year's results	Fewer than previous fiscal year's results
Reduce the amount of waste for final disposal*4,5	Amount of waste for final disposal (Gross amount: t)	207 t (FY2013)	80% reduction or more (41 t or less)	95% reduction (10.5 t)	○	207 t (FY2013)	90% reduction or more	90% reduction or more	90% reduction or more
	Ratio of waste for final disposal (Final disposal amount / total amount of waste)	—	1.0% or less	0.23%	○	—	1.0% or less	1.0% or less	1.0% or less
Social and environmental contribution activities*4	Number of activity participants	—	4,700	6,466	○	—	4,800 or more	4,800 or more	4,800 or more

*1 Scope of data collection: Targets for NTT DATA, an integrated ISO 14001 Group certification company, and a total of 30 Group companies. NTT DATA and 72 Group companies (domestic only)

*2 Base value of FY2013 was recalculated with NTT DATA, an integrated ISO 14001 group certification company, and a total of 29 group companies upon setting the target of 2018. FY2019 target follows the base value. For FY2019 value, scope of data collection was expanded including NTT DATA and a total of 72 group companies (domestic only).

*3 Scope of data collection: Targets from FY2020 onward and value (base value) of FY2016 are consolidated figures of NTT DATA Group companies (including inside and outside Japan).

*4 Scope of data collection: NTT DATA and 30 group companies that have acquired ISO 14001 group integrated certification for both targets and results (including base value)

*5 Figures exclude the effective use of thermal energy (thermal recycling) generated by incineration at the time of final disposal.

*6 Numbers guaranteed by a third party. For details, please see P61 "Independent Practitioner's Assurance."

*7 For data of FY2018 and earlier, please also refer to P94: Financial / Non-Financial Values (Historical Changes).

Contributing to Society and Improving Corporate Value through Business

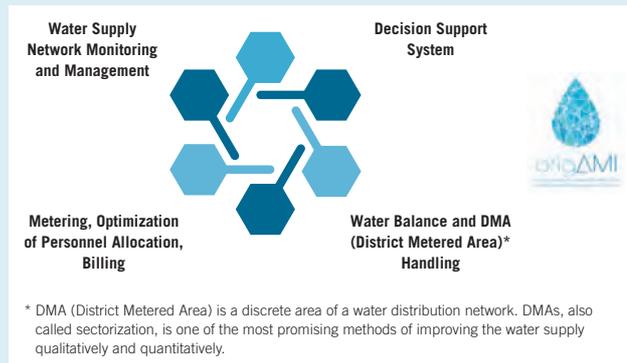
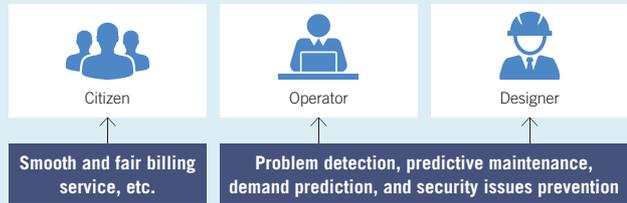
Solution Case 1

Contributing to sustainably securing and supplying clean water with "origAMI" in Italy

origAMI is a fully integrated platform that enables modelling, monitoring, and controlling of water distribution systems and provides technical and management tools for citizens, designers, water utilities operators, and administrators. It is developed by NTT DATA Italy, a subsidiary of NTT DATA Corporation.

In Italy, the rate of non-revenue water from losses, such as those caused by deteriorated water pipes or fraud, is up to 40%. Therefore, optimal management of limited water resources is essential. origAMI makes it possible to manage water distribution operations in an integrated manner, including monitoring of the consumption, flow, pressure and quality of water, automated billing, and water pipes or other facility maintenance.

Ensuring safe water and water supply sustainably is a priority environmental issue that requires actions not only in Italy but also globally. The demands for the systems like origAMI are expected to grow, and we are aiming to contribute to sustainably securing and supplying clean water, by tightly working together with our local and global partners and rolling out origAMI.



* DMA (District Metered Area) is a discrete area of a water distribution network. DMAs, also called sectorization, is one of the most promising methods of improving the water supply qualitatively and quantitatively.

Functions of origAMI

Contributing to Society and Improving Corporate Value through Business

Solution Case 2

Contribution of Mitaka Data Center EAST, a center with state-of-the-art equipment, in reducing environmental impact

Mitaka Data Center EAST, with total floor space of approximately 38,000 m², accommodating approximately 5,600 server racks, is one of the largest buildings dedicated to data center 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. It has taken measures for minimizing the impact of environmental issues. It is designed to operate with good energy efficiency and is built in an area with very few disaster risks such as flood damage or earthquakes. Its building structure is earthquake proof, capable of withstanding big earthquakes (with a seismic intensity of 6 to 7). It receives electricity from multiple substations and is equipped with an emergency electric generator that can run unfueled for 72 hours. It has enhanced disaster recovery in place.

We will provide our clients with high value using Mitaka Data Center EAST as our digital business base.



Mitaka Data Center EAST exterior

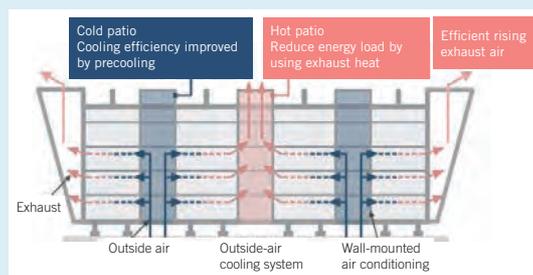


Image of the outside-air cooling system

External Evaluations

- September 2018: Awarded the Gold certification in the latest version of the data center category of the Leadership in Energy and Environmental Design (LEED), a green building rating system by the U.S. Green Building Council, as the first Japanese company.
- November 2018: Won the Grand Prix in the data center category of ASPIC IoT, AI and Cloud Awards 2018 run by a nonprofit organization called ASP-SaaS-IoT Cloud Consortium.

Response to Climate Change Issue

Climate change caused by higher concentration of greenhouse gas emissions causes natural disasters, including typhoons and floods, occurring more seriously and frequently. It also hugely impacts people's lives in many aspects of society and industry.

Environmental load involved in the Group's business activities mainly consists of greenhouse gas emissions through electric energy consumption, two-thirds of which come from our data centers. The Group is responsible for its corporate activities and business that impacts environmental load. To sustainably enhance its corporate value, it also finds it important to understand the impact of environmental issues, such as climate change, on its corporate management and various systems that support social infrastructure it provides and to take measures. This approach has resulted in our legal compliance, ISO 14001 certification, and disclosure of relevant information to external parties. To accelerate our initiatives further, we have worked to set targets for reducing corporate greenhouse gas emissions (SBT: Science Based Targets) in accordance with the Paris Agreement and have been awarded certification. In FY2020, we are taking action in compliance with the TCFD.

Targets for Reducing Corporate Greenhouse Effect Gas Emissions in Accordance with the Paris Agreement (SBT)

We have set targets for reducing greenhouse gas emissions by 2030 and obtained certification from the SBT Initiative.

The Group's targets for reducing greenhouse effect gas emissions	Scope 1 and Scope 2	Reduce emissions to 60% by FY2030 from FY2016 (with a target of 1.5°C)
	Scope 3	Reduce emissions to 55% by FY2030 from FY2016

Disclosures of Climate-Related Information

NTT DATA is working to disclose information in line with the TCFD recommendations.

The Company's important information related to the climate is disclosed below respectively by referring to the TCFD recommendations. For more information, please refer to NTT DATA Sustainability Report 2020 Data Book.



<https://www.nttdata.com/global/en/sustainability>

Governance and Risk Management

Progress status **P57: Management System**
P69: Internal Control / Risk Management

Indices and Targets

For our targets for reducing corporate greenhouse effect gas emissions in compliance with the Paris Agreement (SBT), see above.

Strategies

For the overall strategies, see NTT DATA Sustainability Report 2020 Data Book. For individual strategies, see the items for risks and opportunities in the table below.

Risks

Overview of risk item	Financial impact of assumed risk occurrence	Countermeasures and investments for assumed risks
Increased costs of using renewable energy in Japan Required to continue business while procuring electricity from renewable energy to comply with the Paris Agreement.	If current power is all converted to renewable energy, it is projected to increase costs by at least over approximately ¥2.8 billion.	We have installed renewable energy-based in-house power generators in our buildings, participated in the regional air-conditioning system, etc. We will gradually shift to low carbon energy, including renewable energy, to achieve our SBT target of 1.5°C. Currently, we spend about ¥0.8 billion in renewable energy-based in-house power generators and participating in the regional air-conditioning system.
Abnormal weather damages or stops IT assets and equipment Abnormal weather conditions, including large-scale typhoon, flood, heat wave, and torrential rain, increase risk of data center downtime as they cause power cut, flooding, or lightning strikes.	Discontinuation of operation for a day would cost ¥3.2 billion in net sales (calculated from gross sales per diem). This is an assumed minimum value as the Group might substantially suffer more damage such as deteriorated credibility.	Based on BCP drills that assume disaster from natural disasters, including climate change and other causes as well as local governments' hazard maps, we identify the data centers with a high risk of underground flooding to implement antiflooding construction projects. We also take measures such as extending hours available from emergency backup power generators in preparation for electric outage as abnormal weather cuts power transmission to the data centers. Facility renewal costs us over ¥1.2 billion per annum to prevent stoppage of in-house generators' operation at the data centers in time of disaster and reduce electric power consumption, such as of air-conditioning equipment.

In addition to the risks mentioned above, we identify the following risks to take progressive action:

- Increased costs of running IT assets and equipment due to rising average temperature
- Increased running costs of reducing total CO₂ to comply with the Tokyo Cap-and-Trade Program
- Lower social evaluation or employee satisfaction in ESG leading to lower employee retention, thus the loss of good human resources
- Risk of falling share price if we fail to respond to ESG information disclosure request from investors timely, leading to lower valuation

Opportunities

Overview of opportunity item	Financial impact of opportunity occurrence	Means of getting opportunities and investment
Increased demand for energy-efficient data centers As the Paris Agreement comes into effect, IT systems accounting for a large percentage of corporate energy consumption are increasingly made efficient, leading to the increased demand for data centers.	Increased demand for outsourcing to highly energy-efficient data centers is projected to increase sales on both data centers and related services in NTT DATA.	We are working on the construction and operation of highly environmentally effective data centers, including the Mitaka Data Center EAST. We have invested a total of approximately ¥21.8 billion in research and development on AI/IoT, deep learning, virtualization technologies, etc., that constitute element technology for a green data center in FY2019.
Increased demand for cloud services as countermeasures for increasing abnormal weather To avoid the loss of data due to abnormal weather, the utilization of cloud-based data centers that enable corporate data to be secured in a highly secure environment will be accelerated.	Sales on NTT DATA's cloud-related services are projected to further increase.	We are working to create cloud-related services. We promote financial industry-oriented cloud (Open Canvas), public institution-oriented cloud (Digital Community Platform), and other new business rollouts, as well as the implementation of the integrated development cloud on which groupwide systems are developed and tests are conducted.

In addition to the opportunities mentioned above, we identify the following opportunities to take progressive action:

- Growing crisis awareness of climate change and increased energy costs will lead to the acceleration of efficient social infrastructure, giving rise to increased needs for smart meters
- The realization and promotion of flexible workstyles such as telework will help us in reducing CO₂ emissions involved in commuting and also enable us to provide attractive workstyles for employees, thus expanding our opportunities to recruit excellent human resources

Other Material Issues



Community

NTT DATA has set “Promotion of IT Education” as the central theme of social contribution activities we should commit to globally. Through volunteer activities leveraging the employees’ expertise and financial and technological support in the IT field, where we have an advantage, we will support children and NPOs / NGOs in improving their IT skills and literacy.

Employees who have worked with NPOs addressing social issues every day will learn about specific events behind the issues and relevant stakeholders. This knowledge will help them improve their design capabilities to help resolve social issues and develop a discerning eye, for example, about which IT technology is useful. We will create businesses that help resolve social issues by becoming more sensitive to and capable of understanding social issues as an organization.

Material ESG Issue

9 Promote IT education

KPIs (FY2020)

Contributing to society through corporate activities

- The number of contributory activities through IT education opportunities created and realized in local communities
- Creation of IT opportunities for primary education through NTT DATA Academia (the total number of participants and the number of sessions held)

Overview P41: 12 Material ESG Issues



Disaster Risk

NTT DATA provides a lot of information systems and services that support social infrastructures. For us, disaster risk is one of the most significant risks because a failure to provide our systems or services during a disaster would drastically affect clients’ operations and general users’ life. We will establish and continuously upgrade the “Business Continuity Plan (BCP) for a disaster” and utilize our know-how to develop and operate clients’ IT systems.

Material ESG Issue

10 Respond to disaster risk

KPIs (FY2020)

Contributing to society through corporate activities

- Upgrading the business continuity plan (BCP) to mitigate disaster risks

Contributing to society through business

- The number of new orders received for business continuity plan (BCP)-related solutions

Overview P41: 12 Material ESG Issues



Compliance

As NTT DATA has actively expanded the business globally and is operating in 53 countries and regions*, it is crucial to comply with laws and regulations worldwide. Against this backdrop, we are determined to operate our business following high ethical standards and compliance. We established a Global Compliance Policy, targeting at all officers and employees of the NTT DATA Group, to clarify its basic policy and specific behavior guidelines related to corporate ethics. To make such activities effective, we consider it necessary to implement a continuous educational campaign to promote ethics and compliance. Therefore, we have been holding training sessions on compliance for employees and conducting employee attitude surveys. Through these efforts, we will raise the compliance level and enhance the base of ESG management.

* As of March 2020

Material ESG Issue

11 Ensure compliance

KPI (FY2020)

Contributing to society through corporate activities

- Implementing measures to enhance global compliance

Overview P41: 12 Material ESG Issues



Supply Chain

It is necessary to adopt a wide range of excellent products and technologies from our global partners to provide clients with the most suitable services. Also, good relationships with the partners enable us to develop a stable and flexible delivery structure.

On the other hand, to comply with laws and regulations and practice corporate ethics, it is necessary that we manage corporate activities not only of the NTT DATA Group but also of our business partners. Against this backdrop, we try to spread the NTT DATA Guidelines for CSR in Supply Chain, which stipulate appropriate procurement rules and promote open and fair transactions. We will aim to develop together with our business partners by improving quality and creating a better work environment through active communication.

Material ESG Issue

12 Promote responsible supply chain

KPI (FY2020)

Contributing to society through corporate activities

- Expanded procurement coverage from partners who give a pledge on the NTT DATA Guidelines for CSR in Supply Chain

Overview P41: 12 Material ESG Issues

For detailed information on Community, Disaster Risks, Compliance, and Supply Chain, please refer to NTT DATA Sustainability Report 2020 Data Book. <https://www.nttdata.com/global/en/sustainability>

Third-Party Evaluation (As of March 2020)

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



Dow Jones Sustainability World Index / Asia Pacific Index



FTSE4Good Index Series



FTSE Blossom Japan



S&P/JPX Carbon Efficient Index



ISS ESG Prime



RobecoSAM Sustainability Award



MSCI Japan Empowering Women Index*

* THE INCLUSION OF NTT DATA IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS, OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, OR PROMOTION OF NTT DATA BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Independent Practitioner's Assurance

To enhance the reliability of the information presented in Annual Report 2020, the following information associated with social and environmental performance data provided herein has been reviewed by independent practitioner. Check mark is attached to the data subject to independent assurance.

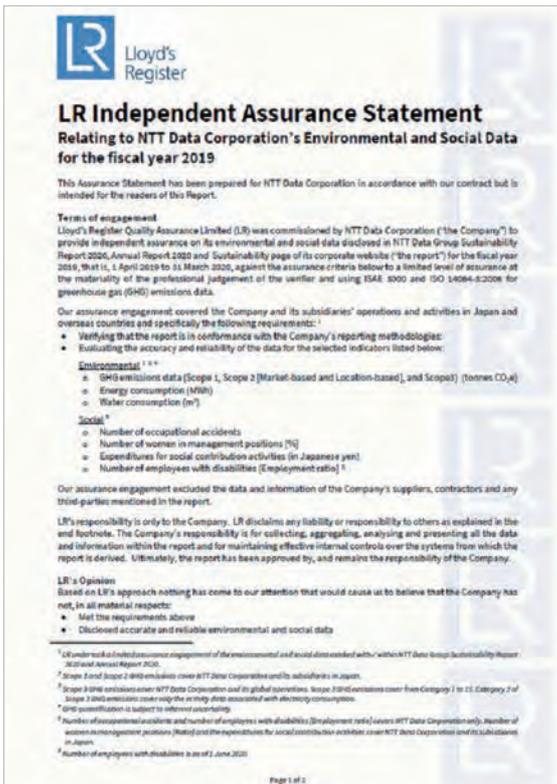
Data Subject to Independent Assurance

- ▶ P19, 57, 94: GHG emissions data
- ▶ P94: Water consumption
- ▶ P19: Number of Female Managers



For data subject to independent assurance other than GHG Emission Data, Water Consumption, and Number of Female Managers, please refer to NTT DATA Sustainability Report 2020 Data Book

<https://www.nttdata.com/global/en/sustainability>



Corporate Governance

Basic Policy

The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out its mission to use information technology to create new paradigms and values, which help contribute to 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 ensure 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.

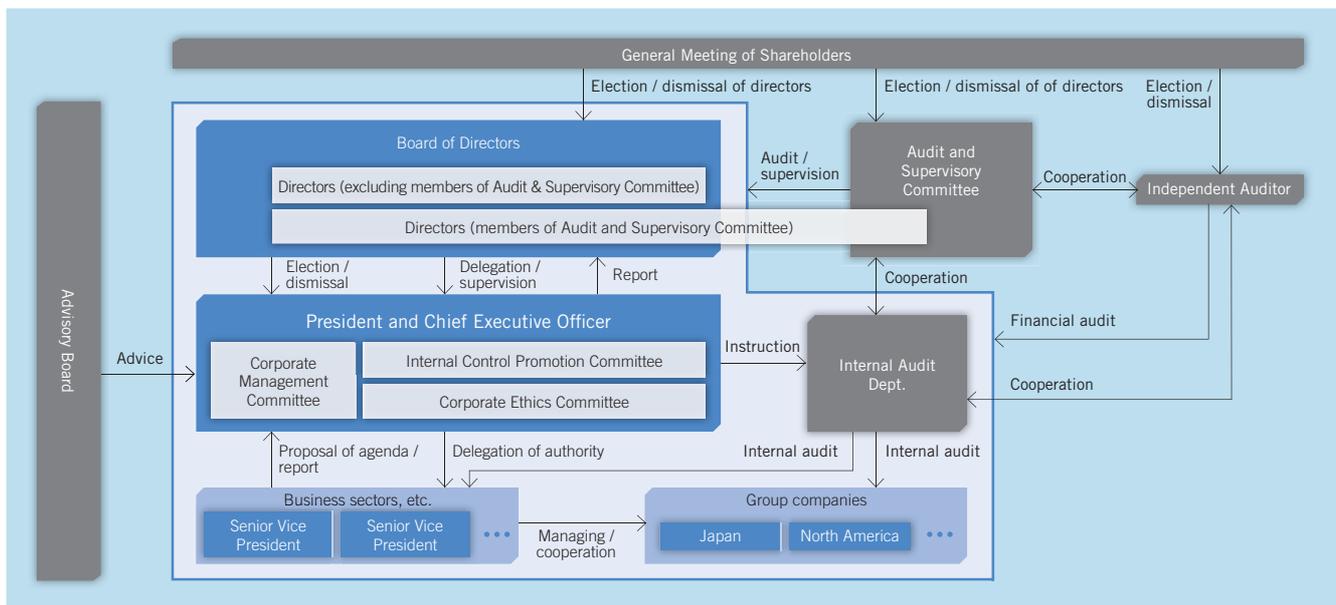


For details on our efforts, please visit the Corporate Governance section of our website.
www.nttdata.com/global/en/investors/corporate-governance

Corporate Governance Systems

After receiving approval for the necessary revisions to the articles of incorporation at the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, NTT DATA transitioned to the company with Audit and Supervisory Committee structure described in the Companies Act of Japan. This transition was undertaken as it was judged that the resulting system, which will entail the establishment of Audit and Supervisory Committee members with audit and supervisory duties and voting rights at meetings of the Board of Directors as well as an Audit and Supervisory Committee comprised of a majority of outside directors, would be most effective for enhancing the supervising function of the Board of Directors and other aspects of corporate governance and subsequently for heightening managerial efficiency and health. Accordingly, Company corporate governance organizations now include the General Meeting of Shareholders, the Board of Directors, and the Audit and Supervisory Committee. 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 resolutions by the Board of Directors, we provide independent outside directors and directors that serve as Audit and Supervisory Committee members with explanations of the proposals to be submitted to the General Meeting of Shareholders on matters such as remuneration for members of management and appointment of director candidates. We are thus able to receive effective advice on these subjects. For this reason, we believe that independence and objectivity of the functions and accountability of the Board of Directors are fully assured.



