Information regarding Sustainability, R&D, and corporate governance, along with detailed financial data of the NTT DATA Group, is available at the following websites:

- Sustainability

- NTT DATA Technology Foresight

- Investor Relations

- Corporate Governance

- Annual Report and some other financial information
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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 based on assumptions and factors that are subject to change. Any forward-looking statements in this annual report are made as of the date of this report and are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, fluctuation in the information service industry, client demand, tax laws, 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.

The NTT DATA Group’s Mission

Mission Statement
Portrays NTT DATA’s mission and reason for existence while serving as a foundation for management

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

Pursuing Our Mission in a Changing Business Environment

Group Vision
Indicates where NTT DATA aims to be in 10 years

Values
Expresses what is most important for the realization of our Group Vision

Global IT Innovator

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.

Clients First
Foresight
Teamwork

Criteria that Guides Our Daily Actions with Regard to Ethics, Laws, Regulations, etc.

Global Compliance Policy*  
* For details on our Global Compliance Policy, please visit our website. 

Principles

• Comply with all relevant laws and regulations of the jurisdictions where we do business, including international laws, and act in accordance with good integrity.
• Be aware of our corporate social responsibility, and perform fair and transparent business activities.

For details on “Our Way,” please visit our website. 
Value Creation and History of Self-Transformations

Based on our mission statement of “using information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” the NTT DATA Group continues to execute business activities with the aim of establishing systems that support society and to operate these systems in a stable and ongoing manner.

Having established our Group Vision as a Global IT Innovator in 2005, we have expanded geographical coverage through aggressive M&As to strengthen our global business. At present, we aim to establish our global brand toward the Global 2nd Stage. Through these self-transformations, we have been able to hone our three strengths—Committed to Delivering Excellence, Technology Agnostic, and Applied Innovation—as we pursue our 28th consecutive year of revenue growth since our founding.

Implementation of Our Mission Statement

For the NTT DATA Group, using information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society, is the core of our mission statement. In 2005, we expanded geographical coverage through aggressive M&As to strengthen our global business. At present, we aim to establish our global brand toward the Global 2nd Stage.

Values

Values

Clients First

Foresight

Teamwork

Significance in Practice

Using the best management resources within and outside the Company, our pursuit of developing optimal IT service offerings for clients leads to the securing of stable earnings and long-term technological development.

In addition to achieving innovation through the utilization of human resources having a diverse set of values, we also engage in teamwork to build a world view together, share our wisdom, and resolve every concern to your satisfaction.

Significance in Practice

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 remain the most responsive and reliable of all service providers.

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 adapt to the changing business environment, and in this way, 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 of us. We believe that a diverse group of individuals brings their unique world views together, shares their wisdom, and together builds results that are extraordinary and far beyond what can be achieved by any one person.

Accumulated Strengths

Commitment to Delivering Excellence

We have taken part in a number of large-scale system developments to date, such as national projects. Our track record of long-term, stable service provision has enabled us to build up a solid client base—a hallmark of our reliability.

Technology Agnostic

Being a multi-vendor that is not reliant on specific hardware and software products allows us to maintain our flexibility. At the same time, our pursuit of advanced IT technologies enables us to provide the IT services best suited to our clients.

Applied Innovation

Companies today have an increasing sense of urgency to effectively respond to constant change in their markets amidst growing competitive pressures. With a dedicated focus on applied innovation, NTT DATA offers clients proven technologies, business processes, and tools infused with industry insights. In today’s continually disruptive business environment, NTT DATA invests in global innovation that helps clients quickly harness the disruptors with cutting-edge solutions that drive growth.
With the aim of realizing our mission statement, “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” we have honed our three strengths—Committed to Delivering Excellence, Technology Agnostic, and Applied Innovation—by executing business activities that include the creation and stable, ongoing operation of systems supporting society. While combining sophisticated management resources with strengths in this process, we will continue to provide value to society through the resolution of client issues and the provision of IT services contributing to client value creation.
NTT DATA Value Creation

With the aim of realizing our mission statement, “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” we have been expanding our business operations in parallel with the advancement of the creative economy, technology, science, and applied innovation—by executing business activities that include the creation and stable, ongoing operation of systems supporting society. While combining optimized management resources with strengths in this process, we will continue to provide value to society through the resolution of client issues and the provision of IT services contributing to client value creation.

Mission Statement

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

Values

Clients First

Teambuilding

Agnostic, and Applied Innovation—by executing business activities that include the creation and stable, ongoing operation of systems supporting society, while combining optimized management resources with strengths in this process, we will continue to provide value to society through the resolution of client issues and the provision of IT services contributing to client value creation.

As a Business Partner

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

Strengths

Committed to Delivering Excellence

Technology

Agnostic

Applied Innovation

Hone strengths through our mission statement

Hone strengths through our mission statement based on our mission statement.

Creating sustainable cities and regions

Reducing waste and efficient energy production

Recreating a social foundation for future growth

Social Issues

The World's Highest Precision

“AW3D Global Digital 3D Map”

AW3D global digital 3D map uses satellite images to create the world’s first digital 3D map displaying global topography at a resolution and accuracy of five meters. Information on height has become necessary in developing and other countries for the planning and design of infrastructure improvement and disaster prevention measures, eruption of mining areas, and responses to prevent the spread of infectious diseases in the health sector. The demand for digital 3D maps is increasing in countries in regions across more than 70 countries. Since 2000, we have used the one of global precise digital 3D maps for infrastructure development and other related industries, and continue to develop the technology to ensure accurate facilities.

AW3D global digital 3D map uses satellite images to create the world’s first digital 3D map displaying global topography at a resolution and accuracy of five meters.

Smart Alert Solution: Medical Data Analysis System Using AI

In hospital intensive care units (ICUs), doctors and nurses spend a significant amount of time trying to understand an immense amount of data pertaining to patients. The Smart Alert Solution offers the system that can quickly and accurately analyze data pertaining to patients, thereby enabling them to provide better care.