Board of Directors Number of Times Held in FY2019: 13

Made up of all 15 directors including five independent outside directors. There are two female directors and one non-Japanese director among these 15 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.

Audit and Supervisory Committee Number of Times Held in FY2019 (Audit & Supervisory Board): 15

Made up of four Audit and Supervisory Committee members, including one female member. A committee meeting is held once every month in principle for decision-making of policies, plans, methods of audits, and other important matters related to audits. All Audit and Supervisory Committee members attend important meetings including Board of Directors' meetings and audit the status of business

execution as necessary. A dedicated organization (Office for Audit and Supervisory Committee Members) to support this is in place. Audit and Supervisory Committee members appropriately use the authority to voice opinions regarding nomination and remuneration.

Corporate Management Committee Number of Times Held in FY2019: 40

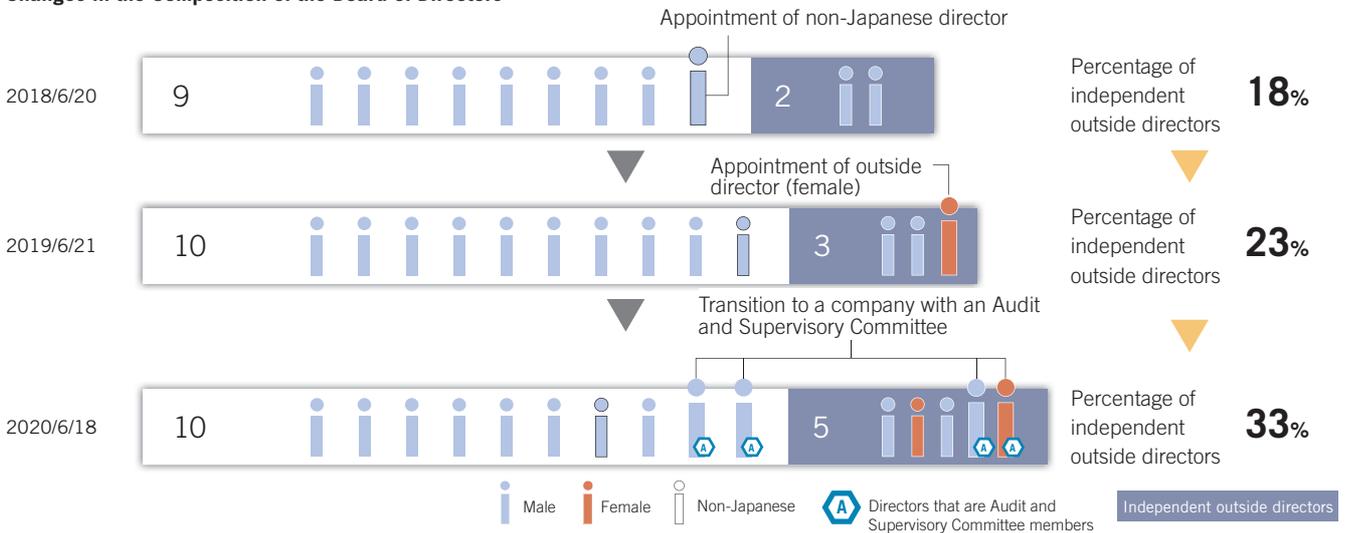
Made up of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments and heads of each section or group. It is held once a week in principle for smooth and swift decision-making and supervision relating to business operations. A director that is an Audit and Supervisory Committee member also participates in such meetings to enhance the transparency of decision-making.

Initiatives to Strengthen Governance

NTT DATA appoints human resources to management positions 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.

In conjunction with the transition to the company with Audit and Supervisory Committee following the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, the Company appointed five independent outside directors (including two female directors) and one non-Japanese director. As a result, independent outside directors now represent more than one-third of all directors.

Changes in the Composition of the Board of Directors



Transition to Company with Audit and Supervisory Committee

Q. What changes will occur due to the transition from the prior company with corporate auditors to the company with Audit and Supervisory Committee?

A. Major changes between the company with corporate auditors structure and the company with Audit and Supervisory Committee structure are as follows:

- Under the company with corporate auditors structure, corporate auditors have the right to voice opinions at meetings of the Board of Directors but do not have voting rights. Under the company with Audit and Supervisory Committee structure, Audit and Supervisory Committee members are also directors, and therefore have voting rights at meetings of the Board of Directors. As the ratio of independent directors on the Board of Directors has been raised to one-third, it should now be easier to reflect the perspective of shareholders other than the parent companies into resolutions by the Board of Directors.
- Audit and Supervisory Committee members have the authority to voice opinions regarding nomination and remuneration. Accordingly, Audit and Supervisory Committee members can make it known at the General Meeting of Shareholders if their opinion with regard to the nomination and remuneration of directors differs from the decisions made by the executive team and the Board of Directors.
- The transition allows for increased coordination between internal auditing divisions and Audit and Supervisory Committee members. In cases of compliance violations by directors, for example, Audit and Supervisory Committee members are anticipated to be able to coordinate directly with internal auditing divisions or use external agencies to investigate and determine the facts of the incident.

Based on these factors, the transition will strengthen the supervisory function of the Board of Directors. Another factor considered when deciding to transition to the company with Audit and Supervisory Committee was the increased ease of understanding of the Company's corporate governance system for overseas stakeholders. The company with corporate auditors structure is a system that is unique to Japan and is therefore difficult to understand for overseas subsidiaries and investors. The transition to the company with Audit and Supervisory Committee structure will thus help deepen understanding of the Company's corporate governance system among overseas stakeholders.

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.

Decisions regarding important agreements contracted with the parent companies shall be made after legal reviews by the legal sector. Particularly important agreements require approval by the Board of Directors, and steps will be taken to ensure that decisions are made independent from the parent companies. The Board of Directors is comprised of 15 directors, including five independent outside directors who comprise one-third of all directors.

Nomination Policies / Procedures of Candidates for Positions as Director

Matters Regarding Appointment and Nomination

<p>Nomination Policy for Candidates for Positions as Directors That Are Not Audit and Supervisory Committee Members</p>	<p>The candidates for directors that are not Audit and Supervisory Committee members 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*.</p> <p>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.</p> <p>* Includes diversity in terms of gender, race, ethnicity, and cultural background</p>
<p>Nomination Policy for Candidates for Positions as Directors That Are Audit and Supervisory Committee Members</p>	<p>The candidates for directors that are Audit and Supervisory Committee members are to be appointed from personnel NTT DATA can expect to conduct audits from the viewpoints of specialized experience and knowledge.</p> <p>To ensure impartiality in audits and supervision of the business execution of directors that are not Audit and Supervisory Committee members, NTT DATA appoints outside directors to represent a majority of directors that are Audit and Supervisory Committee members in accordance with the Companies Act.</p>
<p>Procedures for Appointment</p>	<p>The procedures for nominating candidates for directors are to be carried out as follows: the backgrounds of candidates are first explained to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members prior to the meetings of the Board of Directors; then the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members provide appropriate advice, based on which the Board of Directors makes a resolution, and the resolution is proposed to the General Meeting of Shareholders. The procedure for nominating directors that are not Audit and Supervisory Committee members follows the above procedure, and directors that are Audit and Supervisory Committee members are able to exercise authority in voicing opinions in regard to these decisions.</p> <p>For directors that are Audit and Supervisory Committee members, nominations are made by the Board of Directors after discussion and consensus by the Audit and Supervisory Committee, which is membered by a majority of outside directors that are Audit and Supervisory Committee members, and this proposal is submitted to the General Meeting of Shareholders.</p>

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 three most recent 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 three most recent 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 three most recent 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 three most recent 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 three most recent financial years.

Reason for Appointment and Status of Independence

Outside Directors That Are Not Audit and Supervisory Committee Members

	Years Served	Attendance*	Independence	Reasons for Appointment
Eiji Hirano	4	13/13	✓	Mr. Hirano 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	1	10/10	✓	Ms. Fujii 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 officer. However, based on the above reasons, the Company judges that she can perform the duties of outside director properly.
Fumihiko Ike			✓	Mr. Ike has extensive management experience pertaining to global business and exceptional IT insight. He has been appointed based on the fact that 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.

Outside Directors That Are Audit and Supervisory Committee Members

	Years Served	Attendance*	Independence	Reasons for Appointment
Tetsuro Yamaguchi	5	13/13 (15/15)		In the past, Mr. Yamaguchi acted as a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION, the ultimate parent company, and at related companies. He has been appointed based on the fact that he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his broad viewpoints and experience.
Tetsuya Obata	2	13/13 (15/15)		Mr. Obata has experience in the finance and general affairs sectors as well as a tremendous track record in corporate management in the NTT Group, and in the past acted as a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION, the ultimate parent company, and at related companies. He has been appointed based on the fact that he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his wide range of perspectives and experience.
Katsura Sakurada	2	13/13 (15/15)	✓	Mr. Sakurada 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 Audit of Japan. Since he is expected to help the Company ensure corporate soundness and establish a transparent and fair system to monitor management through audits of business execution, he has been appointed. Note that he has no experience of engagement in management of a company in any other manner than serving as an outside officer. However, based on the above reasons, the Company judges that he can perform the duties of outside director properly.
Rieko Sato	8	13/13 (15/15)	✓	Ms. Sato has specialized legal insight based on her long career as a lawyer as well as a wealth of experience as a director and corporate auditor of other companies. She was appointed based on the fact that she is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing this experience and insight. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside officer. However, based on the above reasons, the Company judges that she can perform the duties of outside director properly.

* Attendance at the Board of Directors' meetings in FY2019. Figures in () indicate the number of times in attendance at the Audit & Supervisory Board meetings.

Corporate Governance

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 strategies, investment, and other aspects of the 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 FY2019, it held active discussions on formulating the new medium-term management plan, transitioning to the company with Audit and Supervisory Committee, and improving the effectiveness of the Board of Directors.

Key Matters for Resolution / Reported	Matters to Be Discussed
<ul style="list-style-type: none"> • Matters related to financing • Matters related to receiving orders and on investments • Result / plan of efforts on internal control • Result / plan of internal audit • Monitoring of key projects • Report on IR activities / investor opinions • Assessment of the meaningfulness of cross-shareholding 	<ul style="list-style-type: none"> • New medium-term management plan • Transition to a company with an Audit and Supervisory Committee • Evaluation of the Board's effectiveness • Review of material ESG issues • Development of NTT DATA's AI Guidelines

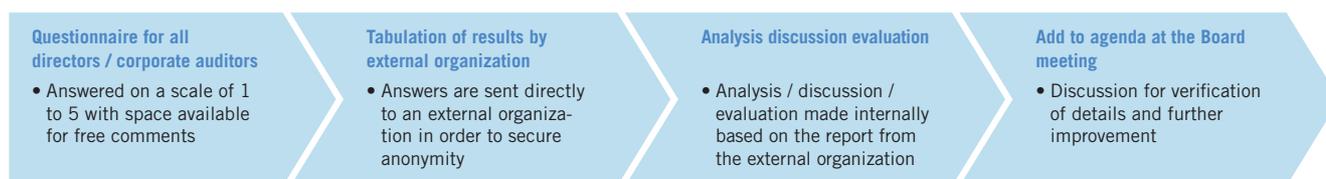
Cross-Shareholdings

NTT DATA's purpose of cross-shareholdings is to maintain the medium- to long-term relationships, 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 stock 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, which include maintaining medium- to long-term relationships, expanding trading volume, and creating synergy with clients and business partners, and reports to the Board of Directors and then decides whether to hold or sell such shares. In FY2019, through such an assessment, we confirmed the adequacy of holding for all the listed shares held. If the reason for a given holding proves to be inadequate due to changes in situations, NTT DATA will take measures including reduction of the number of shares.

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.



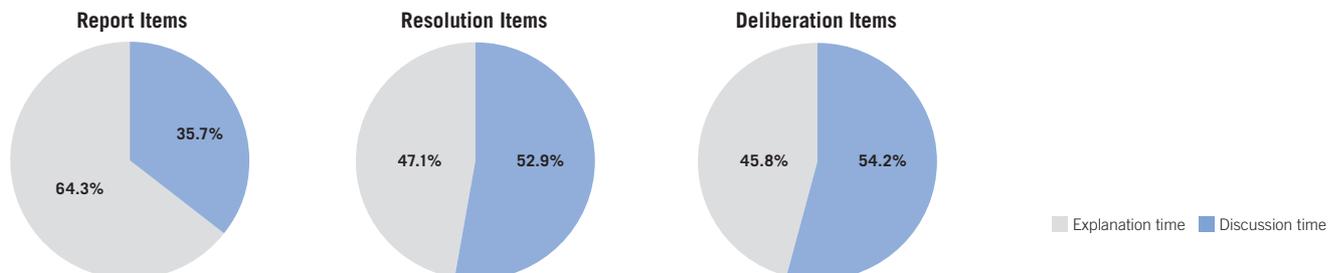
	Result of Measurement of Effectiveness Measures in the Current Fiscal Year	Key Measures for the Next Fiscal Year
FY2017	With regard to the Board's approach to increase the weight of discussion on corporate strategy at the Board meeting, we received a certain level of evaluation that improvements are 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"> • Enhanced discussions at the planning stage for corporate strategy, plans, etc. • 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. • 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.
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"> • Further deepening and enhancement of discussions on corporate strategy (continued). • Enhancement of information and opportunities toward acquisition of greater knowledge on latest technology trends, our businesses, etc. • Further enhancement of communication opportunities between outside directors and corporate auditors and so on.
FY2019	With regard to the enhancement of communication opportunities between outside directors and corporate auditors, our evaluation score increased, representing an evaluation that improvements were being made.	<ul style="list-style-type: none"> • Increasing amount of discussion devoted to strategies and risk management • Strengthening monitoring of items with a large impact on management

Initiatives for Active Discussion at Board of Directors' Meetings

To ensure meaningful discussion at meetings of the Board of Directors, annual schedules and rough overviews of agenda items for discussion are decided in advance of Board of Directors' meetings. In addition, briefings on important agenda items are provided to outside directors prior to each meeting to allow for discussions to be held after any questions have been addressed and items have been fully understood.

Furthermore, authority for business operation is delegated to directors and executive officers to enable the Board of Directors to focus on discussion of items with a particularly large impact on the management of the Company and thereby secure sufficient discussion time by narrowing the scope of the agenda items discussed. In addition, agenda items are categorized based on whether they are items for reports, resolutions, or deliberation to guarantee that enough time is secured to discuss the more important resolution and deliberation items.

Ratio of Explanation Time and Discussion Time for Agenda Items by Category in FY2019 Board of Directors' Meetings



Policies Regarding Executive Remuneration

As for policies, composition, and standards for remuneration of directors that are not Audit and Supervisory Committee members, NTT DATA explains the policy for determining the remuneration for directors to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members. Upon receiving appropriate advice from them, the Board of Directors determines the amount of remuneration to such extent as resolved at a shareholders' meeting.

- The remuneration for directors that are not Audit and Supervisory Committee members (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 the position of a given director. Bonuses are determined and provided in consideration of the Company's achievement level of performance indicators such as operating income for a relevant period. Performance indicators are set based on the financial targets described in the medium-term management plan. Specifically, evaluations are performed based on operating income, ROIC, overseas net sales, overseas operating income margin, capital expenditure, and the B2B2X project factor.*

As for standing directors residing in Japan, in order to reflect medium- to long-term performance, each director is required to purchase the Company's stock through the officers' shareholding association by paying a certain portion of their own monthly remuneration and bonuses. Each director is also required to retain all the shares purchased by himself or herself during their term of office. The remuneration composition, in a standard performance case, is approximately 70% for fixed remuneration and 30% for performance-linked remuneration. Remuneration level for the President and CEO is determined after receiving advice from independent outside directors and directors that are Audit and Supervisory Committee members. For directors performing business execution at overseas consolidated subsidiaries, the deferred portion of performance-linked remuneration is paid by the respective consolidated subsidiary.

The Audit and Supervisory Committee appropriately uses the authority to state opinions with regard to remuneration.

Also, with the aim of achieving both the targets of the medium-term management plan and sustainable growth and with a strong awareness of the need to enhance corporate value in the medium to long term, we will consider increasing the percentage of performance-linked remuneration, such as stock compensation, of total remuneration.

- Outside directors that are not Audit and Supervisory Committee members are paid only monthly remuneration, unrelated to business performance, in order to ensure a high degree of independence.

The remuneration for directors that are Audit and Supervisory Committee members shall be determined through discussion among directors that are Audit and Supervisory Committee members. For the purpose of securing a high degree of independence of directors that are Audit and Supervisory Committee members, their remuneration is not linked to the business results and they receive monthly compensation only.

* Indicator of the number of projects in the digital field that support or promote businesses targeting corporate clients

	Directors that are not Audit and Supervisory Committee members		Directors that are Audit and Supervisory Committee members
	Inside*1	Outside	
<Performance-linked remuneration> Bonus	✓	In case of standard performance Performance-linked Approx. 30%	
<Fixed remuneration> Monthly remuneration	✓	Fixed Approx. 70%	✓
	Directors		Corporate auditors
	Inside	Outside	
FY2019 Total amount of remuneration*2	¥380 million (of which, ¥58 million was a bonus) (12 directors)		¥102 million (4 corporate auditors)

*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 their term of office.

*2 The above includes one director who retired on November 5, 2019.

Group Governance

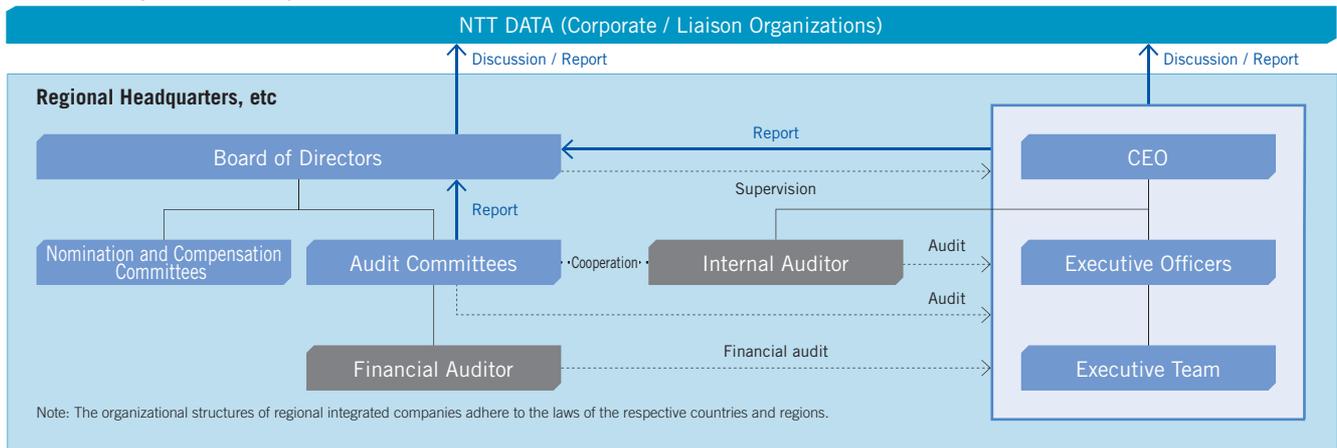
For important matters such as business planning, internal control, and compliance, NTT DATA's basic policy is to ensure appropriate business operations throughout the Group by establishing rules for consultation and reporting between the Company and each Group company. Based on this policy, the Company 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&As 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.