CAFS: Japan's Largest Comprehensive Credit Card Settlement Service

The Credit and Finance Information System (CAFS) is a comprehensive credit card settlement service that enables credit card companies, financial institutions, and participating parties. In the past, credit card settlements were processed on paper receipts. With the introduction of CAFS, participating parties became able to automatically process all transactions using a single terminal. In other countries, separate terminals for each credit card company. Since the service was launched in 1984, credit card payments have spread rapidly. For more than 100,000,000 cards in Japan, CAFS has continued to respond to rapid developments, providing support as social infrastructure with the introduction of online payments, support for global payments, and credit services.

CAFS is a comprehensive credit card settlement service that enables credit card companies, financial institutions, and participating parties to automatically process all transactions using a single terminal.

Business Model Functional Demonstration Exmaples

AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.

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In the past, credit card settlements were processed on paper receipts. With the introduction of CAFS, participating parties became able to automatically process all transactions using a single terminal.
NTT DATA Positioning and Strengths

Examples of Leveraging Long-Term Relationships

Plan-Based Services Provision Model
Anticipating the use of services by multiple clients, we create projects and systems that are provided as services (S  F12 Financial Models of Principal Businesses). This is also a model with high investment risk in general, as it requires the financial capability to conduct capital investment.

Through long-term transactions with participating retailers, credit card companies, and financial institutions, NTT DATA becomes familiar with client services and the business environment surrounding clients. Being able to anticipate needs lowers investment risks and enables us to create new business models that continue to provide services meeting client needs.

Example of Plan-Based Services Provision Model: CAFIS—Long-Term Relationships Lower Investment Risks

Mutual Enhancement of the Company’s Strengths and Long-Term Relationships

To practice initiatives based on our mission statement, we value long-term relationships to earn client trust over the long term with the aim of sustainably expanding earnings.

Reasons Why Long-Term Relationships Are Important

**Client Satisfaction**
Since we do not belong to a specific corporate group that handles hardware and software, there are few restrictions, which enables us to build optimal systems for clients. We are able to quickly incorporate the latest trends.

**Stability**
Long-term relationships with clients lead to stable earnings over the long term, enabling investment from a long-term perspective.

**Added Value**
We are able to make unique, added-value proposals enabling the precise ascertainment of needs due to the accumulation of knowledge regarding client operations through the creation of long-term relationships.

**Horizontal Deployment**
The horizontal deployment of operational knowledge accumulated through long-term transactions with specific clients enables us to efficiently develop other clients, other industries, and global markets.

Examples of Leveraging Long-Term Relationships

**Plan-Based Services Provision Model**

**CAFIS—Long-Term Relationships Lower Investment Risks**

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Our Current State and Vision for the Future

**ANNUAL REPORT 2017**

### Current State (FY2016)

- **NTT DATA Group**
  - Net Sales: ¥1,732.4 billion
  - Operating Income (w/o Goodwill Amortization): ¥134.3 billion
  - Operating Income: ¥117.1 billion
  - Total Assets: ¥2,234.8 billion
  - Employees: 111,664 people
  - Consolidated Subsidiaries: 302 companies

- **Business Infrastructure**
  - More than 30,000 near-shore development personnel

- **Human Resources and Organizational Capabilities**
  - Approximately 70% of employees
  - More than 10,000 SAP consultants

- **NTT DATA’s Management Resources**
  - NTT DATA Group ranked 9th in Global IT service ranking
  - CMMI certification

- **Financial Base**
  - Net Sales: ¥455.4 billion
  - Operating Income: ¥44.1 billion
  - Net Sales by Segment:
    - Public & Social Infrastructure Segment: 22.2%
    - Business Infrastructure Segment: 29.4%
    - Other: 20.7%

- **Enterprise & Solutions Segment**
  - Net Sales: ¥425.6 billion
  - Operating Income: ¥36.3 billion
  - Net Sales by Segment:
    - Financial Segment: 25.2%
    - Operating Income by Segment:
      - Operating Income by Financial Segment: 31.7%
      - Operating Income by Enterprise & Solutions Segment: 26.1%

- **Client Base**
  - Number of clients with annual sales of ¥30 billion or more (outside Japan): 62

### Vision (FY2018)

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

- **FY2018 Financial Objectives**
  - Net Sales: ¥2 trillion
  - Operating Income: +50% (Compared to FY2015 after adjustment for incremental investments in new fields)

- **Medium-Term Management Plan**
  - Maintain and enhance management resources to promote growth strategies

### Reasons why these management resources are important

- Increase global accounts (multinational companies as clients)
- Create long-term relationships with local accounts
- Increase the number of multinational companies as clients to improve local presence and aim to create strong relationships of trust over the long term with customers in each local base
- Improve competitiveness through development knowledge sharing on a global level
- Create new businesses using cutting-edge technologies
- Acquire a competitive edge through the accumulation and distribution of development knowledge throughout the world to improve productivity and create new systems and businesses with clients using cutting-edge technologies
- Establish a global brand
- Rank in the top 10 in major countries and regions
- Be recognized as a business partner to client companies

### Current State (FY2018)

- **Human Resources and Organizational Capabilities**
  - Employees working overseas: More than 110,000
  - Worldwide offshore and near-shore development personnel: More than 30,000

- **Financial Base**
  - Japanese Credit Rating Agency, Ltd. (JCR): AA+
  - Rating and Investment Information, Inc. (R&I): AA

- **Partners**
  - Global Services Partnership concluded with SAP SE
  - SAP Group ranked 1st in the OpenStack Superuser Award from the OpenStack Foundation
  - IDC MarketScape for Worldwide Omni-Channel Engagement IT Implementation Services 2017 Leader
  - IDC MarketScape: Worldwide Cloud Professional Services 2016 Vendor Assessment Leader

- **Technology**
  - Leading the big data era as a Hadoop developer company

- **Vision**
  - Create long-term relationships with local accounts
  - Increase the number of multinational companies as clients to improve local presence and aim to create strong relationships of trust over the long term with customers in each local base
  - Improve competitiveness through development knowledge sharing on a global level
  - Create new businesses using cutting-edge technologies
  - Acquire a competitive edge through the accumulation and distribution of development knowledge throughout the world to improve productivity and create new systems and businesses with clients using cutting-edge technologies
  - Establish a global brand
  - Rank in the top 10 in major countries and regions
  - Be recognized as a business partner to client companies

- **Client Base**
  - Number of clients with annual sales of ¥30 billion or more (outside Japan): 62
Full Outsourcing

In this model, after receiving an order from a client, the company makes capital expenditures (held as an asset) and covers all needs throughout the client system’s lifecycle, from requirement definitions to maintenance and management, and generates sales over multiple years.

This model primarily targets Japanese central government offices and financial institutions.

Key Characteristics
- An order amount corresponding to several years of expected sales is recorded at once.
- This model accounts for a major percentage of the company’s capital expenditures.
- Upfront investments are necessary, but the model ensures stable earnings.

System Development (System Integration)

Under this 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, we handle the operation and maintenance of the client systems.

Key Characteristics
- Orders are recorded upon receipt
- "System Integration": Sales and cost of sales are booked when delivered to clients. Projects that meet certain criteria employing the percentage of completion method, with sales and cost of sales recorded according to development status.

Plan-Based Services

In this model, the company makes capital expenditures, which it holds as assets, providing services in the expectation of offering them to multiple clients. The company records services fees as sales when clients use the services.

This model is mainly used for Japanese financial institutions.

Key Characteristics
- This model requires upfront investment. Although cost of sales does not vary greatly after service provision begins, sales fluctuate depending on client usage.
- Our future-based model enables the use of our ANSER and CAFIS services in collaboration with regional banks, and various types of package software are available.
- CAFIS, CAFIS is a registered trademark of NTT DATA Corporation, and is used with its service only in JAPAN.
- ANSER, ANSER is a registered trademark of NTT DATA Corporation in JAPAN.
**Consolidated Financial Highlights**

**NTT DATA Corporation and Subsidiaries**

**Consolidated Financial Highlights**

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</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥1,073,346</td>
<td>¥1,139,092</td>
<td>¥1,142,940</td>
<td>¥1,161,962</td>
<td>¥1,251,177</td>
<td>¥1,304,300</td>
<td>¥1,359,197</td>
<td>¥1,429,117</td>
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<td>Costs</td>
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<td>¥1,087,840</td>
<td>¥1,100,571</td>
<td>¥1,144,644</td>
<td>¥1,223,644</td>
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<td>Earnings</td>
<td>¥135,198</td>
<td>¥251,252</td>
<td>¥218,369</td>
<td>¥217,318</td>
<td>¥320,533</td>
<td>¥333,656</td>
<td>¥332,000</td>
<td>¥337,000</td>
<td>¥547,775</td>
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<tr>
<td>Operating Income*1</td>
<td>¥135,198</td>
<td>¥251,252</td>
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<td>¥333,656</td>
<td>¥332,000</td>
<td>¥337,000</td>
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<td>Interest Expense</td>
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<tr>
<td>Net Income Attributable to Owners of Parent*2</td>
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<td>¥226,952</td>
<td>¥196,069</td>
<td>¥193,068</td>
<td>¥206,233</td>
<td>¥209,356</td>
<td>¥207,750</td>
<td>¥208,750</td>
<td>¥333,725</td>
</tr>
<tr>
<td>Diluted EPS*3</td>
<td>¥¥5.69</td>
<td>¥¥5.97</td>
<td>¥¥5.87</td>
<td>¥¥5.77</td>
<td>¥¥5.67</td>
<td>¥¥5.57</td>
<td>¥¥5.37</td>
<td>¥¥5.27</td>
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<td>¥¥5.57</td>
<td>¥¥5.37</td>
<td>¥¥5.27</td>
<td>¥¥5.07</td>
</tr>
</tbody>
</table>

*1 EBITDA = Operating Income + Depreciation + Loss on disposal of fixed assets + Goodwill amortization + Other gains/losses
*2 Diluted EPS = (Net Income Attributable to Owners of Parent + Preferred Dividend)/Number of Diluted Shares
*3 EBITDA Margin = EBITDA / Sales

**Operating Income**

<table>
<thead>
<tr>
<th>FY</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Income</td>
<td>¥1,056,764</td>
<td>¥1,151,628</td>
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<tr>
<td>Operating Income Margin</td>
<td>10.0%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