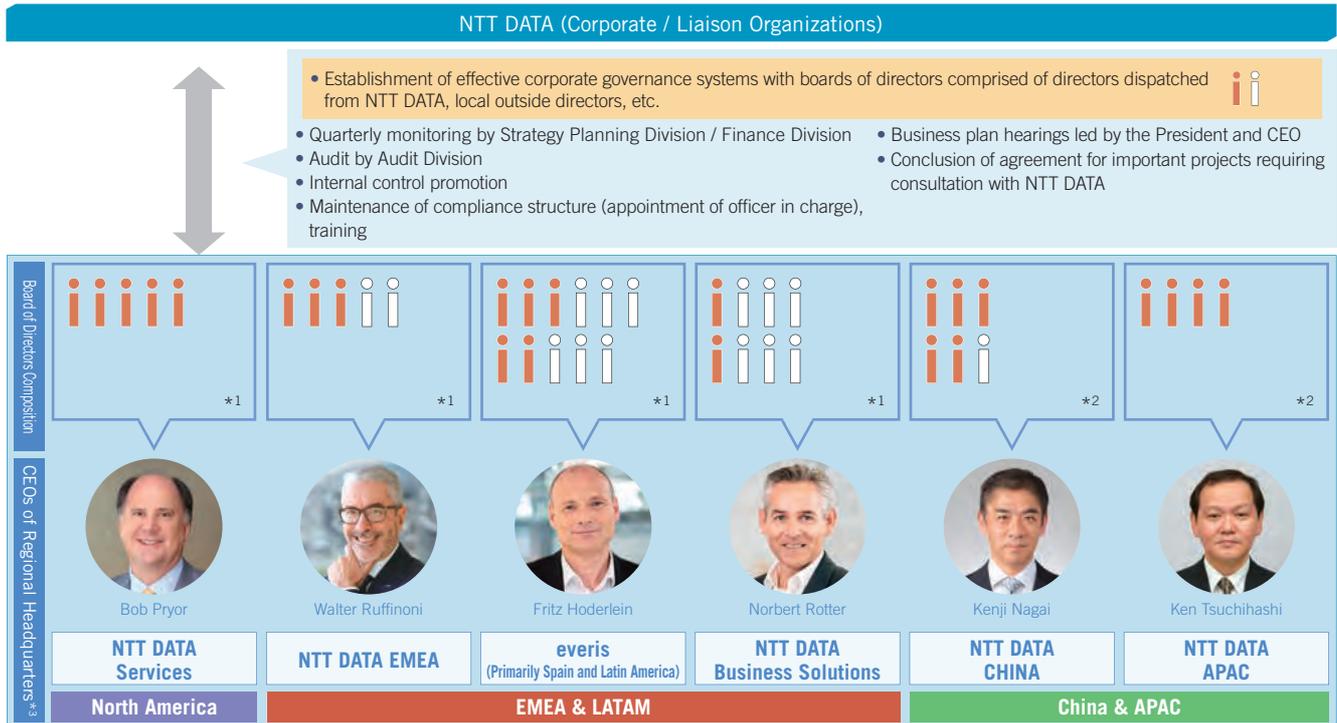
Furthermore, NTT DATA has established nomination and compensation committees and audit committees within regional headquarters' boards of directors to delegate responsibility for business management to each regional integrated company while building a governance system that enables the unified management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

Overseas Group Governance System



Governance for Regional Headquarters



■ Directors that are executive officers or employees of the Company (NTT DATA) alone
■ Directors that are not executive officers or employees of the Company (NTT DATA) alone

*1 As of June 30, 2020 *2 As of July 1, 2020 *3 As of October 1, 2020
 Note: The organizational structures of regional integrated companies adhere to the laws of the respective countries and regions.

Initiatives to Inculcate Our Group Vision “Values Week”

The NTT DATA Group strives to entrench the values that express the principles we cherish to realize our Group Vision, “Trusted Global Innovator.” Specifically, these efforts include Values Week, held annually in May to commemorate our founding, and other events that facilitate discussions pertaining to the exercise of our values.

In the 2019 Values Week, roughly 30,000 employees from over 100 cities in approximately 30 countries and regions participated in workshops for discussing our values, sparking vigorous discussion across the globe.



Internal Control / Risk Management

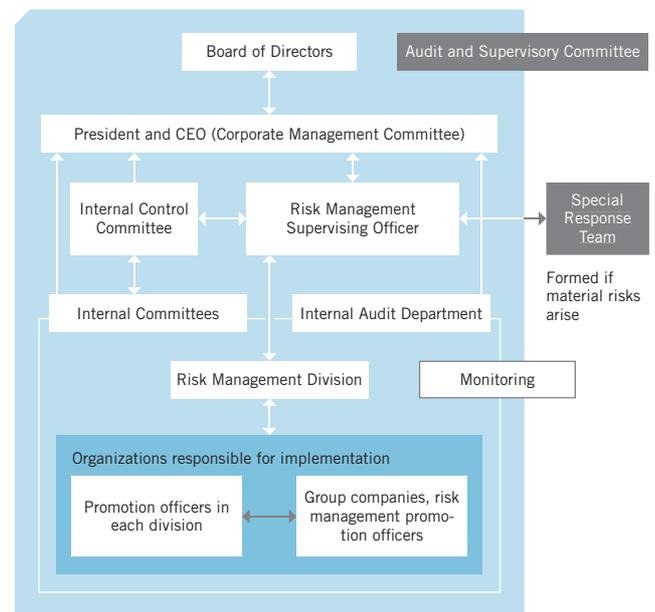
In building its internal control systems, NTT DATA will further the basic policy that it will take various measures to efficiently conduct fair and transparent business activities in compliance with applicable laws and its Articles of Incorporation, as a matter of course, and at all times being aware 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 managed 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
Loss or leakage of personal and confidential information Cyberattacks	<ul style="list-style-type: none"> Enhance countermeasures against increasingly sophisticated cyberattacks 	<ul style="list-style-type: none"> Stimulate awareness through training Revise rules for security measures globally Enhance organization to support minimization of damages when incidents occur Completely comply with General Data Protection Regulation
Accounting fraud including window dressing	<ul style="list-style-type: none"> Completely apply rules consistent with IFRS Expand scope for risk indication auditing 	<ul style="list-style-type: none"> Promote introduction of consistent rules related to accounting, verify structure and use of financial processes (control activity) Stimulate awareness through training Expand the scope of illegal activities detected by risk indication auditing and promote risk indication auditing at Group companies
Bribery	<ul style="list-style-type: none"> Continue strengthening compliance education 	<ul style="list-style-type: none"> Stimulate awareness through training (Japan: Implement compliance IBT and position-based training Overseas: Conduct training at individual locations) Creation of global compliance promotion organization
Pandemic	—	<ul style="list-style-type: none"> Examination of global measures for combating the COVID-19 pandemic

Messages from Independent Outside Directors

(As of July 18, 2020)

NTT DATA has appointed five independent outside directors for the purpose of reflecting a diverse range of insight into the management of the Company.



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)

Creating Value Out of the Parent-Child Listing

Being listed on the stock market together with the parent company is often thought to be contrary to the spirit of corporate governance reforms and therefore undesirable. This is because such a situation presents the risk of the listed subsidiary prioritizing the interests of the parent company at the expense of the interests of its minority shareholders. Regardless, one might question if this is actually true.

To answer this question, we could look to the situation of NTT DATA. When I think of the atmosphere at meetings of the Board of Directors, I have never felt as though people are constantly guessing about the intent of the parent company in a manner that is impeding open discussion. The textbook definition of an independent outside director is that they are a representative of minority shareholders and are thus charged with protecting the interest of these shareholders. However, I am more keenly focused on how NTT DATA can best capitalize on the resources of the NTT Group and generate synergies to compete in the global market. If the Company can manage itself in a manner that achieves these objectives, there will be more advantage than disadvantage from the parent-child listing, which in turn will contribute to the interests of minority shareholders.



Mariko Fujii
Independent Outside Director

1977 Joined the Ministry of Finance of Japan
1997 Director, International Affairs and Research Division, Customs and Tariff Bureau of the Ministry of Finance
2001 Professor of Research Center for Advanced Economic Engineering, 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)
Member of the Board of Directors (Outside Director) of MUFG (present post)

Progress toward Global 3rd Stage

We are currently facing a crisis in the form of the global COVID-19 pandemic. At the same time, we are seeing a need to make economic activities, society, and lifestyles smarter, increasing the importance of the role played by digital technologies. In the face of a crisis, NTT DATA must make even greater contributions by living up to the trust of customers and swiftly proposing the necessary solutions.

At the moment, NTT DATA is working toward what it calls the Global 3rd Stage, its vision for becoming a Global Top 5 IT company by 2025. Business environments vary by country and region. Accordingly, achieving success in different markets requires a propensity for ambitiously tackling new challenges after having identified the risks to be taken, high-level insight and technological capabilities, and decisiveness that ensures the ideal timing is not lost. I hope to engage in thorough discussion at meetings of the Board of Directors so that we can support such ambition and enable NTT DATA to exercise its true value as a trusted global brand.



Fumihiko Ike
Independent Outside Director

1982 Joined Honda Motor Co., Ltd.
2003 Chief Director of Multi-purpose Business and Director of Honda Motor Co., Ltd.
2006 Chief Director of Business Administration and Director of Honda Motor Co., Ltd.
2007 Chief Director of Business Administration and Managing Director of Honda Motor Co., Ltd.
2008 Chief Director of Asia and Pacific and Managing Director of Honda Motor Co., Ltd.
President and Director of Asian Honda Motor Co., Ltd.
2011 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Risk Management Officer and General Supervisor of Information Systems of Honda Motor Co., Ltd.
2012 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Chief Director of IT, Risk Management Officer and Liaison Manager of Honda Motor Co., Ltd.
2013 Chairman and Representative Director of Honda Motor Co., Ltd.
2014 Chairman of JAPAN AUTOMOBILE FEDERATION, a general incorporated association
2020 Director of NTT DATA (present post)

Enhancing Corporate Value

NTT DATA has achieved 31 consecutive years of higher sales since it separated from NTT in 1988. The Company began full-fledged global expansion around 2005, realizing massive growth in its overseas operations through bold and aggressive M&A activities. As a result, NTT DATA has grown to become a company that is extremely impressive in terms of its distribution of domestic and overseas sales and the balance of its portfolio by segment.

However, this only applies to top-line indicators. When looking at bottom-line profit, this portfolio will appear distorted with issues. NTT DATA has been successful in expanding its operations quantitatively. It is therefore now faced with a need to improve profitability in overseas operations, which seem lacking from a qualitative perspective. Business expansion via M&A activities can be conducted so long as a company has enough funds. Practicing high-quality management after acquisitions, meanwhile, requires corporate governance that allows for the exercise of an effective global headquarters function.

As a new independent outside director at NTT DATA, I hope to utilize my experience managing operating companies to participate in the Company's management in a manner that contributes to enhancing corporate value.



Katsura Sakurada
Independent Outside Director
(Audit and Supervisory Committee member)

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
2020 Director (Audit and Supervisory Committee member) of NTT DATA (present post)

Quest for Effective Internal Control and Healthy Corporate Governance

One of NTT DATA's medium-term management targets is to achieve an operating income margin of 8%. Accomplishing this target will require that the Group increase its profitability and capital efficiency while also living up to the expectations of shareholders and the rest of society.

It was in the midst of pursuing this target that NTT DATA transitioned to the company with Audit and Supervisory Committee in 2020. As a member of the Audit and Supervisory Committee, and the Company's only full-time independent outside director, I endeavor to make judgments in my everyday decisions and while executing business by comparing the circumstances to a wide range of social norms and standards from an outside perspective. I also look to go further than simply pointing out issues to drive the Company to develop frameworks for preventing issues or, in other words, effective internal control systems.

Calling upon my diverse range of auditing experience and specialized knowledge gained over my long career, I hope to make contributions to the ensuring of healthy corporate governance, the prevention of corporate value diminishment, and the constant enhancement of corporate value.



Rieko Sato
Independent Outside Director
(Audit and Supervisory Committee member)

1984 Registered as an attorney at law (present post)
1989 Partner of Shearman & Sterling LLP
1998 Partner of Ishii Law Office (present post)
2004 Auditor of Ajinomoto Co., Inc.
2008 Auditor of GignoSystem Japan, Inc.
2012 Audit & Supervisory Board Member of NTT DATA
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)
2019 Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present post)
2020 Director (Audit and Supervisory Committee member) of NTT DATA (present post)
Audit & Supervisory Board Member of Mitsubishi Corporation (present post)*
*Assumed office as of June 19, 2020

Evolution of Corporate Governance

Counting my time as an Audit & Supervisory Board member, I am now in my ninth year of being an outside officer at NTT DATA. During this time, I have watched the Company's net sales and operating income more than double as it continued to repeatedly engage in M&A activities overseas. However, this process has also led to an increase in second-tier subsidiaries and affiliates that are located far from NTT DATA's Head Office in the Toyosu area of Tokyo and that do not have strong capital ties to the Company. This situation has recently changed the type of corporate governance issues that we face, resulting in more multifaceted issues being raised and input being offered from a wider range of perspectives by outside officers at meetings of the Board of Directors, which is the central proponent of corporate governance. The executive team is thus pressed to furnish more complicated responses and initiatives to address these issues. It is possible that issues or opinions may arise in the future that are completely unprecedented, and I therefore hope that the Company will be thorough and earnest in its response to such input.

Directors, Audit & Supervisory Committee Members, Executive Vice Presidents, and Senior Vice Presidents

(As of June 18, 2020)

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)



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
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)



Senior Executive Vice President and Representative Director
Toshi Fujiwara

Head of HR Headquarters, Responsible for Corporate Management (CFO, CHRO, CRO)*2 and Technology Management (CTO, CKO, CISO)*3

1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2014 Senior Vice President, Deputy Head of First Financial Sector of NTT DATA
2014 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
2020 Senior Executive Vice President and Representative Director, Head of HR Headquarters of NTT DATA (present post)



Senior Executive Vice President and Representative Director
Kazuhiro Nishihata

Responsible for Americas & Europe Segment and Global Marketing

1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2006 President and Representative Director of NTT EUROPE LTD.
2009 Senior Vice President, Head of Global Business Sector of NTT DATA
2015 Executive Vice President and Director of NTT DATA
2017 Senior Executive Vice President and Representative Director of NTT DATA
2018 Executive Advisor of NTT DATA
2020 Senior Executive Vice President and Representative Director of NTT DATA (present post)



Executive Vice President and Director
Hisashi Matsunaga

Head of Banking Headquarters, Responsible for Financial Segment

1986 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2015 Senior Vice President, Head of Insurance and Mutual Aid Division in First Financial Sector of NTT DATA
2015 Senior Vice President, Head of Group Strategy Headquarters of NTT DATA
2017 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)



Executive Vice President and Director
Masanori Suzuki

Head of Strategy Headquarters
Head of Strategy Office, Strategy Headquarters
Deputy responsible for Corporate Management*2

1988 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2015 Head of Business Strategy Department, Financial Segment of NTT DATA
2016 Senior Vice President, Head of Second Financial Sector of NTT DATA
2019 Senior Vice President, Head of Strategy Office of NTT DATA
2020 Executive Vice President and Director, Head of Strategy Office of NTT DATA (present post)



Director
Patrizio Mapelli

1982 Joined Olivetti
1995 Senior Partner of Ernst & Young
2000 Vice President of A.T. Kearney
2002 Senior Partner of Value Partners S.p.A.
2002 CEO of Value Team S.p.A. (currently NTT DATA Italia S.p.A.)
2013 CEO of NTT DATA EMEA LTD.
2018 Chairman of the Board of NTT DATA Italia S.p.A.
2020 Director of NTT DATA (present post)



Director
Takeshi Arimoto

1993 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2015 Senior Manager of the Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)
2015 Auditor of NTT FINANCE CORPORATION
2018 Auditor of NTT Urban Development Corporation
2020 Director of NTT DATA (present post)

*1 Titles as of October 1, 2020.

*2 Corporate Management includes responsibilities for business strategy, human resources (CHRO), finance and investor relations (CFO), ESG promotion, legal, risk management (CRO), and public relations.

*3 Technology Management includes responsibilities for technology development and research (CTO), purchasing, quality assurance, information management and intellectual property (CKO), information security (CISO), and IT systems.

*4 Assumed office on June 19, 2020.

Executive Vice Presidents*1

Yutaka Sasaki

Head of Manufacturing IT Innovation Sector
Head of Business Solutions Sector

Isao Arima

Head of IT Services & Payments Services Sector
Head of Fourth Financial Sector

Hidehiko Chihara

Head of Public Sector 2
Deputy responsible for Public & Social Infrastructure Segment

Senior Vice Presidents*1

Takashi Nakamura

Head of Finance Department

Koji Miyajima

Chair of the Board,
NTT DATA EMEA Ltd.

Hiroshi Tomiyasu

Head of Technology and Innovation
General Headquarters

Ken Tsuchihashi

Head of China & APAC Sector
Chairman & Chief Executive Officer,
NTT DATA Asia Pacific Pte. Ltd.

Bob Pryor

NTT DATA Services Chief Executive Officer

Kenji Nagai

Chair of the Board,
NTT DATA (CHINA) INVESTMENT Co., Ltd.
Chair of the Board,
NTT DATA (CHINA) Co., Ltd.
Chair of the Board, NTT DATA Taiwan Co., Ltd.

Outside Directors



Director
Eiji Hirano

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)



Director
Mariko Fujii

1977 Joined the Ministry of Finance of Japan
1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
2001 Professor of Research Center for Advanced Economic Engineering, The University of Tokyo
2004 Professor of Research Center for Advanced Science and Technology, 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)
Member of the Board of Directors (Outside Director) of MUFG (present post)



Director
Fumihiko Ike

1982 Joined Honda Motor Co., Ltd.
2003 Chief Director of Multi-purpose Business and Director of Honda Motor Co., Ltd.
2006 Chief Director of Business Administration and Director of Honda Motor Co., Ltd.
2007 Chief Director of Business Administration and Managing Director of Honda Motor Co., Ltd.
2008 Chief Director of Asia and Pacific and Managing Director of Honda Motor Co., Ltd.
President and Director of Asian Honda Motor Co., Ltd.
2011 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Risk Management Officer and General Supervisor of Information Systems of Honda Motor Co., Ltd.
2012 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Chief Director of IT, Risk Management Officer and Liaison Manager of Honda Motor Co., Ltd.
2013 Chairman and Representative Director of Honda Motor Co., Ltd.
2014 Chairman of JAPAN AUTOMOBILE FEDERATION, a general incorporated association
2020 Director of NTT DATA (present post)

Outside Directors (Audit and Supervisory Committee Members)



Director, Audit and Supervisory Committee member (Full-Time)
Tetsuro Yamaguchi

1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2006 Director of Global Business Division of NTT Communications Corporation
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
2020 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)



Director, Audit and Supervisory Committee member (Full-Time)
Tetsuya Obata

1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION
2004 General Manager of Department IV (currently Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
2011 Head of Kanagawa Branch and Director 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
2016 Representative Managing Director, Head of Planning and General Affairs Department, and Head of BPR Promotion Department of NTT BUSINESS ASSOCIE CORPORATION
2017 Representative Managing Director, Head of Planning and General Affairs Department, Head of Business Cooperation Promotion Department of NTT BUSINESS ASSOCIE CORPORATION
2017 Director of NTT LEARNING SYSTEMS CORPORATION
2018 Standing Audit & Supervisory Board Member of NTT DATA
2020 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)



Director, Audit and Supervisory Committee member (Full-Time)
Katsura Sakurada

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
2020 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)



Director, Audit and Supervisory Committee member
Rieko Sato

1984 Registered as an attorney at law (present post)
1989 Partner of Shearman & Sterling LLP
1998 Partner of Ishii Law Office (present post)
2004 Auditor of Ajinomoto Co., Inc.
2008 Auditor of GignoSystem Japan, Inc.
2012 Audit & Supervisory Board Member of NTT DATA
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)
2019 Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present post)
2020 Director, Audit and Supervisory Committee member of NTT DATA (present post)
Audit & Supervisory Board Member of Mitsubishi Corporation (present post)**

Yoshiharu Kouno
Head of Telecom & Utility Business Sector

Tomofumi Murayama
Head of Public Sector 1

Naoyuki Mori
Head of First Financial Sector

Kazuko Inamura
Head of Second Financial Sector,
Banking Headquarters

Asako Toyoda
Head of Global Strategy Office,
Strategy Headquarters

Yoko Tomioka
Head of ESG Promotion Department

Katsufumi Fukunishi
Head of Social Infrastructure Solution Sector

Chieri Kimura
Head of North America Sector
Head of EMEA & LATAM Sector

Shigeru Mitani
Head of Third Financial Sector,
Banking Headquarters

Robb Rasmussen
Head of Global Marketing Headquarters
Head of Global Accounts & Industries Division,
Global Marketing Headquarters

Business Strategies by Segment (Summary)

NTT DATA Group (Results for FY2019)

Net Sales

¥ **2,266.8** billion

Operating Income

¥ **130.9** billion

Ranking by Segment / NTT DATA's Market Share

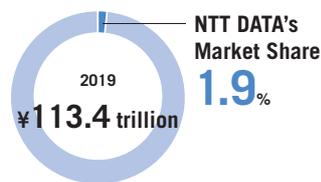
Business Overview by Segment (FY2019 Results)

Entire Company

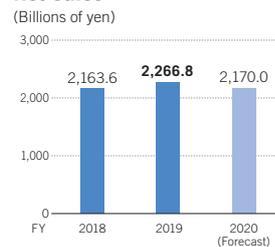
IT Services Vendor Ranking in Global IT Services Market*

8th

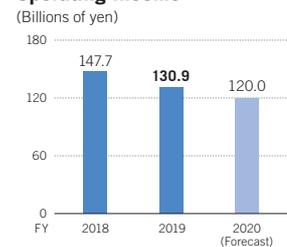
Global IT Services Market Size and NTT DATA's Market Share*



Net Sales



Operating Income



Please refer to the following section for information on impacts of the COVID-19 pandemic on the entire company.