**Number of Female Managers**

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</thead>
<tbody>
<tr>
<td>Number of Female Managers*4</td>
<td>50</td>
<td>55</td>
<td>57</td>
<td>67</td>
<td>80</td>
<td>96</td>
<td>106</td>
<td>112</td>
<td>120</td>
</tr>
<tr>
<td>Payout Ratio*5</td>
<td>27.7%</td>
<td>46.1%</td>
<td>34.8%</td>
<td>47.2%</td>
<td>45.1%</td>
<td>55.3%</td>
<td>38.7%</td>
<td>72.3%</td>
<td>52.4%</td>
</tr>
<tr>
<td>Overseas Sales Ratio</td>
<td>1.5%</td>
<td>1.7%</td>
<td>5.3%</td>
<td>6.1%</td>
<td>8.7%</td>
<td>17.6%</td>
<td>18.8%</td>
<td>23.4%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>¥139,564</td>
<td>¥176,826</td>
<td>¥180,068</td>
<td>¥162,570</td>
<td>¥139,069</td>
<td>¥133,966</td>
<td>¥122,113</td>
<td>¥143,725</td>
<td>¥140,900</td>
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<tr>
<td>EBITDA*6</td>
<td>—</td>
<td>—</td>
<td>51,365</td>
<td>39,892</td>
<td>41,266</td>
<td>37,531</td>
<td>54,314</td>
<td>35,939</td>
<td>46,484</td>
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<tr>
<td>EBITDA*6</td>
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<td>—</td>
<td>51,365</td>
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<td>41,266</td>
<td>37,531</td>
<td>54,314</td>
<td>35,939</td>
<td>46,484</td>
</tr>
<tr>
<td>Net Income Attributable to Owners of Parent*2</td>
<td>¥102,326</td>
<td>¥226,952</td>
<td>¥196,069</td>
<td>¥193,068</td>
<td>¥206,233</td>
<td>¥209,356</td>
<td>¥207,750</td>
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<td>¥333,725</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>¥139,564</td>
<td>¥176,826</td>
<td>¥180,068</td>
<td>¥162,570</td>
<td>¥139,069</td>
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<td>¥143,725</td>
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</tr>
</tbody>
</table>

*1 EBITDA = Operating Income + Depreciation + Loss on disposal of fixed assets + Goodwill amortization + Other gains/losses
*2 Diluted EPS = (Net Income Attributable to Owners of Parent + Preferred Dividend)/Number of Diluted Shares
*3 EBITDA Margin = EBITDA / Sales
*4 The number of female managers is presented on a non-consolidated basis.
Order Backlog / Net Sales

The acquisition of the former Dell Services, which has a comparatively high ratio of recurring business, as well as solid orders for renewal projects in Japan, led to an order backlog exceeding ¥2 trillion.

Operating Income / Operating Income Margin

Higher sales and the reduction of unprofitable projects in Japan led to higher operating income. With the exception of one-off auxiliary expenses associated with the acquisition of the former Dell Services, profitability improved outside Japan due to the contribution of profits from the acquisition.

Not Income Attributable to Owners of Parent

Profits grew due to a robust increase in operating income.

Free Cash Flow

Cash flows from operating activities increased steadily. Cash flows used in investing activities increased due to the acquisition of the former Dell Services, resulting in a negative free cash flow.

Total Assets / Total Equity / Equity Ratio

Total assets increased approximately ¥307.0 billion compared to the previous fiscal year, mainly due to the acquisition of the former Dell Services.

Interest-Bearing Debt / D/E Ratio

The D/E ratio temporarily rose to 0.81 due to fund procurement in line with the acquisition of the former Dell Services.

Capital Expenditures / Depreciation and Amortization and Others

Capital expenditure and depreciation increased in line with the expansion of business in Japan and the acquisition of the former Dell Services.

Return on Equity (ROE) / Return on Assets (ROA)

ROE rose to 6.5%, mainly due to increased operating income. For reference, ROE after adjustment for goodwill amortization was 9.9%.

EBITDA/EBITDA Margin

Growth in operating income also made EBITDA rose to nearly ¥300.0 billion. Since fiscal 2014, this has been on a solid upward trend.

EPS/Operating Income Growth Rate (Adjustment for Goodwill Amortization, etc.)

The upward trend continued after achieving EPS of ¥40 (after stock split), the management target established in the previous Medium-Term Management Plan (FY2011).

Annual Dividends per Share / Cash Flow Payout Ratio

Based on performance trends and financial conditions, we pay stable dividends taking into account the overall balance between expenditures including investments on business and dividends. In terms of our shareholder returns policy, we focus on maintaining the consolidated cash flow payout ratio over a medium to long-term span.

Invested Capital

Recognizing that we are in a revenue growth stage based on medium- to long-term strategies, we will continue to increase business investments to achieve sustainable growth going forward.
We Will Further Drive Our Efforts to Build a Globally Recognized Brand to Become a Global IT Innovator.

Having made significant strides toward the Global 2nd Stage, we will now focus on the next stage while continuing to move steadily toward becoming a Global IT Innovator.

Message from the CEO

Toshio Iwamoto
President and Chief Executive Officer

Established in 1967 by NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NTT) as a data communications headquarters, NTT DATA split off to become an independent company in 1988. Since then, we have been engaged in building numerous super large-scale systems. We have provided various services that are commonly used as part of people’s everyday lives. From the CAFIS comprehensive card payment network system offering total solutions for credit card, debit cards, and other cashless payment, and an integrated ATM switching service enabling interconnection of ATMs, to ANSER, an automated service for financial transactions, these are just a few of countless examples of how NTT DATA has contributed to making society more convenient and secure. We have consistently practiced our mission statement as our universal mission that was set out when the Company was launched: “NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.”

This is what we have maintained. At the same time, we have also substantially changed our business structure. Starting with net sales of just over ¥220 billion in our inaugural year, sales have continued to grow for 28 consecutive years, reaching over ¥1.7 trillion in fiscal 2016. It has been a little over 10 years since we ventured out into global markets to transform our domestic-oriented business structure. While sales outside Japan accounted for a mere 1% then, they are now expected to exceed 40% in fiscal 2017. We are moving steadily toward becoming the Global IT Innovator envisioned as the Group Vision that we laid out in 2013.

Group Vision
Indicates where NTT DATA aims to be in 10 years

Global IT Innovator
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
Expresses what is most important for the realization of our Group Vision

Clients First
Foresight
Teamwork
Message from the CEO

“Increasing Local Presence”

In the previous Medium-Term Management Plan (April 2012-March 2016), we achieved our goal to increase our overseas sales ratio to 30%, reaching the Global 1st Stage; thus, our journey toward the Global 2nd Stage has begun since the fiscal 2016. Our vision for the Global 2nd Stage is to generate over ¥2 trillion in net sales and grow our overseas sales ratio to 50%. Our key challenge back in 2005 was to increase geographic coverage, since we had little overseas operations to support Japanese businesses operating in global markets. As we have increased our global coverage to encompass 210 cities across 51 countries and regions, the next agenda before us is our brand.

With substantial market share, we have established a solid position in the Japanese market. Meanwhile, brand recognition of Japanese businesses operating in global markets. As we have spent over three years to integrate them and completed the integration of our next-generation development methodologies and tools globally in May 2017. This has enabled us to leverage our human resources around the world more effectively, based on standardized definitions of terms and work descriptions, and to further promote collaboration across the Group, such as knowledge sharing on system development. As part of this initiative, we have also migrated various development environments into the cloud to establish an integrated development cloud. We expect this will help reduce time to develop.

The second pillar is to leverage cutting-edge technologies. As technological innovations progress at a phenomenal speed, we do not believe that launching new initiatives on our own is sufficient. In addition to proof of concept (PoC) with clients, NTT DATA has been promoting a scheme where it serves as an innovation hub for mining knowledge and collaborates with universities and research institutions around the world. Since 2014, we have held the Open Innovation Business Contest in an effort to create innovative businesses through collaboration among clients, NTT DATA, and start-ups. Last year, contests took place in 10 cities across nine countries.

“Game-Changing Approach”

In recent years, clients have been spending more on IT to leverage IoT, artificial intelligence (AI), and other new technologies, and we have been more aggressive in strategic R&D investment to meet such needs. One of the key pillars is to innovate production technologies. Through ongoing investments in automated software development and other technologies, we aim to differentiate ourselves by improving productivity, time to deliver, and costs.

As we have implemented various development methodologies and tools for projects in Japan, starting with the Terasoluna Suite in the early 2000s, our operating companies outside Japan have used their own unique methodologies and tools. We have spent over three years to integrate them and completed the integration of our next-generation development methodologies and tools globally in May 2017. This has enabled us to leverage our human resources around the world more effectively, based on standardized definitions of terms and work descriptions, and to further promote collaboration across the Group, such as knowledge sharing on system development. As part of this initiative, we have also migrated various development environments into the cloud to establish an integrated development cloud. We expect this will help reduce time to develop.

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“Proposal for the Global 2nd Stage”

In terms of initiatives to create new markets, I will explain in detail later, our most significant achievement was the acquisition of the former Dell Services, which provides services based on their solid customer base and whether corporate cultural affinity exists.

Our post-merger integration (PMI) process was not perfect from the very beginning. We have had many tough times, especially in EMEA. In March 2013, when restructuring and integrating regional Group companies, we initially pursued an idea in the early days, I believe life experience has enabled us to build up know-how in PMI.

In Europe, the German-based company is performing well. Our Spanish subsidiary, the events Group, has doubled its operating income in the last three years, while the North American operation has also maintained its good performance. Capital return in our M&A deals abroad has steadily improved as indicated by ROI, which has been on an upward trend since fiscal 2014. In retrospect, I realized that we came across excellent companies and great leadership teams at the opportune time, which has led to such solid progress in globalizing our business through M&As.

We were also presented with a major opportunity in fiscal 2016 — the acquisition of the former Dell Services, which provides cloud, application-related and BPO services, mainly in North America.

“Looking back”

In M&As, which have been the most effective approach for us to develop global business, our basic principle has been to acquire a business using free cash flow available on hand. In selecting target companies, we examine whether such companies can be a profit contributor for the Group through synergies, for instance, based on their solid customer base and whether corporate cultural affinity exists.

Our post-merger integration (PMI) process was not perfect from the very beginning. We have had many tough times, especially in EMEA. In March 2013, when restructuring and integrating regional Group companies, we initially pursued an idea in the direction to manage as an industry-based organization. However, this plan did not work out as expected due to significant differences in laws, tax systems, and workstyles in each country. We ultimately decided to have NTT DATA EMEA as an integrated country-based organization. I believe that this approach to delegate to local management and staff who better understand local laws and cultures in each respective country has worked successfully in resolving personnel matters and improving profitability. Although we did not get a perfect score in detail early days, I believe life experience has enabled us to build up know-how in PMI.

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We were also presented with a major opportunity in fiscal 2016 — the acquisition of the former Dell Services, which provides cloud, application-related and BPO services, mainly in North America.
Immediately after the completion of acquiring the former Dell Services on November 2, 2016 (fiscal time in the United States), the company changed its logo and brand to NTT DATA and has operated business as NTT DATA Services. As of April 1, 2017, it was integrated with NTT DATA, Inc., and the integration of the North American operations was complete. This integration has brought about a wide array of significant results as we aim to achieve our vision.

First, our healthcare business has expanded. The former Dell Services generated approximately ¥150.0 billion, around ¥150.0 billion of which came from business in the healthcare industry, mainly healthcare payers and payees, and this business had been highly regarded by clients. This integration immediately increased our healthcare business from roughly 13% to 33% in net sales in North America. In addition to shaping a balanced business portfolio, it has enabled us to gain capabilities in the healthcare market, where substantial growth is expected. By solution, the ITO ratio has risen from 10% to 40% and the BPO ratio from 1% to 8%. Both services are expected to secure stable earnings over the long term. Acquisition of the business, which has a large scale of recurring business, increased our order backlog by over ¥800 billion versus the end of the previous fiscal-year, making our total order backlog approximately ¥2.4 trillion as of the end of fiscal 2016. The increased orders on hand greatly matters from the standpoint of business stability. As stable cash flow can be expected, it allows us to make medium-to-long-term investments including R&D spending.

The biggest benefit from this integration is an increased presence. The number of large accounts with annual spend (our net sales of US$50 million or more) has increased from five to over 16 clients, raising our share in the United States. As a result, we now see the targeted 2% market share as an attainable goal. Dell’s highly regarded brand has also helped NTT DATA boost its brand recognition.