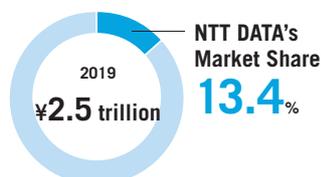
▶ P21: NTT DATA's Response to COVID-19

Public & Social Infrastructure

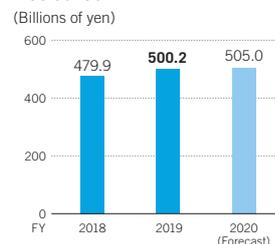
IT Services Vendor Ranking in Public & Social Infrastructure Market (Japan)*

2nd

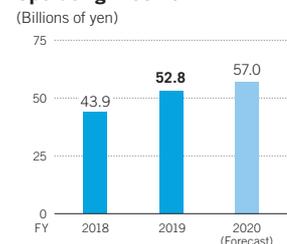
Public & Social Infrastructure Market (Japan) and NTT DATA's Market Share*



Net Sales



Operating Income



Impacts of the COVID-19 pandemic

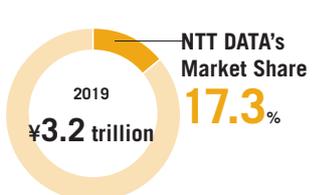
- ⊕ The businesses of central government ministries and local governments are expected to have a positive impact through new digital projects which provide IT support for emergency measures such as tax moratorium and various subsidy programs, although opportunities may disappear or be extended.
- ⊖ On the other hand, negative impact is expected in enterprise and telecom businesses across regions in Japan, as clients may hold back IT investment for modernization and improvement of existing systems.
- Situations could vary subject to the status of enterprise businesses and telecom sectors in respective regions.

Financial

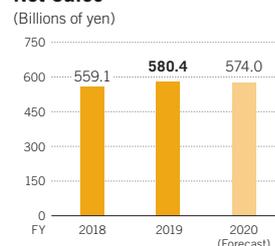
IT Services Vendor Ranking in Financial Market (Japan)*

1st

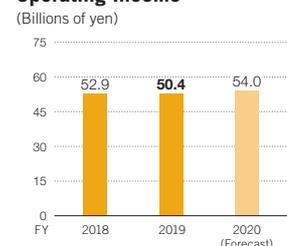
Financial Market (Japan) and NTT DATA's Market Share*



Net Sales



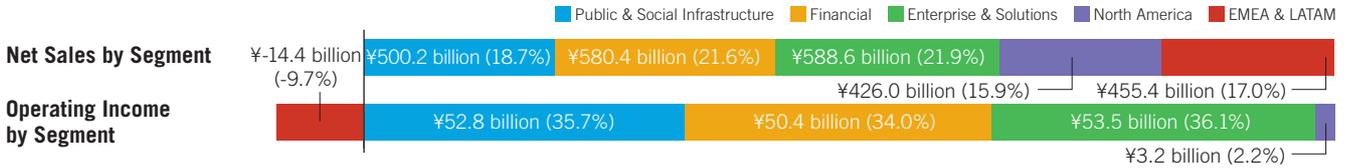
Operating Income



Impacts of the COVID-19 pandemic

- ⊕ Positive effects are expected particularly in banking, insurance and securities, driven by projects providing new digital services and accelerated initiatives to shift to "paperless" and "cashless" operations to improve operational efficiency.
- ⊖ On the other hand, negative impact has started to appear mainly in the banking sector, due to delays in commencement of system development or go-live date amidst market uncertainties and decelerated regional economies.
- Situations could vary subject to conditions in markets and regional economies.

* Graphs/charts are created by NTT DATA based on Gartner Research. Source: Gartner "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020"
(2019: US\$1 = ¥109.02) 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



Ranking by Segment / NTT DATA's Market Share

Business Overview by Segment (FY2019 Results)

Enterprise & Solutions

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

4th

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

2019
¥6.9 trillion
5.6%

Net Sales (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	529.8	588.6	563.0

Operating Income (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	48.5	53.5	46.0

Impacts of the COVID-19 pandemic

- ⊕ In the payment area, demand is expected to grow, fueled by people using more e-commerce sites, while shopping / cashing would be less used due to a reduced number of inbound tourists to Japan, thus the YOY performance is expected to remain flat.
- ⊖ Significant impact is expected in the retail, transportation, and travel sectors in the retail distribution service industry and the automobile and machinery sector in the manufacturing industry due to reduced demand amid stay-at-home advisory and restrained IT investment.
- Situations largely depend on the future recovery of the domestic economy and demand trend for IT spend.

North America

IT Services Vendor Ranking in North America Market*

31st

North America Market and NTT DATA's Market Share*

2019
¥49.7 trillion
0.8%

Net Sales (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	421.9	426.0	368.0

Operating Income (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	3.5	3.2	-19.0

Impacts of the COVID-19 pandemic

- ⊕ The public sector remains solid, while digital-related projects have become more active. Advanced outsourcing opportunities leveraging digital technology are likely to increase for the medium to long term.
- ⊖ Negative impact is expected to be substantial, since large ITO and BPO deals would temporarily drop since clients would curb their investment or delay decision-making in the manufacturing industry and medical institutions.
- Business impact depends on the future recovery of its economy and business activities in North America, as the number of infected cases continue to rise.

EMEA & LATAM

IT Services Vendor Ranking in EMEA & LATAM Market*

13th

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

2019
¥36.3 trillion
1.2%

Net Sales (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	440.1	455.4	422.0

Operating Income (Billions of yen)

FY	2018	2019	2020 (Forecast)
Value	7.9	-14.4	-3.0

Impacts of the COVID-19 pandemic

- ⊕ Public and utility sectors, particularly in Spain, remain firm, while digital projects are revitalized.
- ⊖ The negative impact is significant in the automobile sector in Germany and the hospitality and retail sectors in Spain, while Latin America is impacted by exchange rates due to the depreciation of currencies.
- Business impact is largely dependent on whether the number of infected cases will resurge or not, as it will impact the economic and business recovery.

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.

Business Strategies by Segment

Public & Social Infrastructure Segment

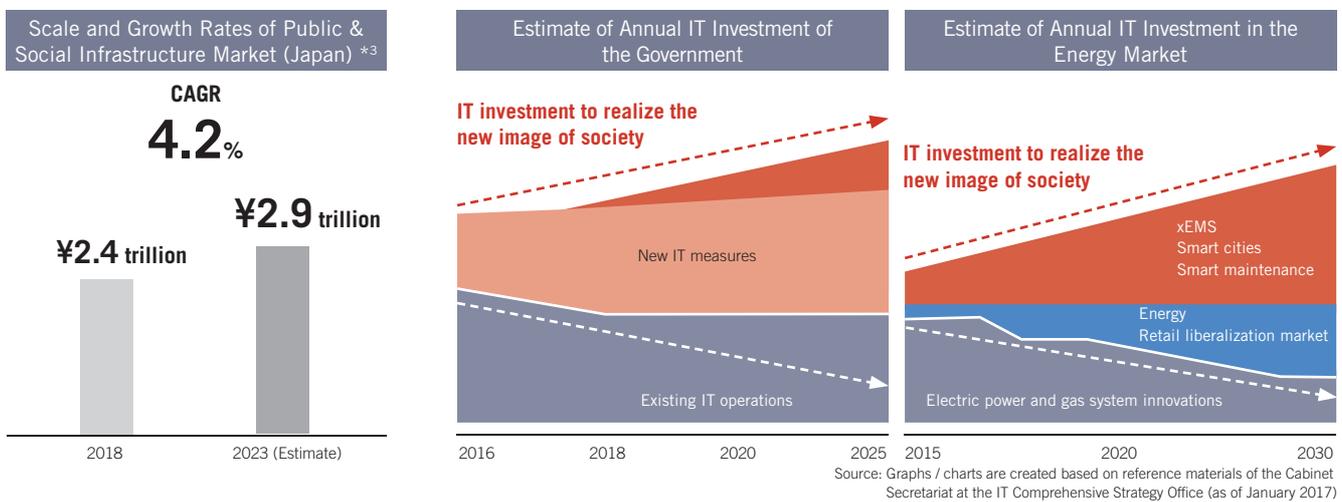
We provide high-value-added IT services that support government, medical, telecommunication, electric power, and other social infrastructures that revitalize regions, centered on Japan.

Market Environment

Going forward, the Japanese government's IT investment will remain nearly unchanged for existing IT operations, but it is expected to increase as a whole as a result of IT investments in new measures to digitalize government operations and to realize Society 5.0,^{*1} a concept advocating a new image for the future of society.

Although IT investment in the energy market is on a downward trend for electric power and gas system innovations, and there is near-term uncertainty owing to impacts of the COVID-19 pandemic, it is expected to increase generally over a long period of time because of IT investments aimed at achieving xEMS^{*2}, smart cities, etc.

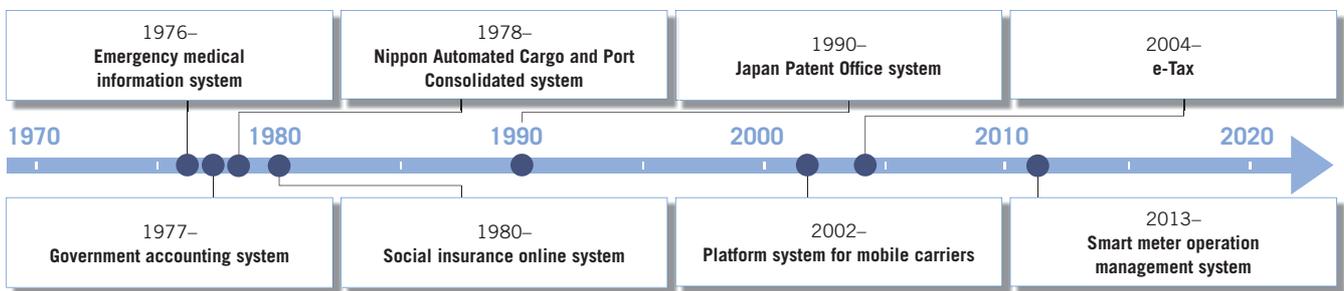
The COVID-19 pandemic highlights various social issues and reveals that Japan lags behind in digitalizing and putting things online, especially in the government-related field, as pointed out in the Basic Policies on Economic and Fiscal Management and Reform 2020. Therefore, all initiatives toward the realization of Society 5.0 are expected to accelerate.



Strengths / Achievements

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

Long History of Developing and Operating Multiple Large-Scale Systems



Focus Areas

- Strengthening management capabilities to curtail unprofitable projects
- Accelerating social design activities^{*4}

P33: Enhancement of Efforts to Curtail Unprofitable Projects

^{*1} A human-centered society that balances economic development with the resolution of social issues by using highly integrated systems that combine cyberspace with physical space. This refers to a new society following the 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 that 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 2020 2Q IT Service Market (Japan) Size by Industry," M. Sawai, 31 August 2020
 Use "Moderated Case." Public & Social Infrastructure Market = Government Ministries / Local Governments, Medical Care / Welfare, Electric Power / Gas / Water Supply, Education based on vendor revenue
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^{*4} Aiming to deepen proposal activities and increase places of activities by combining activities toward the realization of an ideal social system and the designing of a legal system, conceptual structure, standard model of the entire social system, etc.

Opportunities and Threats

	Opportunities	Threats
Government Ministries	<ul style="list-style-type: none"> Growing and accelerating business opportunities in accordance with the digital government action plan to be promoted under the Basic Policies on Economic and Fiscal Management and Reform 2020 Investment targeting public infrastructure reforms and enhancements 	<ul style="list-style-type: none"> Changes in government systems and institutions owing to rapid social changes Increasing demand to reduce the cost of the existing government information systems
Local Governments	<ul style="list-style-type: none"> Growing and accelerating business opportunities in accordance with the digital government action plan to be promoted under the Basic Policies on Economic and Fiscal Management and Reform 2020 Transformation of government services to improve work process reforms and convenience through coordination with government ministries Investment aimed at improving resident services focused on users and at realizing efficient government operation 	<ul style="list-style-type: none"> Changes in government systems and institutions owing to rapid social changes Increasing demand to reduce the cost of the existing government information systems
Healthcare	<ul style="list-style-type: none"> Acceleration of trend toward ICT in medical and other fields and effective utilization of medical information Increased need to use AI, IoT, and other digital technologies Responses to the practical application of nationwide medical information networks and other fields 	<ul style="list-style-type: none"> Increased demand for cost reduction in the existing system integration (SI) areas
Telecom	<ul style="list-style-type: none"> Business initiatives aimed at collaborations between non-communications businesses and other industries Shift from investment in infrastructure and network system equipment to IT investments in new services Growing IT investment in new solution development, etc., driven by the spread of 5G networks 	<ul style="list-style-type: none"> Further cost reductions of IT investment in existing domains
Utilities	<ul style="list-style-type: none"> Legal unbundling, expansion of business for retail consumers IT investment to boost competitiveness in conjunction with changes in the energy market environment Shift toward IT investment in line with themes such as responses to regulations and the reinforcement of facility safety 	<ul style="list-style-type: none"> Return to normal level of IT investments following market changes such as electric power and gas system reforms

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 achievements, know-how, and other strengths cultivated thus far. In addition, operations in this segment will be grown by creating new businesses to develop new social systems through public-private integration in accordance with the growth 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.

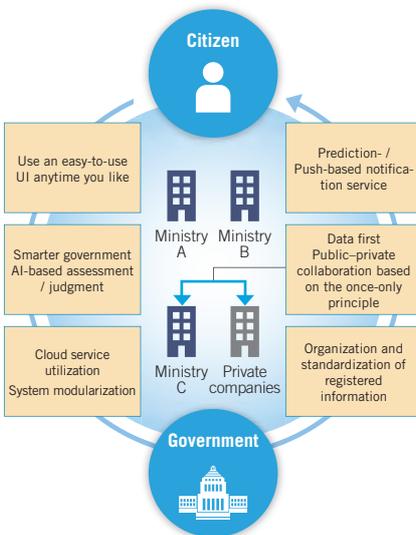
Focus Areas of the Medium-Term Management Plan (FY2019–2021)

The medium-term management plan focuses on the expansion of digital businesses that capitalize on existing strengths to facilitate the implementation of growth strategies to reach the Global 3rd Stage (around 2025). To realize a remote and digital society after the COVID-19 crisis, we will concentrate on the fields of digital government, utilization of the My Number system, digital healthcare, and smart energy / smart cities, and draw out specific action plans to accelerate these initiatives.

Initiatives in Medium-Term Focused Fields 1

Related to digital government and the My Number system

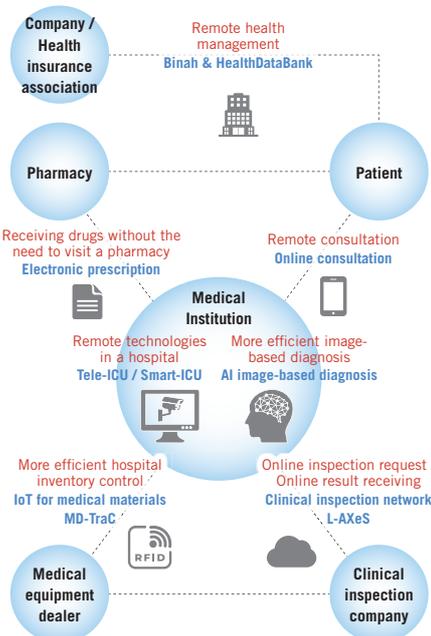
Keeping the grand design of a digital government drawn up by the government in mind, supporting government services to increase the value citizens receive



Initiatives in Medium-Term Focused Fields 2

Digital healthcare

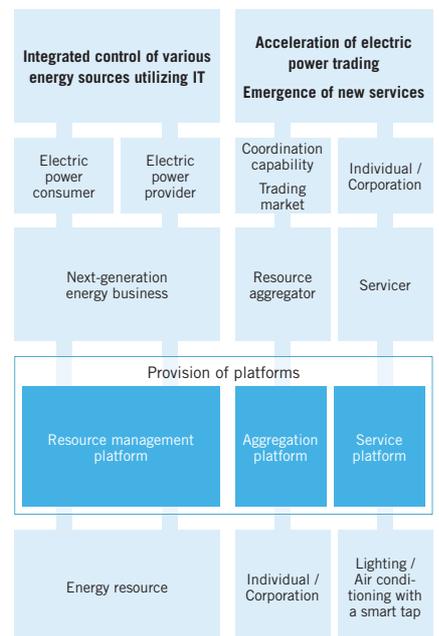
Keeping the social issues faced during the COVID-19 pandemic in mind, we will consider digitalization to create a high-value-added service for the medical field



Initiatives in Medium-Term Focused Fields 3

Smart energy

Contributing to efficient energy consumption through the provision of platforms necessary for the next-generation energy business



Financial Segment

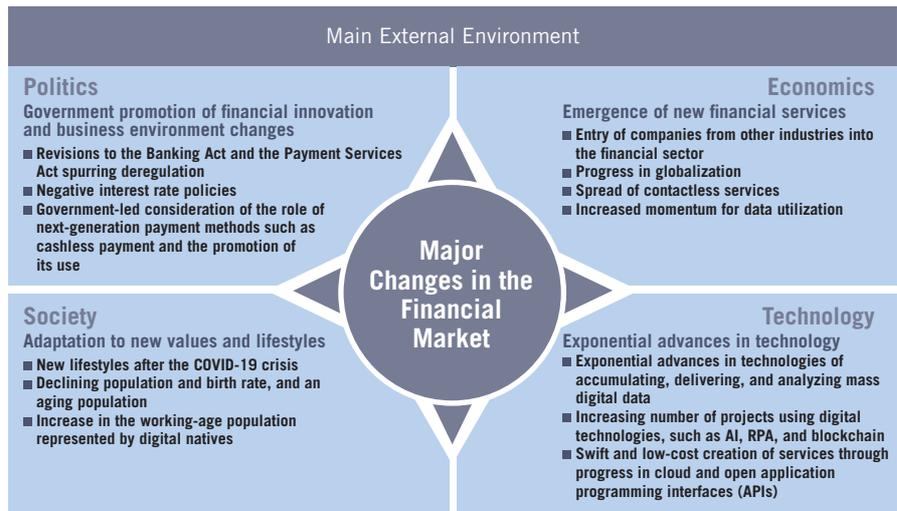
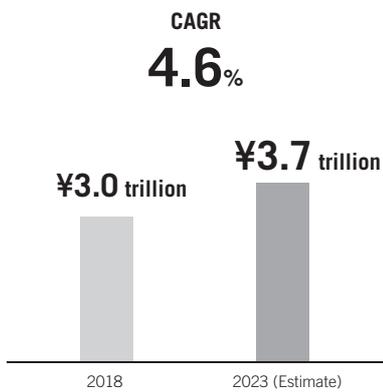
We provide high-value-added IT services that contribute to increased service and operational efficiency, with a focus on domestic financial institutions in Japan.



Market Environment

In Japan, the Financial Segment's market environment is undergoing substantial changes, including policy trends such as negative interest rate policies and the promotion of the spread of next-generation payment methods including cashless payment as well as the entry of new players from other industries into the financial industry. In addition, because of the impacts of the COVID-19 pandemic, the segment faces substantial changes in people's sense of value for an ideal way of providing services and lifestyles.

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



Strengths / Achievements

Providing Large-Scale Financial Infrastructure Systems That Link and Support Financial Industry

Number of financial institutions connected to "Integrated ATMs", which connects financial institutions nationwide

More than **1,200**

Connecting banks and fintech providers via API
Share related to "OpenCanvas" API *2

For individuals: Approx. **55%**

For companies: Approx. **71%**

Number of companies using the common gateway service for insurance companies, which connects life and non-life insurance companies and agencies

Approx. **55** insurance companies

Approx. **10,500** agencies

Strong Trusting Relationships with Clients

Client coverage ratio (core banking systems)

Having strong trusting relationships with clients over long years by providing high-quality and highly reliable systems

Major banks / Japan Post Bank (5) **40%**

Regional banks (102) **38%**

Shinkin (255) **92%**

Credit unions (145) **98%**

Labor banks (13) **100%**

JA Bank (584) **100%**

As of June 2020

High Technology Capabilities

Utilization of cloud-based technologies: A-Gate

- A solution that helps companies develop and maintain security governance for their safe and secure utilization of public cloud services (Launched in October 2018; 18 companies use the solution as of August 2020.)