We took very cautious steps, as the deal was our largest acquisition ever. We not only considered how to arrange financing to pay for the acquisition, assessing the post-deal financial position (EVA, FFO Financial and Capital Strategy), but also conducted risk analyses from various aspects, such as the risks of losing people and clients and how smoothly approval procedures would take in each country and region. We made decisions based on a thorough study of what actions should be taken when potential risks become reality.

“This has been our ‘Clients First’ approach all along.”

Corporate Image We Envision at the Global 3rd Stage—A Trusted Global Innovator

“We want to earn the trust of clients throughout the world as a business partner.”

How you leverage data is said to be the key to driving business. In this context, data is a treasure trove of information. I consider there are three layers of information including the data layer; the first one is the data itself. Data is a record of facts occurring right before our eyes. Data contains various meanings, but data itself has no meaning. Data can be turned into information that carries certain meanings, if extracted based on the specific criteria, and then the information is elevated into a layer of intelligence that is a source for decision-making. Filters in each layer elevating data to these higher levels were formerly part of tacit human knowledge, including thoughts, feelings, and experiences, but dramatic changes are taking place here.

Since the rise of the term “big data” around the year 2000, data volume in the world has explosively increased. Now that the digital age has arrived, when the impact of IoT and AI is added to social, mobile, big data analytics, cloud, and security (SMACS) technologies, IoT as a filter is capable of extracting information from big data and AI as another filter of elevating it to the intelligence layer. In other words, we are seeing the advent of a world where data can be elevated autonomously through three layers without human intervention.

Neither NTT DATA nor its clients can precisely predict changes that may happen in this new world. However, one thing is certain: whatever the sector may be, clients need to leverage IT to dramatically transform their business models. IT spending to drive business growth is on a steady rise, rather than IT spending to save costs. In the Global 3rd Stage, NTT DATA aims to become a Trusted Global Innovator where we serve clients as a business partner to help them achieve business innovation by connecting the wealth of clients ideas with cutting-edge technologies around the world with which we can demonstrate our strength.

It would be impossible to predict how society works or what kind of competitive landscape we exist eight years from now. However, we are not planning to become a copycat of any IT players present in today’s global market. We want to demonstrate “Japan Quality,” our unique value that no other Western or Indian company can offer, and to win a strong presence in global markets.

Differentiation via “Japan Quality”

“We believe our ‘Clients First’ approach will become a compelling differentiator.”

We are not confined to our own solutions. It works best for our clients, we work with other companies to provide the best solution. We put clients first, not just our own interest first. Such heritage is part of our DNA and is a part of our strength, “Japan Quality.” This differentiates us from our peers in global markets.

While leveraging excellent solutions available at other companies, we will focus on “applications.” Whatever technological trends may be eight years from now, what clients need is not technology itself but rather solutions that help them to operate their core businesses more efficiently and to develop new services. When developing an entirely new business model, applications that were previously unavailable will be required. Thus, expertise and insights on client businesses that we have built over long-term, trusting relationships represent a strong competitive advantage.

Tech “connoisseur” is essential for clients to differentiate themselves from others. We will further refine our strength in identifying best technologies for our clients from all over the world and help them innovate their businesses. Part of this effort involves collaborations with start-ups and NTT DATA Technology Foresight.
Toward Greater Corporate Value

“We are making strides in establishing structures for sustainable growth with the aim of helping society to become more affluent and harmonious.”

Today, businesses are required to address societal issues from the global perspective as set forth under the United Nation Development Programme’s Sustainable Development Goals (SDGs) and other schemes. The idea behind SDGs is consistent with our journey built on our mission statement. Going forward, while enhancing our efforts, we will continually endeavor to contribute to resolving global societal issues through our business. Furthermore, we promote sharing our mission statement, Group Vision, and Values (P.19 reference) with all of our employees, including those overseas, so that the NTT DATA Group can grow sustainably. One such initiative includes Values Week, which takes place in May every year to provide an opportunity for colleagues around the world to discuss these Values. We believe that the NTT DATA Group will become truly more powerful if over 110,000 colleagues, including members who joined through M&As, share a common philosophy and values. Such a mindset is integral and should be continuously shared going forward.

We are also taking solid steps to build structures for ensuring sustainability from an organizational perspective. For example, as to reducing total work hours, an ongoing challenge faced by the IT industry, we are aiming to make annual total work hours to be 1,990 hours on average per employee by the end of fiscal 2018. To this end, we are encouraging colleagues to work flexibly through telecommuting and by providing secure environments to access internal servers while working outside the offices. Advances in innovating production technology could further accelerate workstyle reform. As we have an abundance of managerial human resources with a deep understanding of our mission statement, we foresee no problems in ensuring our management strategies are executed continuously.

The strength of “Japan Quality” has been built over the past 50 years through all the initiatives taken based on our mission statement in Japan, and it underpins our mindset and corporate attitude. This approach may not necessarily yield results over the short term, but I am confident it is the right direction in order to sustainably increase corporate value over the long run. The NTT DATA Group will continue to help society become more affluent and harmonious by enhancing corporate value.

NTT DATA’s Growth Strategy

Here, we explain progress on the Medium-Term Management Plan and NTT DATA’s vision for the Global 3rd Stage, both of which are aimed at sustainably enhancing corporate value.
Medium-Term Management Plan “NTT DATA: ASCEND —Rise and Grow Our Global Brand” Overview and Progress

Medium-Term Management Plan Overview

During the previous Medium-Term Management Plan, the Group established the Global 1st Stage and achieved expanded global coverage; but our ranking in many regions around the globe remained low. To be recognized by multinational corporations as a business partner, we must be within the top rank in net sales in the IT services industry of each country and region. Under the current Medium-Term Management Plan (fiscal 2016–2018), we are enhancing our local presence and targeting consolidated net sales of over ¥2 trillion and a 50% or higher increase in adjusted operating income (compared to fiscal 2015). We are executing the global strategies of "Game-Changing Approach" and "Breakthrough Technology."

NTT DATA: ASCEND
Rise and grow our global brand
FY2016–FY2018

<table>
<thead>
<tr>
<th>NTT DATA FY2018 Financial Objectives</th>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over ¥2 trillion</td>
<td>+50%*</td>
<td></td>
</tr>
</tbody>
</table>

* Compared to FY2016 (after adjustment for incremental investments in new fields)

Game-Changing Approach

In fiscal 2016, our game-changing approach resulted in further market expansion. In existing markets, we expanded our banking and outsourcing businesses by leveraging our strengths and transitioned efforts toward "digital" (the fusion of social, mobile, big data analytics, cloud, security, and IT).

As for new markets, in light of the accelerating trend toward digital businesses in recent years, efforts toward new business creation utilizing cutting-edge technologies and alliance strategies through collaborations with partner companies resulted in business expansion in new markets.

Increase market share with existing clients
Broaden and deepen existing businesses by taking advantage of changes in client needs and our strengths

- Banking
  - Banks increased using our mission critical systems for financial institutions
- Outsourcing
  - Won long and large outsourcing contracts

Win in new markets
Anticipate IT technological trends and create new business with growth strategy according to characteristics in each country

- IoT related
  - Entered a new business that provides high added value with use of IoT related technologies
- Healthcare
  - Increased our market share of health insurance / healthcare providers

Breakthrough Technology

Globally integrating next-generation development methodology and tools

Utilizing the NTT DATA knowledge database, we are able to provide high-quality services at the same level across the globe.

We have integrated our next-generation development methodology and tools across the globe, and strengthened our production technology innovations that can provide high-quality services in each market.

Global standard of next-generation development methodology and tools

We have globally integrated our competitive development methodologies of each Group Company and built a knowledge database to allow us to strategically utilize our delivery centers around the world.

NTT DATA Integrated Development Cloud

Building an integrated cloud system development environment

Integrated provision of next-generation development standards, tools, and IT infrastructure, building system development environments, supporting agile development

Globally Synergizing

- Innovate Production technology / Spark new ideas and technologies
- Delivery / Global Offering / Global Talents
- Innovate production technology / Spark new ideas and technologies
- Delivery / Global Offering / Global Talents

Stable Growth

- Implement game-changing approaches to reignite our business
- Take thorough control of unprofitable projects
- Secure profits required for growth investment by sharpening competitive edges

Outside Japan

Grow Revenue and Profitability

- Organic growth (North America, EMEA, and others)
- Implement game changing approaches and improve profitability by increasing our share and scope of services

Sound Financial Ground

- Managing ROI and D/E ratio, stable payout of dividends

Quickly and flexibly provide services and systems comparing the core of client competitiveness through production technology innovations

Create new mechanisms and businesses with clients utilizing cutting-edge technologies by enhancing technological capabilities in the digital domain and engaging in business alliances with other companies that possess strong technological capabilities

Building an integrated cloud system development environment

Integrated provision of next-generation development standards, tools, and IT infrastructure, building system development environments, supporting agile development

Global support for projects that require a high level of subject matter expertise

ANNUAL REPORT 2017
NTT DATA Global Innovation Hub

We have developed a scheme to create global innovation by promoting PoCs* with our clients, expanding solutions horizontally, and collaborating with research institutions.

* PoC : Proof of Concept

Open Innovation Business Contest

We held an open innovation business contest, part of “Toyosu no Minato kara” (“From the Port of Toyosu”), in 10 cities throughout the world. Going forward, we will continue initiatives with clients and various venture firms to accelerate innovation aimed at creating new businesses.

Further Improving Profitability Globally

In the Global Segment during fiscal 2015, despite operating income moving into the black (w/ goodwill amortization), the operating income margin (w/o goodwill amortization) remained at a low level, in the 2% range. We recognize improved profitability as an important management issue.

Enhancing Our Local Presence

To achieve global growth going forward, we need to have the opportunity to pitch our services to a variety of clients. However, our sales rankings in regions outside Japan have yet to reach the higher ranks. Notably, we rank around 36th in the U.S. IT services market, which is the largest in the world and about four times the size of the Japanese market. We will need to enhance our presence in major markets outside Japan and rank within Top 10 in 10 countries.

Functions of Innovation Hub

- Promote PoCs with clients
- Expand competitive solutions globally
- Collaborate with world class research institutions
- Innovation Platform (knowledge sharing, Foster innovation creation culture, Deliver cutting-edge technologies)

Scope of the IT Services Market and NTT DATA’s Ranking by Country (2016 End-User Spending)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
<th>Net Sales (Million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1</td>
<td>2,000</td>
</tr>
<tr>
<td>China</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Medium-Term Management Plan Results and Issues

1. Establish Project Review Committee
   The Company established the Project Review Committee in October 2013 to augment its profitability risk control structure and further enhance its effectiveness in controlling profitability risk. The committee, which reports directly to the president, screens large projects that have an aspect of newness in terms of the client, business content, or technology from the initial planning at order through ongoing assessments until project completion.

2. High Risk Project Status Reports
   Highly problematic projects are regularly assessed for quality and progress and for risk and profitability risk control structures. The committee, which reports directly to the president, screens large projects that have an aspect of newness in terms of the client, business content, or technology from the initial planning at order through ongoing assessments until project completion.

3. Recurrence Prevention Committee
   When a project produces significant losses, a third party is engaged to thoroughly ascertain and analyze the root cause of the loss, and preventive measures are formulated to prevent recurrence.