AI (voice and image recognition): Com Analyzer

- A service utilizing AI to visualize the impression of a speaker based on information on their facial expression, voice, etc. (Launched in May 2019; 5 companies use the service as of August 2020.)

Blockchain: TradeWaltz

- Trade data sharing platforms that use blockchain technology to digitalize trade procedures to reduce the volume of paperwork and prevent illegal loans (Service to be launched by the end of FY2020 after the trial operation ended in March 2020.)

Focus Areas

- Creating new businesses leveraging NTT DATA's strengths for the financial industry that is reaching a turning point (in coexisting with COVID-19 and after the COVID-19 crisis, and the entry of players from other industries into the industry)
- Strengthening management to curtail unprofitable projects

P33: Enhancement of Efforts to Curtail Unprofitable Projects

*1 Graphs / charts are created by NTT DATA based on Gartner Research.

Source: Gartner "Prediction of 2020 2Q IT Service Market (Japan) Size by Industry," M. Sawai, 31 August 2020
Use "Moderated Case." Financial Market = Financial based on vendor revenue

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*2 According to NTT DATA's research as of April 2020: Banks that disclose the names of vendors that provide API infrastructure (ratio of megabanks, regional banks, and second-tier regional banks)

Opportunities and Threats

	Opportunities	Threats
Banking	<ul style="list-style-type: none"> • Push for system revisions in light of rising need to provide services using digital technologies and Banking Act revision • Brisk investments to promote the spread of cashless payments • Increased need for operational efficiency, automation, and other cost reduction measures • Active IT investment in light of business integration, restructuring, and alliances 	<ul style="list-style-type: none"> • Concerns regarding curbed IT investment to strengthen management foundations • Decreasing need for investment in the conventional system domain
Insurance	<ul style="list-style-type: none"> • Increased need for cost reductions through the automation of back office processes, etc. • Diversification of insurance sales channels • Rise in IT investment to realize more sophisticated information use • Exploration of health improvement and other new businesses 	<ul style="list-style-type: none"> • Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models
Securities	<ul style="list-style-type: none"> • Active IT investment in expanding business through asset formation in the retail sector (supporting shift from savings to investment) • Investment motivation to address system changes 	<ul style="list-style-type: none"> • Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models
Credit	<ul style="list-style-type: none"> • Increased IT investment to promote cashless payments • Expanded IT investment aimed at strengthening security measures 	<ul style="list-style-type: none"> • Intensification of service competition due to the diversification of payment methods
Common to all areas (impacts of the COVID-19 pandemic)	<ul style="list-style-type: none"> • Increased IT investment to facilitate the remote working of employees and to increase operational efficiency • Increased IT investment to strengthen the internet / mobile channels for clients 	<ul style="list-style-type: none"> • Concerns regarding curbed IT investment to strengthen management foundations

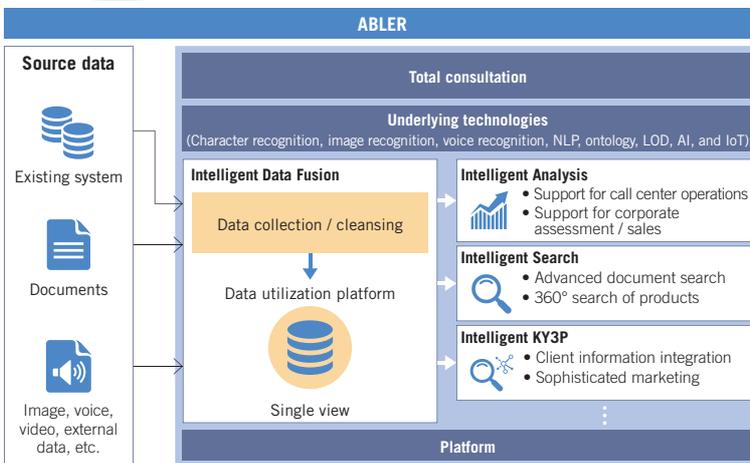
Growth Strategy



- 1 We will continue to provide, develop, and advance 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
- 2 In addition, we will leverage NTT DATA's state-of-the-art technologies to expand business by focusing on data utilization technologies that will become more important in the financial sector.
- 3 Based on strong relationships of trust with a wide range of clients, we will provide a new service through co-creation with clients from different industries and external players with fintech technologies.

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

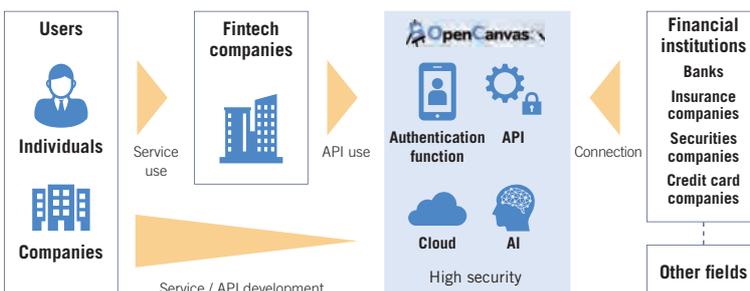
Technology initiative Business expansion in the data utilization area ABLER initiative



ABLER is a service and a solution to provide total support for sophisticated data management. By combining underlying technologies such as ontology and semantic technology, **we can actively utilize unstructured data including natural sentences, SNS posts, and voice data, which were difficult for machines to process.** Also, we can automate some data management processes to save substantial time for the preparation of data utilization.

We will expand ABLER services and solution lines serially and support clients in their business transformation and creation of new value through sophisticated data utilization.

Providing new services through co-creation Providing new services through co-creation with clients OpenCanvas initiatives



OpenCanvas is a delivery platform for digital services created using the system platform of 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.

Going forward, we will continue to proactively expand the lineup of available services at layers of SaaS, PaaS, and IaaS to supply OpenCanvas as a system of engagement (SoE) platform that promotes digitalization throughout society.

Enterprise & Solutions Segment

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

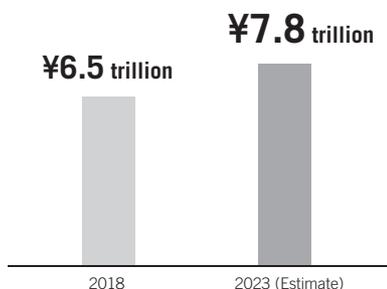


Market Environment

- In addition to those clients who use IT primarily for the purpose of improving efficiency, there has been a rise in the number of those proactively using IT to strengthen competitiveness and to innovate business models. Such market changes are occurring at an increasingly rapid pace.
- While more and more clients curtail IT investments and postpone projects because of the impacts of the COVID-19 pandemic, there has been increased business opportunities for solutions that would help people live a “new daily life,” such as those that facilitate EC and remote working that does not require human mobility.

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

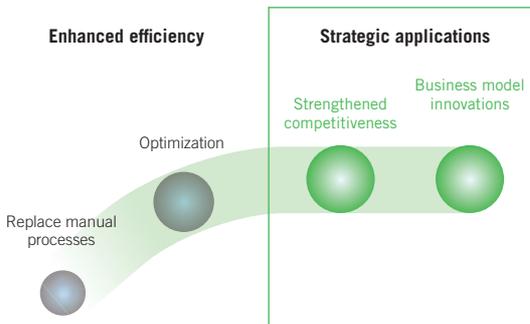
CAGR
3.7 %



Client Expectations for NTT DATA

- Expectations for IT changing from increasing efficiency to strengthening competitiveness and innovating business models
- Substantial anticipation 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 the 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

Strengths / Achievements

Offerings	Strengths	Achievements
Digital Commerce / Digital Marketing	<ul style="list-style-type: none"> • Track record in developing digital commerce systems combining payment services with omnichannel systems • Experience supporting corporate transformations through user experience design 	<ul style="list-style-type: none"> • Transformation of purchasing experience realized through the aggressive promotion of omnichannel retailing from the planning to execution phases (multiple major retailers) • Whole new purchase experience utilizing digital technologies (e.g., services to support opening a digital store without a cashier, product mapping services, and services to enable customers to pay in a fitting room)
Payment	<ul style="list-style-type: none"> • Leading Japanese comprehensive cashless payment platform that is compatible with multiple payment methods 	<ul style="list-style-type: none"> • History of 37 years of operating the CAFIS payment platform to promote cashless payments, which now processes more than 900 million transactions each month • Full support for adoption of cashless payment systems at JAPAN POST Co., Ltd. • Providing payment functions for Mobile PASMO
AI / IoT	<ul style="list-style-type: none"> • Human resources capable of using AI, IoT, and data to offer support from concept planning through to platform development and finally the creation of business results and experience in this regard • Leading domestic embedded software engineer staff (1,500 people) 	<ul style="list-style-type: none"> • Having started to provide Trusted Data Foundation, a cloud-based big data analysis platform, solutions to facilitate decision-making and business transformation based on AI and data • Developing an AI-based beer filtration planning system for three factories of Kirin Brewery
SAP Global Platform	<ul style="list-style-type: none"> • Around 1,000 SAP experts in Japan alone • Global SAP delivery capabilities 	<ul style="list-style-type: none"> • Receipt of SAP AWARD OF EXCELLENCE 2020 • Providing core systems for globally operating manufacturers
Advanced Outsourcing • Cloud • Network	<ul style="list-style-type: none"> • Successful implementation of numerous integration and comprehensive outsourcing projects in the infrastructure domain 	<ul style="list-style-type: none"> • Having started to provide a service using digital technologies to consolidate IT infrastructure operations aimed at automated and autonomous operations
Design and Data-driven Business Transformation	<ul style="list-style-type: none"> • Business consulting and technology utilization based on our strengths in designs and data 	<ul style="list-style-type: none"> • Expanding collaboration in the design field through investments in Star in the United States
CRM / Salesforce	<ul style="list-style-type: none"> • Creation of new customer experience and service improvements based on data collection and analysis utilizing Salesforce and Tableau 	<ul style="list-style-type: none"> • Receipt of award for Salesforce Innovation Partner of the Year
Workspace as a Service	<ul style="list-style-type: none"> • Track records related to BizXaaS Office, a solution for workstyle reforms 	<ul style="list-style-type: none"> • Introduction of the zero trust architecture • Provision of digital working spaces

* Graphs / charts are created by NTT DATA based on Gartner Research.
 Source: Gartner "Prediction of 2020 Q2 IT Service Market (Japan) Size by Industry," M. Sawai, 31 August 2020
 Use "Moderated Case." Enterprise & Solutions Market = Manufacturing, Retail / Wholesale Trade, Transportation, Services, Construction / Agriculture, Forestry and Fisheries / Mining, Communications / Media based on vendor revenue
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Focus Areas

- Contribution to clients' businesses through the promotion of digital transformation
- Creation of new value through the combination of work processes and advanced technologies
- Expansion of a pool of professional human resources with expertise in both work processes and advanced technologies

Opportunities and Threats

	Opportunities	Threats
Overall	<ul style="list-style-type: none"> • Shift toward and increased need for EC and remote working • Continued proactive investment for the enhancement of competitiveness and business model innovations using digital technologies 	<ul style="list-style-type: none"> • Curtailment of IT investment and postponement of projects because of the impacts of the COVID-19 pandemic
Retail, Services, and Payment	<ul style="list-style-type: none"> • Growth in IT investment aimed at expanding sales through the utilization of digitalization to strengthen customer touchpoints • Diversifying needs related to expanding settlement methods and settlement functions supporting inbound tourism and the spread of code payment services • Promotion of cashless payments by the Japanese government • Development of systems to address labor shortages (trend toward digital stores) 	<ul style="list-style-type: none"> • Rapid changes in logistics and retail business models • Entry of new payment system players • Entry of players from other industries
Manufacturing	<ul style="list-style-type: none"> • Expanding demand for core systems, ERP restructuring, and corporate group integration • Growing needs for visualization, improvement of efficiency, and advancement throughout the supply chain aimed at enhancing global competitiveness • Trend toward the sharing and development of services driven by the advent of connected cars • Increased demand for embedded software to control equipment 	<ul style="list-style-type: none"> • Curtailed IT investment due to changes in the business environment • Limited overseas investment due to trade friction between the United States and China
AI / IoT	<ul style="list-style-type: none"> • Rising need for corporate transformations utilizing AI and data 	<ul style="list-style-type: none"> • Rise of players with new technologies
Networks, Data Centers, and Cloud Services	<ul style="list-style-type: none"> • Streamlining of platforms through cloud computing and other approaches • Growth of businesses that reconstruct platforms for digital and global compatibility 	<ul style="list-style-type: none"> • Network commoditization • Intensified competition among vendors providing cloud services

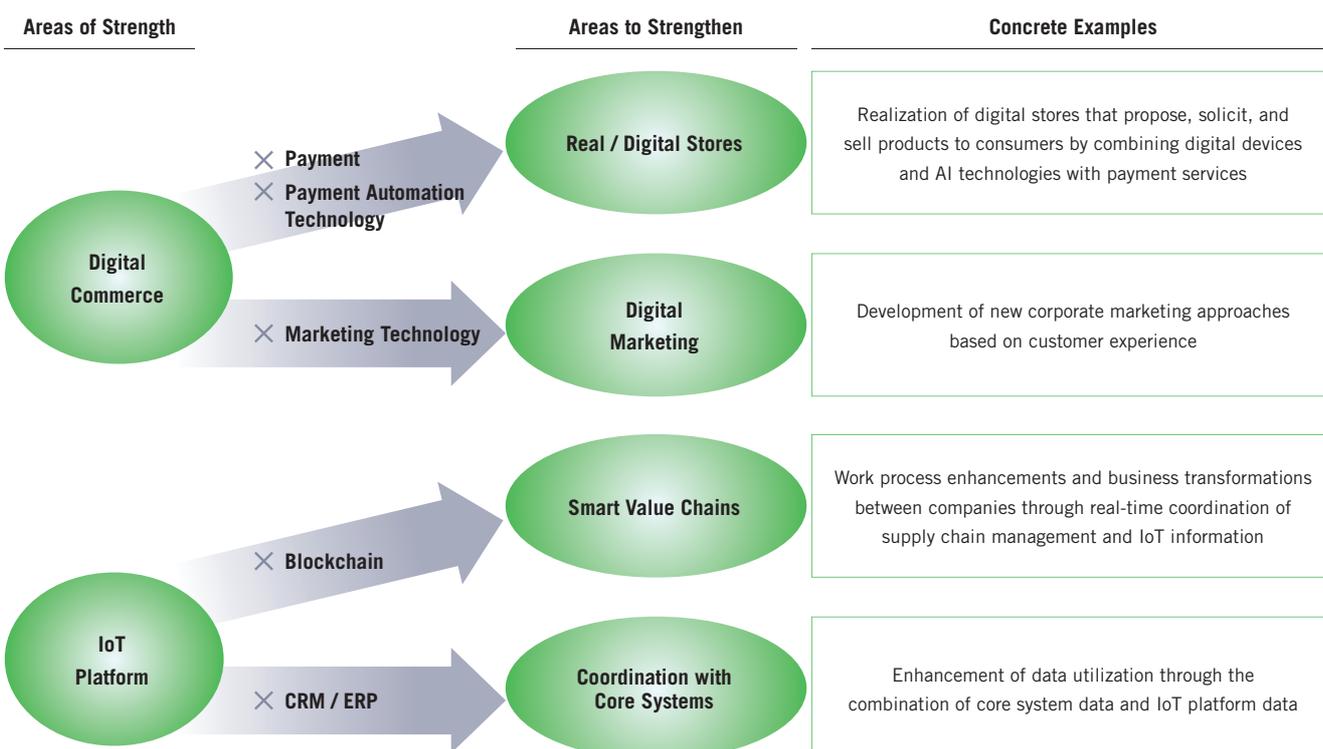
Growth Strategy

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 the 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 Medium-Term Management Plan (FY2019–2021)

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



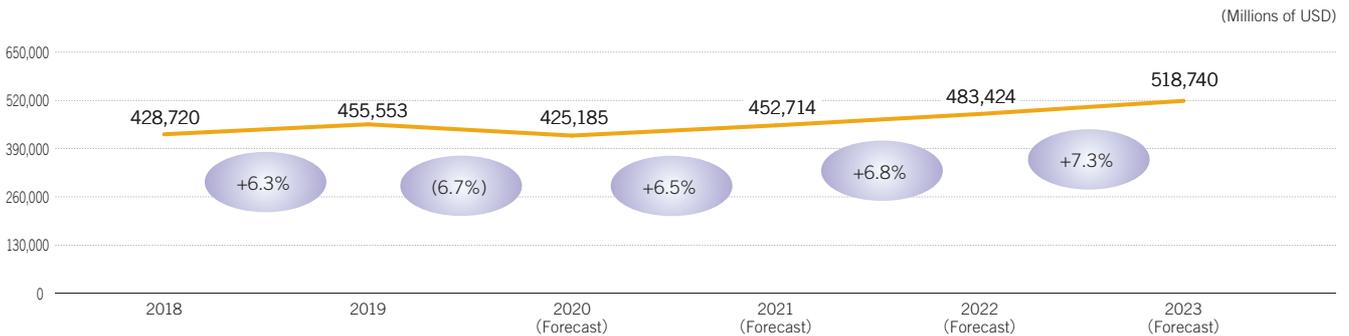
North America Segment

We provide high-value-added IT services for large enterprises and government entities primarily headquartered in North America.



Market Environment

North America is the world's largest market for IT services representing approximately 44% of the total global market.*¹ Although this market is expected to show negative growth in 2020, it is expected to grow by around 7% annually from 2021*².



Opportunities and Threats

	Opportunities	Threats
North America	<ul style="list-style-type: none"> Ongoing shift toward business innovation through digitized operations Increased market demand for services that support remote work, supply-chain resilience and efficiency Increased market investment in productivity improvements and cost take-out strategies, encompassing AI, IoT, big data analytics, mobile technology, cloud computing, and automation Increased demand for outsourcing using cutting-edge technologies Increased demand to rebuild strengths in anticipation of the post-COVID-19 era 	<ul style="list-style-type: none"> Contraction in the legacy IT services market Business insourcing of IT support Vendor consolidation to reduce outsourcing costs and number of suppliers Impact on IT spending due to the COVID-19 pandemic and U.S.–China trade friction Pressure on IT services pricing and contract terms due to economic pressure from COVID-19

Strengths

We build long-term client relationships based on trust, and leverage our deep industry expertise and leading-edge technologies to help clients transform through consulting, industry solutions, business process services, digital and IT modernization, and managed services.



Healthcare

- (Clients)
- 6 of the 10 largest U.S. hospital systems
 - 10 of the top U.S. health insurers



Public Sector

- (Clients)
- More than 50 U.S. federal agencies and military commands
 - 34 U.S. states and 17 municipalities



Financial Services and Insurance

- (Clients)
- 25 leading financial institutions in North America
 - 30 insurers and millions of policies



Manufacturing

- (Clients)
- Leading automotive companies worldwide

Third-Party Evaluation

Digital Transformation: A Leader

Everest Group, “Healthcare Payer Digital Services PEAK Matrix Assessment with Service Provider Landscape-2020”

Workplace Services: A Leader*³

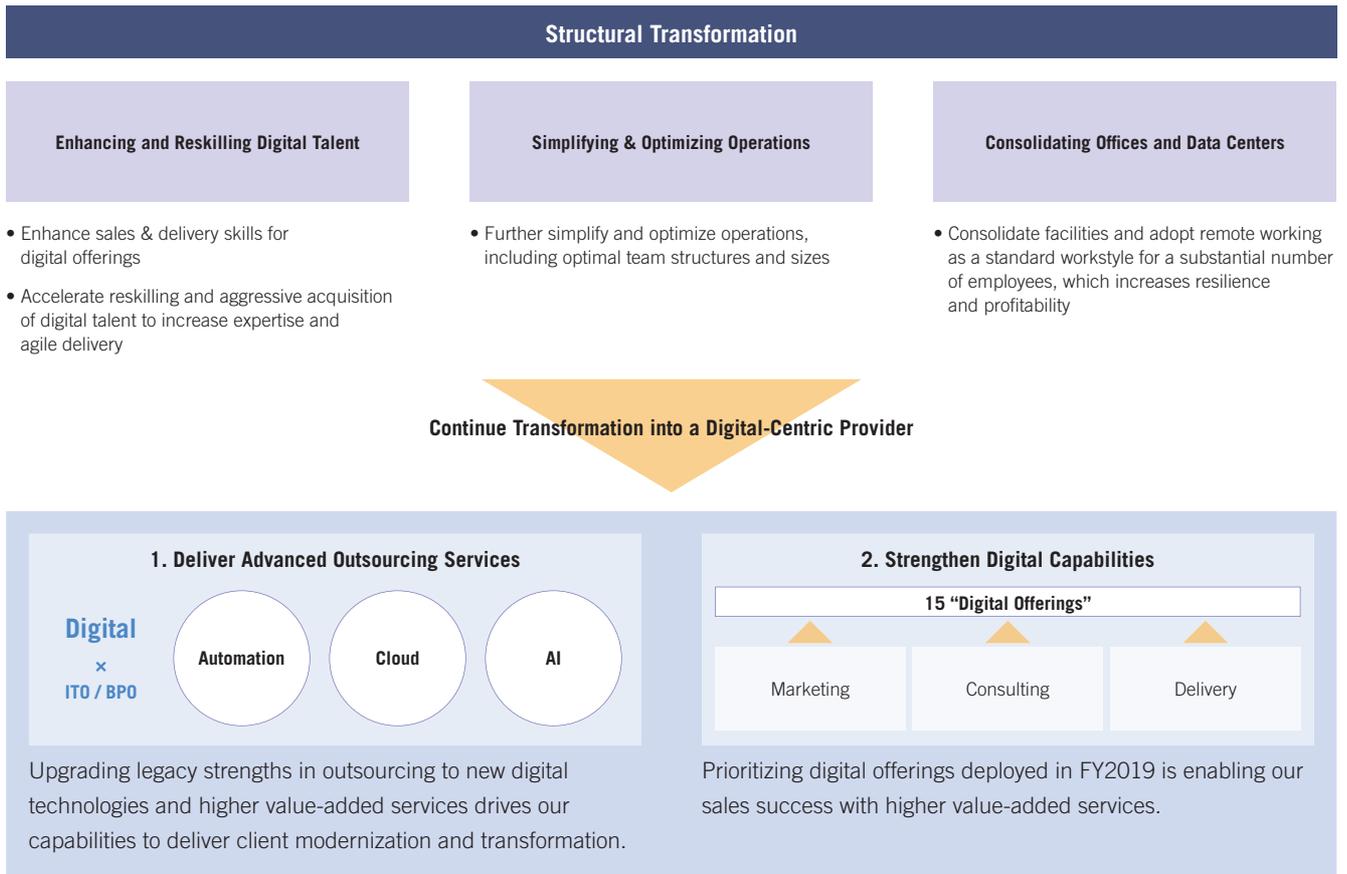
Gartner Magic Quadrant for Managed Workplace Services, North America report

Focus Areas

- Improving profitability of the North America Segment
- Responding effectively to market uncertainty created by COVID-19
- Further increasing market penetration and share of digital services

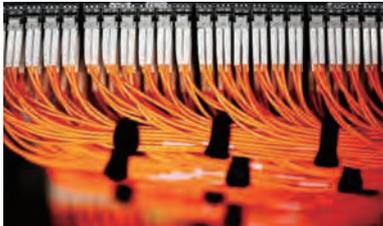
Become a Leader in Client Modernization and Transformation by Delivering Advanced Digital Services and Outsourcing Services

The North America Segment rapidly developed and deployed comprehensive digital offerings, and these capabilities now lead a majority of new sales, including numerous large-scale projects. Orders received in fourth-quarter FY2019 exceeded US\$1 billion for a fifth consecutive quarter. Conversely, while the impacts of the COVID-19 pandemic have accelerated the market's shift to digital, it also has led many businesses to delay discretionary investments. To achieve target EBITA margin*4 of 7% in FY2021, we continue to drive market penetration of high-value digital capabilities, and have accelerated plans for cost reductions and structural transformation of the business.



Example of Initiative

Cloud transformation for the Retirement Systems of Alabama (RSA)



Upgrading and creating more efficient data center operations, and enhancing client capabilities through automation and cloud transformation.

NTT DATA will leverage global partnerships with Microsoft Azure, Google Cloud, and AWS as well as local private cloud options to provide cloud transformation support and operate RSA's data center, which provides hosting services for more than 50 companies.

*1 Source: Gartner "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020
North America Market = North America
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*2 Graphs / charts are created by NTT DATA based on Gartner Research.
Source: Gartner, "Forecast: IT Services, Worldwide, 2018-2024, 2Q20 Update", Dean Blackmore et al., 30 June 2020
North America Market = North America End-User spending basis
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*3 Gartner, Magic Quadrant for Managed Workplace Services, North America, Daniel Barros et al., 25 February 2020
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*4 Temporary costs such as M&A, structural transformation, etc. are excluded.

Message from the CEO

Value Creation by NTT DATA

Management Strategies

ESG Management

Business Strategies by Segment

Financials and Others

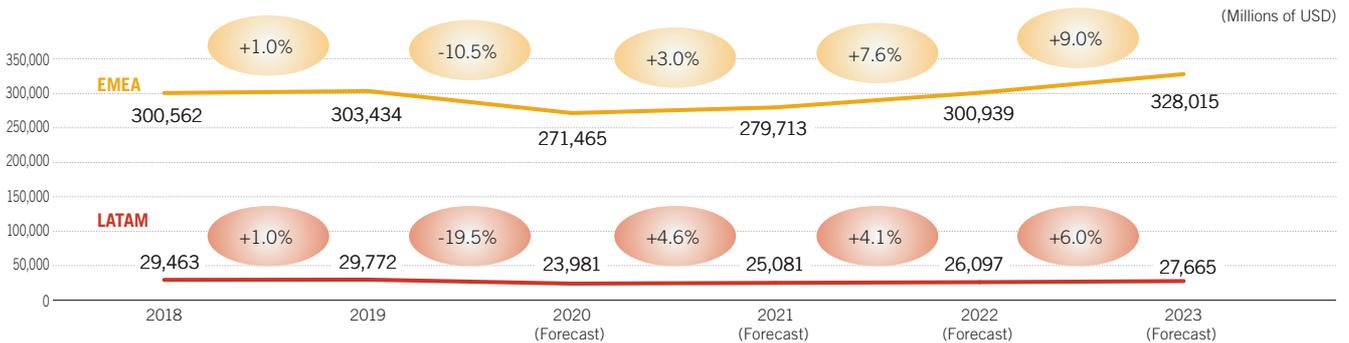
EMEA & LATAM Segment

We provide high-value-added IT services for enterprises and government entities primarily headquartered in the EMEA & Latin America.



Market Environment

The scale of the EMEA and Latin America IT market accounts for approximately 32% of the global IT market.*¹ Although this market is projected to show negative growth in 2020, it is expected to grow by 3–9% annually from 2021.*²



Opportunities and Threats

	Opportunities	Threats
EMEA & LATAM	<ul style="list-style-type: none"> The onward march of business innovation due to digitization Increased investment in AI, IoT, big data analytics, mobile technology, cloud computing, etc. Growing security consulting and other needs in response to personal information protection regulations and a growing number of cyberattacks Diversified needs according to market characteristics of each country Increased demand for outsourcing using cutting-edge technologies Increased demand to Build Back Better looking ahead to the Post-COVID-19 era 	<ul style="list-style-type: none"> Impacts of COVID-19 on IT spending IT investment restraint of companies and others due to U.S.–China trade friction and the uncertainty of the future in the European market from Brexit 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

Strengths

Industry and Domains of Strength () Shows IT Services Vendor Ranking in Each Country*¹

Germany (12th)	Spain (3rd)	Italy (9th)
<p>We provide IT services globally for large companies, especially those in the German automotive industry, and have robust client relationships.</p> <p>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 base.</p> <p>Our delivery capabilities take advantage of our development base in Romania, which has excellent German-speaking human resources.</p>	<p>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.</p>	<p>We provide IT services that mainly target telecom & media, energy & utility, and financial services companies headquartered in Italy and other parts of Europe, and have strong client relationships.</p> <p>We respond to a wide range of needs for digitization with a design-oriented method, our strength, according to market trend and speed.</p> <p>In addition, in response to demands for digitization for our clients, we have human resources skilled in digital technologies and strong delivery capabilities across the country.</p>

Focus Areas

- Improving profitability in the EMEA & LATAM Segment business
- Further progress for cultivating top-level capabilities globally in the digital domain
- Further increasing local presence

Aiming for Further Growth through Active Digital Investment and Structural Transformation

The EMEA & LATAM Segment aims for profitable growth increasing top-line revenue by combining existing strengths with aggressive digital investment and improving efficiency through structural transformation to achieve EBITA margin*³ of 7% in FY2021.

Existing Strengths × Digital Investment –Top-Line Growth–

The EMEA & LATAM Segment has achieved more than 10% growth for three consecutive years since FY2016. This was achieved by combining existing strengths with digital investment. Going forward, the segment will accelerate these initiatives and aim to increase its top-line revenue in the medium- to long-term span.

Example of Initiatives ①

Naturgy, a gas and electricity provider operating in Europe and Latin America, selects everis as its strategic partner

Aiming to advance and streamline services mainly through automation of processes using digital technologies, upgrading peripheral systems, and efficient delivery structure, based on deep relationships of trust with clients.

Total sales in the next 10 years is estimated to exceed 500 million euros



Example of Initiatives ②

Signing a large-scale contract for SAP services with Deutsche Bahn AG, the NTT DATA Group works together to support clients from consulting to implementation

Won an SAP project of the largest scale in NTT DATA Group history, highly recognized for its strengths, such as its track record and reliability of providing SAP-related services over a long period of time, its rich talent pool of experts, along with its flexibility to answer clients' needs

Eight-year contract duration for SAP S/4HANA Digital transformation



Efficiency Improvement through Structural Transformation –Improving Profitability–

The EMEA & LATAM Segment is faced with challenges such as improving productivity in the existing business and enhancing high-value-added consulting and digital capabilities. In FY2019, the segment carried out a structural transformation, mainly on unleashing employees' potential as a digital workforce and reviewing businesses with low profitability. As a result of such, the segment is seeing an "accelerated shift to digital talent," "increased digital transformation projects," and "improved profitability base." In FY2020, the segment will aim to enhance profitability by accelerating business over those achievements made in 2019 and by responding to new business opportunities, including those resulting from the impacts of COVID-19 and by continuing necessary structural transformation.

New Business Opportunities Which COVID-19 Created (more vibrant demand for digital business)



Items Carried Out in FY2019		Achievements
Reshaping / reskilling digital talent	<ul style="list-style-type: none"> Accelerate reskilling of employees to work in digital areas and continue to aggressively hire young talents in order to enhance sales and service delivery capabilities in terms of human resources 	1 Accelerated shift to digital talent
Strengthen vertical digital skills	<ul style="list-style-type: none"> Create strengths with the two axes of digital offerings by industry and solution products that are cross-industry offerings Enhance sales and service delivery capabilities to deal with advanced SAP technologies 	2 Increased digital transformation projects
Human resource optimization (early retirement program)	<ul style="list-style-type: none"> Optimize human resources by carrying out an early retirement program mainly in Germany and Italy 	3 Improved profitability
Review businesses with low profitability	<ul style="list-style-type: none"> Closely examine and decide on withdrawal of businesses whose profitability is declining among various upfront investment businesses in divisions aiming to create new services 	

*1 Source: Gartner "Market Share: IT Services, Worldwide 2019, Dean Blackmore et al., 13 April 2020
EMEA&LATAM Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America
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*2 Graphs/charts are created by NTT DATA based on Gartner Research.
Source: Gartner, "Forecast: IT Services, Worldwide, 2018-2024, 2Q20 Update", Dean Blackmore et al., 30 June 2020
EMEA Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa / LATAM Market = Latin America based on vendor revenue
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*3 Temporary costs such as M&A, structural transformation, etc. are excluded.

Messages from CEOs of Overseas Operating Companies

We would like to introduce the messages of CEOs of overseas operating companies regarding the impacts of the spread of COVID-19, growth strategies in coexisting with COVID-19, and strategies for achieving the EBITA margin*¹ of 7%, which is one of the targets of the medium-term management plan.

NTT DATA Services

North America Segment



Bob Pryor
CEO of 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, he was CEO of Fujitsu Americas, Inc. He has also held senior leadership positions at EY, Capgemini, HP, and Genpact.

We prioritized employee safety by shifting over 90% of our team to work from home while honoring client trust by delivering on commitments. For some key clients, we accommodated their changing financial requirements and revised project schedules. In addition, we prioritized our Digital Offerings to support client resilience, especially Dynamic Workplace, cloud, automation, and security.

Even if we are in the “With COVID-19 world,” our growth strategy remains the same. In fact, the pandemic has validated our focus on helping clients modernize operations through digital, cloud, analytics, automation, and security. We expect that many millions of people will continue working remotely for a prolonged period. This situation aligns well with the investments we’ve made, particularly in cloud and digital offerings.

We are committed to the medium-term management plan target, and intend to deliver 7% EBITA margin*¹ in FY2021. We are accelerating our shift from legacy to digital services and generating a majority of our new sales by incorporating our Digital Offerings. In addition, we are restructuring our business to further simplify and optimize operations, attract and retain the talent and skills mix we need for long-term success, reduce our office space, and improve or divest underperforming areas of our business to deliver profitable growth.

NTT DATA EMEA

EMEA & LATAM Segment

The impacts of COVID-19 has been quite intense in EMEA although with different intensity across market sectors. On the positive side, this “new normal” has definitely changed executives’ priorities and focus on digital technology investments, creating new opportunities and new ways of collaborating with our clients to sustain future growth.

Our strategy remains focused on existing strengths in leading-edge technologies while boosting investments in digital-native offerings to further support our clients’ journeys to transformation as well as improving efficiency through further automation and structural transformation to achieve our 7% EBITA margin*¹ target.

We ended last year with strong sales momentum and we have the right building blocks, i.e., Digital Design, Cybersecurity, Big Data, Blockchain, and Cloud to further grow our business footprint and to establish ourselves as a Trusted Global Innovator for all our clients.

I’m confident about making our clients successful in their digital transformation, counting on our talented and committed people as well as on the game-changing collaboration across NTT DATA Group companies.



Walter Ruffinoni
CEO for NTT DATA EMEA

Since 2013, Ruffinoni has been CEO of NTT DATA Italy overseeing the company turnaround. In April 2020 he was appointed Co-CEO of NTT DATA EMEA. He brings to this role more than 25 years of experience in the IT consulting sector. He is the author of *Code of Future* published with Marsilio in 2016 and *Italy 5.0* published in 2020 with Mondadori.

everis

EMEA & LATAM Segment



Fritz Hoderlein

CEO of everis

Fritz Hoderlein has been serving as CEO of everis since 2018. He joined everis in 1999 and has held various leading positions such as Global Head of the Industry Sector, Managing Director of everis Spain, and CEO of everis Europe. He has a degree in Telecommunications Engineering and a degree in Economics.

In a world where COVID-19 is changing our everyday lives, our No.1 priority from the very beginning has been to protect our people. After just one week, 97% of everis employees were working from home, which amounts to more than 28,000 people in 17 countries.

Despite such a situation, we are confident that we will improve our profitability in FY2020, which is a preparation period for achieving the medium-term management plan target of EBITA margin*¹ of 7%.

Of course, there is a high degree of uncertainty, but there are also opportunities:

- COVID-19 will force the acceleration of digital transformation in our clients.
- Consulting services in complying to the fast-changing environment will be required more than before.
- Our clients are more open to exploring new strategic outsourcing deals with everis.

In the last three years, we have grown our business organically by over 50%. So, our strong performance reflects the successful execution of a healthy growth strategy.

Our key drivers for profitability improvement remain in place:

- Improving managed services profitability through automation and digital industrialization
- Reinforcing sales process control and reducing underperforming projects
- Meeting clients' expectations by combining deep industry knowledge with advanced technological capabilities
- Increasing competitiveness through delivery automation based on everis-CAD (Cognitive Assisted Development) architecture*

Finally, I would like to thank all our stakeholders including everis and NTT DATA people around the world for their commitment and for their contribution to help in the communities where we live and work. I am fully confident in our ability to continue creating value for our stakeholders.

* Low-code platform solution which everis has

NTT DATA Business Solutions

EMEA & LATAM Segment

When we budgeted FY2020, we planned strong organic growth and agreed to invest in strategic initiatives to boost future growth and reach EBITA margin*¹ of 7%. However, due to COVID-19 global lockdowns, we had to adapt our forecast. Due to these circumstances, we reshaped our growth program combined with cost-reduction actions. Profitability is our focus in 2020. We are moderately optimistic as our business model proved to be resilient and robust—and will remain so in the coming years.

Even in the “With COVID-19 world,” our customers remain our priority. The customer is at the center of our company. In nearly all of our 28 operating countries, remote work packages or emergency solutions were provided and very well received by our clients. We also created new offerings for fast-growing industries, such as pharmaceutical / life sciences and higher education. Further, we expanded our portfolio regarding RPA and Chatbot solutions based on AI to drive our customers' digitization.

Besides creating new innovative solutions, we foster new ways of consulting and collaboration. Already, we realized various remote go lives. As part of the internal global collaboration project, we have started to improve our country concepts, i.e., by looking into nearshore centers, e.g., in Europe. We are streamlining our organizational structure and transforming our cost and cash management to centralize our organization. With these measures, NTT DATA Business Solutions accelerates its own transformation to add even more value and achieve the set targets.



Norbert Rotter

CEO of NTT DATA Business Solutions

Norbert Rotter has been a member of the Management Board of itelligence AG since January 1, 2008. As CFO, he was also in charge of the M&A Division. Since then, itelligence AG has acquired 30 companies that have been successfully integrated into the Group. On July 1, 2016, he was appointed CEO of itelligence. Before joining itelligence AG, he was a CPA for the US at KPMG.

*1 Excluding temporary costs such as M&As and structural transformation

Financial Models of Principal Businesses

Integrated IT Solutions (Order-Based)

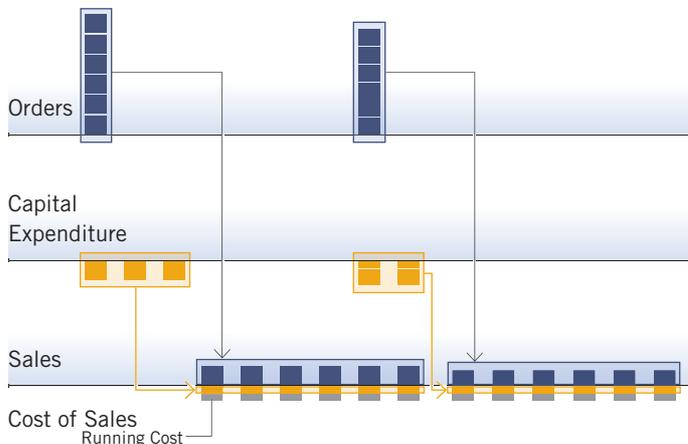
Business Model

- After receiving an order from a client, the Company makes capital expenditures to build IT systems, etc., that are held by us as our company asset, and provides full-cycle services from requirements definition to maintenance and operation with such asset.
- 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



Integrated IT Solutions (Planned by NTT DATA)

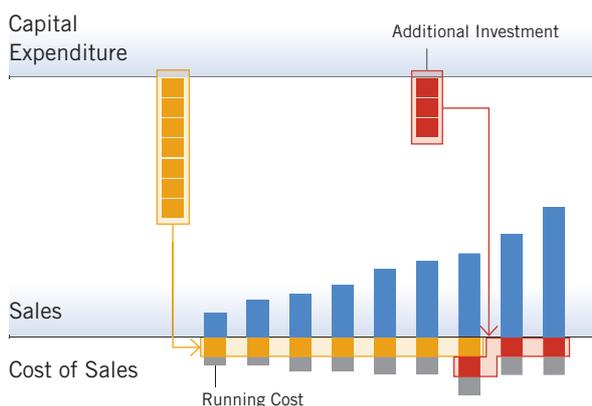
Business Model

- NTT DATA makes capital expenditure in anticipation of multiple clients using our services, holds IT systems, etc., that we 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 integrated cashless payment platforms in Japan. Since it was launched in 1984, the platform has supported credit card payment services in Japan for over 36 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.

P13: Examples of Long-Term Relationships



Relation between Business Models and Products / Service

(Billions of yen)

Business Model	Products / Service	FY2019 Results (Net Sales to Clients Outside the NTT DATA Group)
Integrated IT Solutions (Order-Based)	Integrated IT Solutions	613.0
Integrated IT Solutions (Planned by NTT DATA)	System / Software Development	587.9
	Consulting	272.3
	Maintenance Support	706.6
—	Other Services	87.0

System / Software Development

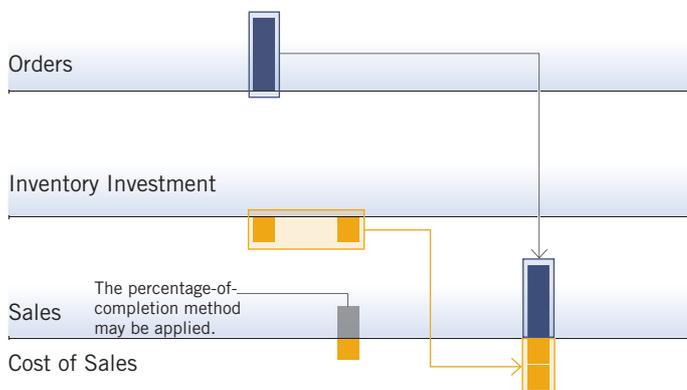
Business Model

- NTT DATA handles the planning, design, and development of a client's information systems, delivering these systems 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



Consulting Maintenance Support

Business Model

- Consulting: The Company defines the concept of IT system by considering client's business together with the client.
- Maintenance support: The Company provides technology support for system development, etc. that does not involve transfer of deliverables to clients, such as AMO, ITO, and BPO services, or services in which we perform maintenance and operation.

AMO: An outsourcing service in which the Company operates and provides maintenance on a client's custom applications

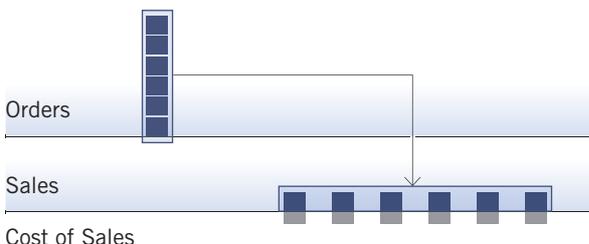
ITO: One-stop maintenance and operation services for client's IT system

BPO: An outsourcing services 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 Segment

Awarded a new large-scale IT service contract with the United States Agency for International Development leveraging government experience and exceptional expertise

We won a new five-year, US\$218 million contract with the United States Agency for International Development (USAID). We will provide infrastructure and application management services across the USAID.

We built a strong relationship with the client by leveraging a deep understanding of the USAID environment, years of government expertise, and proven performance with public-sector clients. We also leveraged our corporate capabilities to infuse innovation and automation to help improve overall efficiencies of USAID's operations.



Results by Product and Service per Segment (Net Sales to Clients Outside the NTT DATA Group)

(Billions of yen)

	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM
Integrated IT Solutions	72.6	280.7	97.1	116.9	45.4
System / Software Development	152.5	83.0	124.3	112.3	84.6
Consulting	7.5	13.9	22.0	40.4	182.3
Maintenance Support	171.8	122.0	138.5	149.7	112.6
Other Services	9.4	5.9	46.1	—	24.8

Financial Position and Business Results Analysis

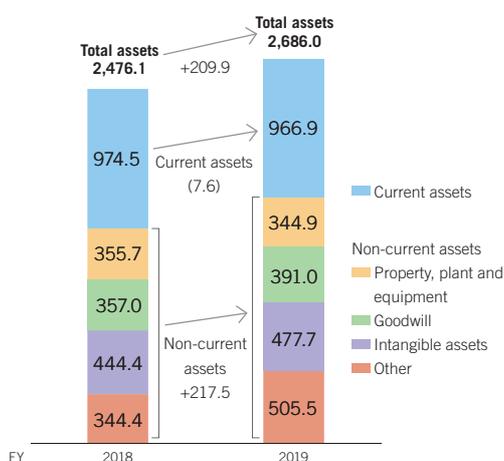
Consolidated Statement of Financial Position

As of March 31, 2020, total assets increased by ¥209.9 billion compared to the previous fiscal year, to ¥2,686.0 billion, primarily due to the recognition of right-of-use assets under IFRS 16 Leases, although the market value of equity decreased.

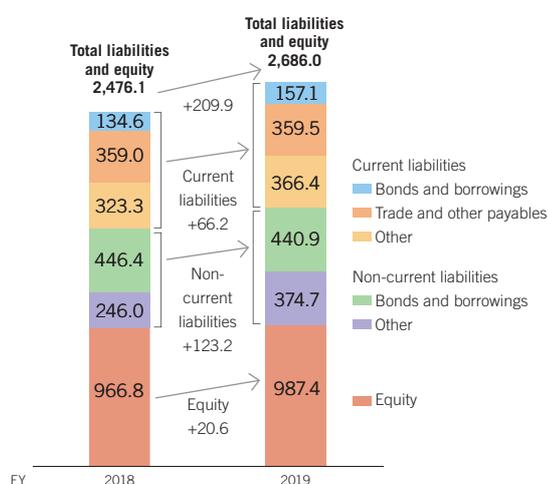
Total liabilities increased by ¥189.3 billion compared to the previous fiscal year, to ¥1,698.6 billion, primarily due to the recognition of lease obligations under IFRS 16 Leases.

Equity increased by ¥20.6 billion compared to the previous fiscal year, to ¥987.4 billion, primarily due to an increase in retained earnings, despite a decrease primarily due to the effects of foreign exchange.

(Billions of yen)



(Billions of yen)



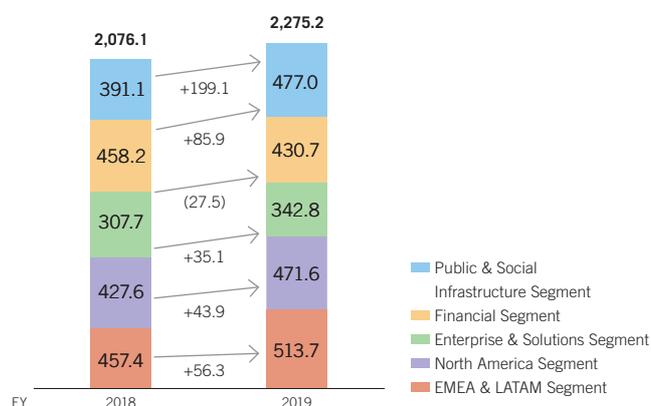
(Consolidated) New Orders Received / Order Backlog

New orders received for FY2019 increased by ¥199.1 billion compared to the previous fiscal year, to ¥2,275.2 billion.

The Public & Social Infrastructure Segment that acquired multiple projects, including large-scale projects from government ministries, concluded with significantly positive results. While the Financial Segment saw less orders compared to the previous fiscal year such as for large-scale projects for banks, it managed to greatly decelerate decline as it won renewal and other orders from cooperative financial institutions. The Enterprise & Solutions Segment continued to steadily expand orders, mainly from the manufacturing industry. The North America Segment received large-scale projects and continued to remain strong. The EMEA & LATAM Segment won a large-scale contract in Spain, leading to a significant growth.

New Orders Received

(Billions of yen)



Order Backlog and Recognition Period of Net Sales (Forecast)

As of March 31, 2020, the order backlog increased by ¥179.2 billion, to ¥2,636.3 billion, primarily due to an increase in orders in each segment.

As the scale of our business expanded, the order backlog tended to steadily increase. We have secured the size in excess of a year's net sales.

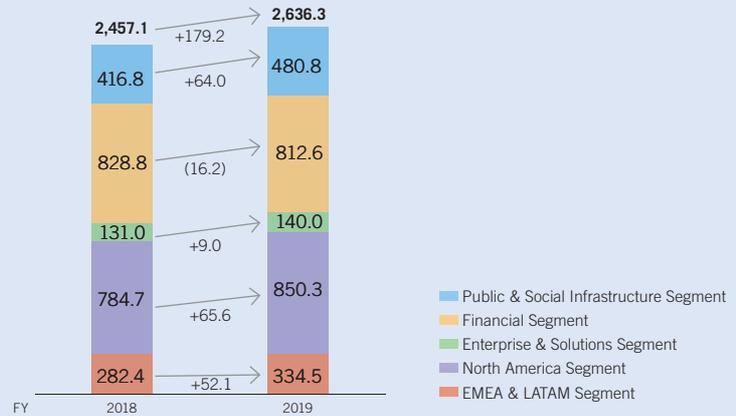
The size of the order backlog grew in the order of the North America Segment, the Financial Segment, and the Public & Social Infrastructure Segment, reflecting the tendency to receive many large-scale and long-term projects.

As for the forecasted timing of the recognition of the order backlog as of March 31, 2020, as net sales, a little less than half is expected to be recognized within a year.

We then plan to sequentially recognize net sales in FY2021, FY2022, and FY2023 onward. As the fiscal year advances, the ratio of composition of net sales by segment will increase in the order of the Financial Segment, the North America Segment, followed by the Public & Social Infrastructure Segment, also reflecting the tendency in which each segment has many large-scale and long-term projects.

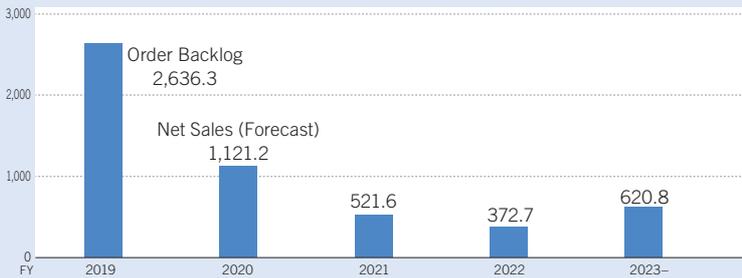
Order Backlog

(Billions of yen)



Recognition Period of Net Sales from Order Backlog (Forecast)

(Billions of yen)



Consolidated Statement of Income

Net sales increased by ¥103.2 billion compared to the previous fiscal year due to the expansion in the scale of robust domestic business and overseas business.

Operating income decreased by ¥16.8 billion and the operating income margin also decreased by 1.0 point due to the review of overseas projects with lower profitability, besides investments in growth and the structural transformation as planned at the beginning of the fiscal year.

Financial income and costs / share of profit / loss of entities accounted for using equity method decreased by ¥10.0 billion primarily due to an increase of financial expenses from the reviewing of overseas projects with lower profitability.

Income taxes and others decreased by ¥8.3 billion as impacted mainly by a decrease in income before income taxes of overseas subsidiaries and the utilization of deficit carried forward in the U.S. subsidiary.

(Billions of yen)

	FY2018	FY2019	YoY
Net sales	2,163.6	2,266.8	+103.2
Cost of sales	1,618.6	1,694.6	+75.9
Gross profit	545.0	572.2	+27.2
SG&A expenses	397.3	441.3	+44.0
Selling expenses	146.7	153.5	+6.8
R&D expenses	15.1	21.8	+6.7
Other administrative expenses	235.5	266.0	+30.5
Operating income	147.7	130.9	(16.8)
Operating income margin (%)	6.8	5.8	(1.0)P
Financial income and costs / Share of profit / Loss of entities accounted for using equity method	(0.8)	(10.8)	(10.0)
Income before income taxes	146.9	120.2	(26.8)
Income taxes and others*	53.3	45.0	(8.3)
Net income attributable to shareholders of NTT DATA	93.6	75.1	(18.5)

* "Income taxes and others" includes corporate income taxes and net income attributable to non-controlling interests.

Impact of Loss from Unprofitable Projects

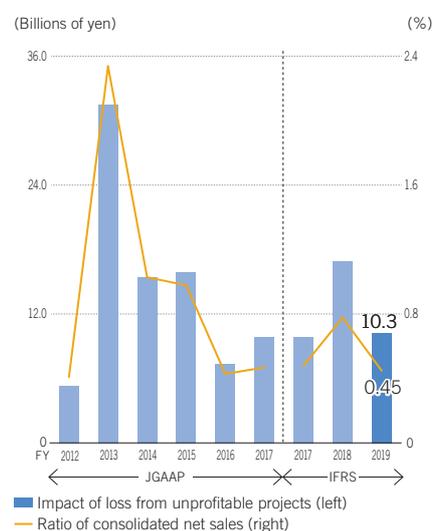
In October 2013, NTT DATA established the Project Review Committee. Since then, we have worked on the curtailment of unprofitable projects. While we have to make a challenge to acquire new projects, we consider that we are in control of risks in terms of management if the impact of loss from unprofitable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

In FY2019, the Financial Segment and the Public & Social Infrastructure Segment each had a project that recognized a large amount of loss from unprofitable projects, resulting in a loss impact of ¥10.3 billion.

We will work on the following four initiatives to prevent new unprofitable projects from arising: enhanced early response to risk, further enhancement of field capabilities, enhanced management processes, and further accumulation and utilization of knowledge.

P33: Enhancement of Efforts to Curtail Unprofitable Projects

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



Net Sales and Operating Income by Segment

In FY2019, net sales in the Public & Social Infrastructure Segment increased primarily due to the expanded scale of services for government ministries and telecom and utility industries. Net sales in the Financial Segment increased primarily due to the expanded scale of services for financial institutions. Net sales in the Enterprise & Solutions Segment also increased primarily due to the expanded scale of services for the manufacturing industry and payment industry including M&A. The North America Segment saw an increase primarily due to the expanded scale from M&A, despite a decrease due to foreign exchange losses. The EMEA & LATAM Segment also recorded an increase primarily due to the expanded scale mainly in Spain and Italy, regardless of a decrease due to foreign exchange losses.

Operating income in the Public & Social Infrastructure Segment increased primarily due to an increase attributable to sales growth and a decrease in the amount of loss from an unprofitable project. The Financial Segment saw a decrease primarily due to an unprofitable project, despite an increase attributable to sales growth. The Enterprise & Solutions Segment recorded an increase primarily due to sales growth. The North America Segment remained at the same level as the previous fiscal year due to decreased PMI expenses and the expanded scale through M&A, although it saw an increase primarily in costs of business expansion and purchase price allocation (PPA) amortization. The EMEA & LATAM Segment recorded a decrease primarily due to increased expenses on structural transformation, including the reviewing of projects with lower profitability, and the reviewing of some projects in Brazil, despite an increase attributable to sales growth.

(Billions of yen)

		FY2018	FY2019	YoY
Net sales		2,163.6	2,266.8	+103.2
	Public & Social Infrastructure Segment	479.9	500.2	+20.2
	Financial Segment	559.1	580.4	+21.2
	Enterprise & Solutions Segment	529.8	588.6	+58.8
	North America Segment	421.9	426.0	+4.1
	EMEA & LATAM Segment	440.1	455.4	+15.3
Operating income		147.7	130.9	(16.8)
	(Operating income margin)	6.8%	5.8%	(1.0)P
	Public & Social Infrastructure Segment	43.9	52.8	+8.9
	(Operating income margin)	9.1%	10.6%	+1.4P
	Financial Segment	52.9	50.4	(2.6)
	(Operating income margin)	9.5%	8.7%	(0.8)P
	Enterprise & Solutions Segment	48.5	53.5	+5.0
	(Operating income margin)	9.2%	9.1%	(0.1)P
	North America Segment	3.5	3.2	(0.2)
	(Operating income margin)	0.8%	0.8%	(0.1)P
	EBITA	13.3	15.2	+1.9
	(EBITA margin)	3.1%	3.6%	+0.5P
	EMEA & LATAM Segment	7.9	(14.4)	(22.3)
	(Operating income margin)	1.8%	(3.2%)	(5.0)P
EBITA	14.9	(8.6)	(23.5)	
(EBITA margin)	3.4%	(1.9%)	(5.3)P	

Consolidated Statement of Cash Flows

Cash flows from operating activities in FY2019 were positive at ¥280.0 billion (up ¥38.0 billion from the previous fiscal year) as we recognized net income of ¥79.8 billion and depreciation and amortization, which is an item of noncash expense, of ¥199.2 billion, while we paid corporate tax of ¥59.2 billion. Cash flows from investing activities was negative at ¥257.2 billion (up ¥70.4 billion from the previous fiscal year) due to payment for acquisition of property, plant and equipment, intangible assets, and subsidiaries.

Free cash flow for the fiscal year was positive at ¥22.8 billion (down ¥32.3 billion from the previous fiscal year).

Cash flows from financing activities was negative at ¥66.1 billion (down ¥71.5 billion from the previous fiscal year) primarily due to repayments of lease obligations and dividend payments.

As of March 31, 2020, cash and cash equivalents decreased by ¥46.0 billion compared to the previous fiscal year, to ¥205.4 billion.

(Billions of yen)

		FY2018	FY2019	YoY
Free cash flow	Cash flows from operating activities	242.0	280.0	+38.0
	Cash flows from investing activities	(186.9)	(257.2)	(70.4)
		55.1	22.8	(32.3)
Cash flows from financing activities		5.5	(66.1)	(71.5)
Cash flow at end of the year		251.3	205.4	(46.0)

Financial / Non-Financial Values (Historical Changes)

NTT DATA Corporation and Subsidiaries

		Units	FY2009	FY2010	FY2011	FY2012
Financial	Fiscal year					
	New orders received	Billions of yen	1,181.5	988.4	1,098.4	1,197.1
	Net sales	Billions of yen	1,142.9	1,161.9	1,251.1	1,301.9
	Cost of sales	Billions of yen	870.5	882.3	941.8	980.5
	Cost of sales ratio	%	76.2	76.0	75.3	75.3
	Selling, general and administrative expenses	Billions of yen	190.6	201.3	228.8	235.7
	SG&A ratio	%	16.7	17.3	18.3	18.1
	Operating income	Billions of yen	81.6	78.3	80.4	85.6
	Operating income margin	%	7.1	6.7	6.4	6.6
	Operating income (w/o goodwill amortization)* ¹	Billions of yen	85.9	82.2	87.5	96.4
	Net income attributable to shareholders of NTT DATA* ²	Billions of yen	35.6	37.3	30.4	43.5
	Overseas net sales* ³	Billions of yen				231.3
	Overseas EBITA margin* ^{3,4}	%				4.7
	Loss from unprofitable projects	Billions of yen				5.3
	Loss from unprofitable projects to consolidated net sales ratio	%				0.41
	Capital expenditure	Billions of yen	162.5	139.0	133.9	122.1
	Depreciation and amortization / Loss on disposal of property and equipment and intangibles	Billions of yen	161.9	158.5	159.7	153.8
	R&D expenses	Billions of yen	11.3	10.7	13.5	12.1
	Free cash flow	Billions of yen	83.6	(56.4)	30.4	46.2
	EBITDA* ⁵	Billions of yen	251.1	242.6	248.5	250.3
	At year-end					
	Order backlog	Billions of yen	1,166.1	1,156.5	1,131.9	1,140.2
	Total assets	Billions of yen	1,279.2	1,468.6	1,474.8	1,524.3
	Interest-bearing debt* ⁶	Billions of yen	289.1	414.4	380.2	378.3
	Total equity	Billions of yen	584.5	601.6	605.7	651.3
	Equity ratio	%	45.7	41.0	41.1	42.7
	Invested capital	Billions of yen	752.1	846.1	858.8	885.6
	D/E ratio	Times	0.49	0.69	0.63	0.58
	Other information					
	Return on invested capital (ROIC)* ^{6,7}	%	5.3	4.8	4.6	5.1
	Return on assets (ROA)* ⁸	%	2.8	2.7	2.1	2.9
	Return on equity (ROE)* ⁹	%	6.2	6.3	5.0	6.9
Net income per share* ¹⁰	Yen	25.4	26.6	21.7	31.0	
Net assets per share* ¹⁰	Yen	416.8	428.9	431.9	464.4	
Net dividend per share* ¹⁰	Yen	12	12	12	12	
Consolidated cash flow payout ratio* ¹¹	%	39.5	26.9	26.1	19.6	
5-year average consolidated cash flow dividend payout ratio* ^{11,12}	%	28.8	34.1	35.9	28.4	
Total shareholder return (TSR) (holding period of 5 years)	%					
Non-Financial	Client base* ¹³	Companies				
	Number of countries and regions	Countries / Regions	25	34	35	34
	Number of cities	Cities	78	145	136	136
	Number of employees	Employees	34,543	49,991	58,668	61,369
	Number of overseas employees	Employees	5,622	20,855	26,007	28,820
	Workhours* ¹⁴	Hours	2,003	1,991	1,991	1,996
	Percentage of employees who return to work after childcare leave* ¹⁴	%	97.8	93.8	95.5	92.5
	Purchased power* ¹⁵	10,000 kWh	59,717	56,618	52,213	48,878
	Water consumption* ¹⁵ <input checked="" type="checkbox"/> * ¹⁷	10,000 m ³	63	59	57	59
	Paper usage* ¹⁵	t	1,485	1,181	1,019	932
Greenhouse gas (GHG) emissions* ^{15,16} <input checked="" type="checkbox"/> * ¹⁷	10 Kt-CO ₂ e	26.0	22.3	21.5	23.9	

*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

JGAAP					IFRS		
FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018	FY2019
1,400.2	1,429.1	1,662.6	1,781.5	2,021.1	1,950.0	2,076.1	2,275.2
1,343.7	1,511.8	1,614.8	1,732.4	2,117.1	2,039.7	2,163.6	2,266.8
1,031.2	1,147.3	1,216.7	1,293.6	1,592.7	1,535.5	1,618.6	1,694.6
76.7	75.8	75.4	74.7	75.2	75.3	74.8	74.8
249.9	280.4	297.2	321.7	400.8	381.0	397.3	441.3
18.6	18.6	18.4	18.6	18.9	18.7	18.4	19.5
62.5	84.0	100.8	117.1	123.5	123.1	147.7	130.9
4.7	5.6	6.2	6.8	5.8	6.0	6.8	5.8
75.2	98.5	112.9	134.3	150.4	—	—	—
23.2	32.1	63.3	65.6	58.1	82.4	93.6	75.1
298.7	449.0	504.4	586.3	911.1	831.3	881.1	906.7
3.2	5.2	5.3	4.8	4.8	2.3	3.2	0.7
31.5	15.5	15.9	7.4	9.9	9.9	16.9	10.3
2.34	1.03	0.98	0.43	0.47	0.49	0.78	0.45
147.7	140.9	134.0	158.1	198.6	194.8	179.2	193.8
143.6	158.5	155.2	160.0	163.2	161.1	160.7	163.8
12.8	12.9	12.4	12.3	14.5	14.6	15.1	21.8
44.8	26.7	44.0	(189.8)	24.2	30.7	55.1	22.8
220.2	257.3	272.1	297.1	313.7	284.2	308.4	295.7
1,341.4	1,355.8	1,544.5	2,411.3	2,371.5	2,369.2	2,457.1	2,636.3
1,689.9	1,822.8	1,860.3	2,238.9	2,234.2	2,270.2	2,476.1	2,686.0
412.9	446.9	407.0	650.8	592.0	586.3	605.0	598.0
676.8	773.4	740.9	802.1	833.8	826.2	925.7	939.7
40.1	42.4	39.8	35.8	37.3	36.4	37.4	35.0
915.5	1,002.3	947.1	1,224.5	1,270.8	1,256.7	1,320.5	1,380.0
0.61	0.58	0.55	0.81	0.71	0.71	0.65	0.64
3.6	4.6	5.5	6.1	5.8	5.9	6.8	5.8
1.4	1.8	3.4	3.2	2.6	3.7	3.9	2.9
3.5	4.4	8.4	8.5	7.1	10.3	10.7	8.1
16.6	22.9	45.2	46.8	41.5	58.8	66.8	53.6
482.6	551.5	528.3	571.9	594.6	589.1	660.0	670.0
12	12	14	15	15	15	17	18
50.6	26.1	19.5	24.0	42.3	43.2	31.7	56.0
29.1	27.0	24.9	24.5	28.4	28.5	27.2	31.0
	100	109	104	112	112	123	107
		50	62	65	65	70	74
41	41	45	51	53	53	53	53
175	176	185	210	214	214	223	225
75,020	76,642	80,526	111,664	118,006	118,006	123,884	133,196
42,241	43,781	47,541	77,123	81,362	81,362	86,154	94,424
1,966	1,966	1,941	1,910	1,901	1,901	1,889	1,876
97.6	98.1	98.3	98.0	97.0	97.0	100.0	98.8
48,342	49,169	47,661	49,437	48,063	48,063	47,678	46,726
50	61	34	55	58	58	62	49
936	905	920	845	765	765	689	584
25.9	26.1	24.1	25.1	23.6	23.6	23.2	21.4

*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, a 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 FY2016 and earlier.

*13 Clients from which NTT DATA earns ¥5 billion or more per year (in Japan) or US\$50 million per year (ex-Japan)

*14 Figures for NTT DATA (unconsolidated)

*15 Total of NTT DATA (unconsolidated) and Group companies (only in Japan / 71 companies in FY19, 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).

*16 Total of direct gas emissions by use of fuels (Scope 1) and indirect gas emissions by use of purchased electricity / heat (Scope 2) is converted to CO₂. The unit is CO₂e (CO₂ equivalent).

*17 Numbers guaranteed by a third party. For details, please see P61 "Independent Practitioner's Assurance."

Comparison of Financial Statements of Two Years

Consolidated Statement of Financial Position

(Millions of yen)

	FY2018	FY2019
Assets		
Current assets		
Cash and cash equivalents	251,309	205,356
Trade and other receivables	549,126	572,175
Contract assets	81,929	74,828
Inventories	15,294	13,727
Other financial assets	9,440	13,296
Other current assets	67,369	87,509
Total current assets	974,467	966,890
Non-current assets		
Property, plant and equipment	355,717	344,922
Right-of-use assets	—	160,005
Goodwill	357,014	391,017
Intangible assets	444,444	477,716
Investment property	27,331	27,113
Investments accounted for using equity method	6,573	8,366
Other financial assets	168,803	142,211
Deferred tax assets	98,220	110,946
Other non-current assets	43,493	56,823
Total non-current assets	1,501,595	1,719,118
Total assets	2,476,062	2,686,008
Liabilities		
Current liabilities		
Trade and other payables	359,013	359,508
Contract liabilities	218,774	256,740
Bonds and borrowings	134,586	157,094
Lease liabilities	—	39,143
Other financial liabilities	28,717	4,604
Income taxes payable	30,437	32,002
Provisions	12,434	4,273
Other current liabilities	32,898	29,674
Total current liabilities	816,859	883,038
Non-current liabilities		
Bonds and borrowings	446,437	440,861
Lease liabilities	—	122,219
Other financial liabilities	21,908	12,155
Defined benefit liabilities	202,491	207,854
Provisions	3,562	4,131
Deferred tax liabilities	5,532	18,868
Other non-current liabilities	12,463	9,466
Total non-current liabilities	692,394	815,555
Total liabilities	1,509,253	1,698,593
Equity		
Equity attributable to shareholders of NTT DATA		
Capital stock	142,520	142,520
Capital surplus	115,740	111,596
Retained earnings	603,171	659,563
Treasury shares	(1)	(1)
Other components of equity	64,236	26,005
Total equity attributable to shareholders of NTT DATA	925,667	939,683
Non-controlling interests	41,143	47,732
Total equity	966,809	987,415
Total liabilities and equity	2,476,062	2,686,008

Consolidated Statement of Income

(Millions of yen)

	FY2018	FY2019
Net sales	2,163,625	2,266,808
Cost of sales	1,618,636	1,694,577
Gross profit	544,988	572,231
Selling, general and administrative expenses	397,272	441,294
Operating income	147,716	130,937
Financial income	6,848	6,026
Financial costs	7,825	17,117
Share of profit / loss of entities accounted for using equity method	175	308
Income before income taxes	146,914	120,155
Income taxes	49,210	40,383
Net income	97,704	79,772
Net income attributable to:		
Shareholders of NTT DATA	93,616	75,148
Non-controlling interests	4,088	4,624
Total	97,704	79,772
Net income per share attributable to shareholders of NTT DATA:		
Net income per share (Yen)	66.75	53.58

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2018	FY2019
Net income	97,704	79,772
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	11,756	(8,328)
Remeasurements of defined benefit plans	(1,271)	1,076
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	(731)	(142)
Hedges cost	100	18
Foreign currency translation adjustment	11,273	(23,723)
Share of other comprehensive income of entities accounted for using equity method	(213)	(122)
Total other comprehensive income (after taxes)	20,913	(31,222)
Comprehensive income	118,617	48,550
Comprehensive income attributable to:		
Shareholders of NTT DATA	114,859	44,140
Non-controlling interests	3,758	4,411
Total	118,617	48,550

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					Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
FY2018								
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
FY2019								
As of April 1, 2019	142,520	115,740	603,171	(1)	64,236	925,667	41,143	966,809
Comprehensive income								
Net income	—	—	75,148	—	—	75,148	4,624	79,772
Other comprehensive income	—	—	—	—	(31,008)	(31,008)	(213)	(31,222)
Comprehensive income	—	—	75,148	—	(31,008)	44,140	4,411	48,550
Transactions with shareholders								
Dividends of surplus	—	—	(24,544)	—	—	(24,544)	(1,415)	(25,959)
Transfer to retained earnings	—	—	7,223	—	(7,223)	—	—	—
Increase / decrease by business combination	—	—	—	—	—	—	6,017	6,017
Net changes in controlled subsidiaries' stocks	—	(156)	—	—	—	(156)	(1,754)	(1,909)
Put options granted to non-controlling interests	—	(4,497)	—	—	—	(4,497)	—	(4,497)
Other	—	508	(1,435)	—	—	(927)	(670)	(1,597)
Total transaction with shareholders	—	(4,144)	(18,756)	—	(7,223)	(30,123)	2,178	(27,945)
As of March 31, 2020	142,520	111,596	659,563	(1)	26,005	939,683	47,732	987,415

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2018	FY2019
Cash Flows from Operating Activities		
Net income	97,704	79,772
Depreciation and amortization	158,038	199,182
Interest and dividends received	(4,546)	(4,859)
Interest paid	4,756	7,733
Share of (profit) / loss of entities accounted for using equity method	(175)	(308)
Income tax expenses	49,210	40,383
(Increase) / decrease in trade and other receivables	(42,177)	(22,481)
(Increase) / decrease in contract assets	(1,113)	6,304
(Increase) / decrease in inventories	6,257	1,563
Increase / (decrease) in trade and other payables	25,380	4,469
Increase / (decrease) in contract liabilities	7,385	31,590
Increase / (decrease) in allowance for contract losses	4,205	(6,490)
Other	(8,505)	5,378
Sub total	296,420	342,235
Interest and dividends received	4,992	4,051
Interest paid	(4,193)	(7,057)
Income taxes paid	(55,209)	(59,200)
Net cash provided by (used in) operating activities	242,009	280,029
Cash Flows from Investing Activities		
Payments for acquisition of property, plant, equipment, and intangible fixed assets	(179,986)	(191,294)
Payments from acquisition of other financial assets	(20,122)	(20,849)
Proceeds from sales and redemption of other financial assets (() shows redemption)	23,130	21,052
Payments for investments in subsidiaries	(9,257)	(65,965)
Other	(645)	(184)
Net cash provided by (used in) investing activities	(186,879)	(257,240)
Cash Flows from Financing Activities		
Net increase / (decrease) in commercial papers	4,000	(24,000)
Net increase / (decrease) in short-term borrowings	27,674	(500)
Proceeds from issuance of bonds and long-term borrowings	40,058	83,466
Redemption of bonds and repayments of long-term borrowings	(50,967)	(61,686)
Repayments of lease liabilities	—	(35,702)
Purchase of equity interests of subsidiaries from non-controlling interests	(1,312)	(2,432)
Proceeds from sale-and-leaseback	11,799	—
Cash dividends paid	(22,438)	(24,549)
Cash dividends paid to non-controlling interests	(751)	(1,178)
Other	(2,612)	501
Net cash provided by (used in) financing activities	5,451	(66,081)
Net increase / (decrease) in cash and cash equivalents	60,581	(43,292)
Cash and cash equivalents at beginning of period	190,070	251,309
Effect of exchange rate changes on cash and cash equivalents (() shows decrease)	658	(2,661)
Cash and cash equivalents at end of period	251,309	205,356

Company Information

(As of March 31, 2020)

Company Name

NTT DATA Corporation

Date of Establishment

May 23, 1988

Ordinary General Meeting of Shareholders

June

Head Office

Toyosu Center Bldg., 3-3, Toyosu 3-chome,
Koto-ku, Tokyo 135-6033, Japan
Telephone: +81-3-5546-8202

Common Stock

¥142,520 million

Stock Market

Tokyo Stock Exchange 1st Section
Stock Code: 9613

Number of Employees

Consolidated: 133,196
Non-consolidated: 11,515

Administrator of Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited

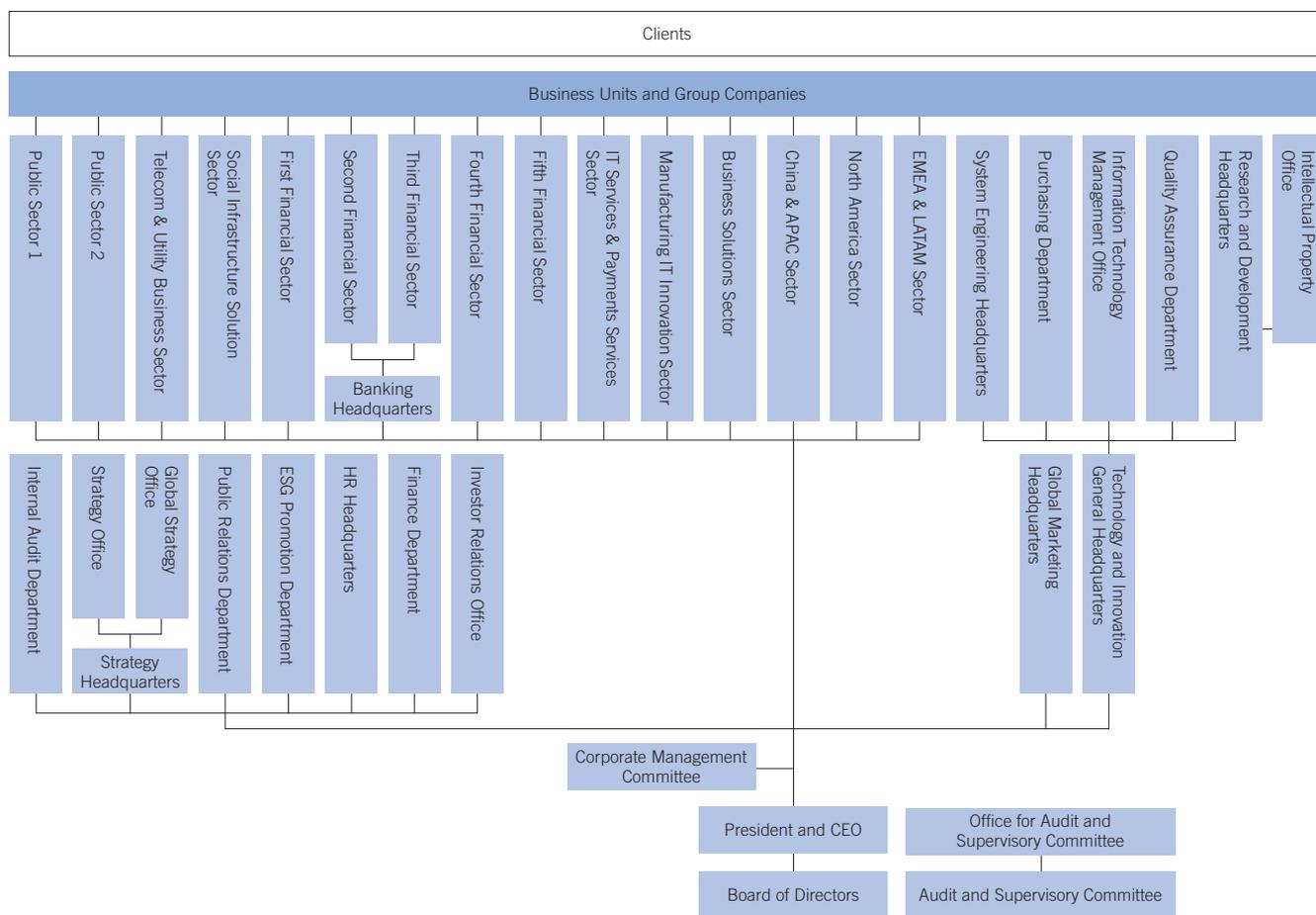
Fiscal Year

April 1 to March 31 of the following year

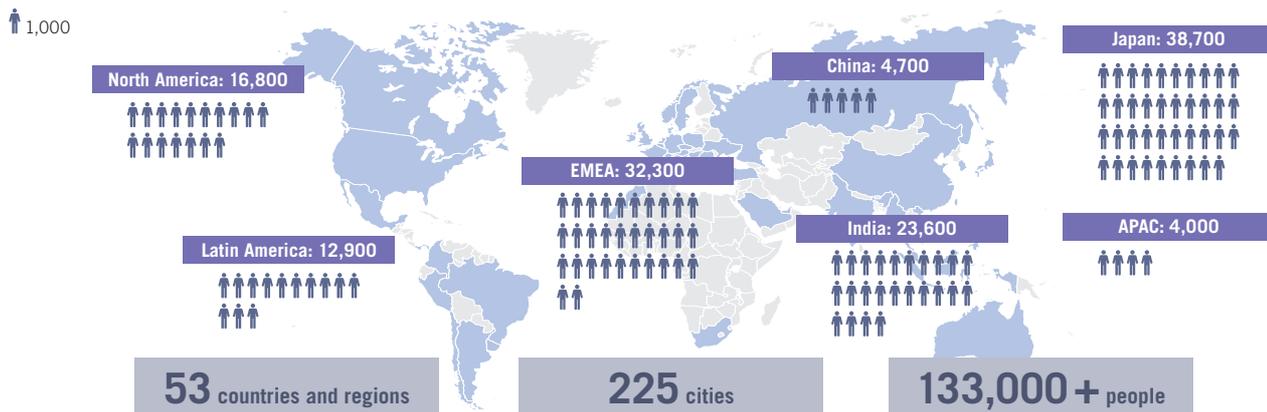
Independent Auditors

KPMG AZSA LLC

Organizational Structure (As of July 1, 2020)



Offices (As of March 31, 2020)



Stock / Credit Rating Information

(As of March 31, 2020)

Number of Shares Issued and Number of Shareholders

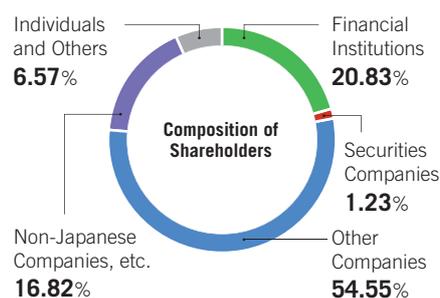
Total Number of Shares Authorized to be Issued by the Company	5,610,000,000 shares
Total Number of Shares Issued	1,402,500,000 shares
Number of Share Units	100 shares
Number of Shareholders	78,353 people

Principal Shareholders

Name	Number of Shares Held	Ratio of Shareholding (%)*
NTT, Inc.	760,000,000	54.19
Master Trust Bank of Japan, Ltd. (Trust Account)	134,699,900	9.60
Japan Trustee Services Bank, Ltd. (Trust Account)	69,816,600	4.98
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	21,075,600	1.50
NTT DATA Employee Share-Holding Association	14,095,900	1.01
Trust & Custody Services Bank, Ltd (Investment Trust Account)	13,470,700	0.96
Japan Trustee Services Bank, Ltd. (Trust Account 9)	12,732,300	0.91
GOLDMAN, SACHS & CO. REG	11,157,325	0.80
JP MORGAN CHASE BANK 385151	11,049,038	0.79
Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,640,600	0.76

* Ratio of shareholding is calculated excluding the treasury stock (953)

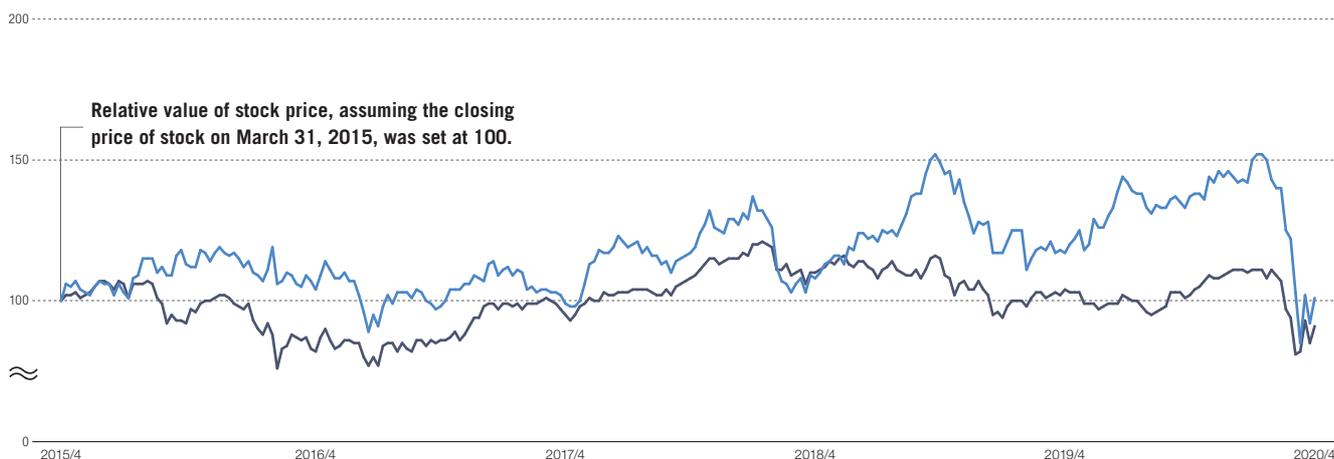
Composition of Shareholders (Percentage of Shares Held)



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



— NTT DATA's stock price (Closing) — TOPIX

Note: A 5-for-1 split was conducted with an effective date of July 1, 2017. Figures up to and including FY 2016 have been retroactively adjusted, as if this stock split had been conducted earlier.

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

NTT DATA Corporation

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URL: <https://www.nttdata.com/>