4. Enhance Management Capabilities Necessary for Project Completion
   The Company fosters flexible and applicable management capabilities for projects by creating a specific structure through various means as 1) assigning experienced experts, 2) providing case method training on unprofitable projects, and 3) establishing rules for company standards and providing various internal administration tools.

Impact on Profits by Unprofitable Projects

<table>
<thead>
<tr>
<th>Project Review Committee started</th>
<th>Project</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td></td>
<td>Project</td>
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<td></td>
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<td></td>
<td>Project</td>
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<td>45</td>
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<td></td>
<td>Project</td>
<td>40</td>
<td>60</td>
<td>90</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Project</td>
<td>50</td>
<td>75</td>
<td>110</td>
<td>150</td>
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Prevention Mechanisms

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Financial and Capital Strategy

Financial and Capital Strategy Basic Policies

Regarding the use of cash, our policy is to first set aside cash for business investment realizing profit growth over the medium to long term. Regarding M&As, although we may temporarily raise funds through interest-bearing debt, in principle, we execute M&As within the limits of free cash flow.

Furthermore, while we believe the sustainable expansion of corporate value through the steady execution of mid- to long-term strategy is itself a substantive return to shareholders from a long-term perspective, it is our policy to also increase dividends over the medium to long term.

Regarding the health of our financial base, as a Company tasked with developing and operating large-scale systems supporting society, finance, and the economy, we believe it is crucial to keep a robust financial base to maintain a stable business and realize enhanced corporate value over the medium to long term. The development and operation of information infrastructure supporting society requires large-scale up-front investments. To this end, ensuring funding with favorable conditions, flexibility, and reliability is an important mission from a financial perspective, thus we regard the debt-to-equity (D/E) ratio as an important indicator and maintain a close watch on the soundness of our financial base.

D/E Ratio Trend

Improving Capital Efficiency

In terms of return on equity (ROE), our policy is to maintain a level that exceeds shareholders’ equity costs over the medium to long term. In fiscal 2016, ROE was 8.6% and ROE before amortization of goodwill was 9.9%. We recognize that the Company is in a revenue growth stage based on mid- to long-term strategies. Thus, rather than constraining capital equivalent to the denominator of ROE, our basic policy aims to improve capital efficiency via pursing profit growth corresponding to the numerator by proactively setting aside funds for business investment and technological development.

We will attempt to ensure profit required for continued investment and shareholder returns by engaging in profitability improvements through enhanced presence (net sales) in global markets including Japan and improved management efficiency in each country. Under the current Medium-Term Management Plan (fiscal 2016–2018), our financial numerical targets include consolidated net sales of over ¥2 trillion and adjusted operating income, excluding investments in new domains, 50% or higher compared with fiscal 2015. In terms of profitability, we strive to curtail unprofitable projects, increase the profitability of overseas businesses, improve productivity through production technology innovations, and thoroughly monitor performance with regard to M&A transactions. Through these initiatives, we believe we can improve capital efficiency by targeting operating margins of 10% or higher in Japan. Overseas, we aim to improve the EBITA margin of the actual value of overseas bases excluding expenses required for M&A and other transactions and head office expenses to a level of about 7%, which is an improvement of 2% compared to fiscal 2015.

ROE Trend

Shareholder Returns Policy

We implement stable dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance among business investments, technological developments aimed at sustainable growth in the future, and the maintenance and strengthening of our financial structure and dividend payments. Moreover, when determining the dividend amount, we place an emphasis on maintaining the medium- to long-term consolidated cash flow dividend payout ratio.

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

Outlook for Financial Situation and Free Cash Flow in Line with the Acquisition of the Former Dell Services

In accordance with the acquisition of the former Dell Services, funds were procured via long-term and short-term borrowings, resulting in a substantial increase in interest-bearing liabilities. Given that the resultant D/E ratio level of 0.81 remains within an appropriate range, we have maintained our ratings (AA (R&I), AA+ (JCR)). While maintaining an awareness of the credit rating, we will endeavor to ensure profit required for continued investment and shareholder returns and maintain a healthy balance sheet.

Order Backlog Trend (Billions of yen)

Free Cash Flow Trend (Billions of yen)

Cash Flow Dividend Payout Trend (%)
M&A Strategy Aimed at Becoming a Global IT Innovator

Enhancing Our Local Presence

Increasing our sales ranking in the market for IT services in key countries around the world and moving into the top 10 or top 20 should raise our level of recognition. This move would increase our visibility, providing us with more opportunities to pitch our services to the CEOs and CIOs of Fortune Global 500 companies.

Global M&A Strategy

M&A represents an important means of achieving global growth going forward. We will engage in M&A activities based on the following M&A strategy.

Utilize M&A activities to drive growth by expanding synergies between geography, lifecycle, and offerings.

Improving Investment Efficiency

With regard to M&A projects, we strive to conduct monitoring through ROIC by investment project and improve profitability. ROIC for overseas M&A total investment amounts by fiscal year has been on an upward trend since fiscal 2014. In fiscal 2016, ROIC was 10.0% excluding temporary costs (acquisition-related expenses, etc.). In addition to increasing local presence, we will continue efforts aimed at improving investment efficiency by focusing on improving profitability and thereby leading to offshore and nearshore activities and other activities.

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Benito Vázquez
Chief Executive Officer, everis

What business benefits has everis gained as a result of its acquisition by NTT DATA?

A: It has been more than three years since we joined the NTT DATA Group, and we believe that our goals have been met, without a doubt. NTT DATA respects our business model and corporate culture as well as our way of doing business. NTT DATA also provides us with the financial capabilities necessary to go after big deals with global clients. One example of this is our long-term business process outsourcing (BPO) contract with Banco Sabadell, one of Spain’s largest banks, which required strong financial capabilities in order to maximize efficiencies and secure savings facilitated by the contract. NTT DATA offers its strong reputation as a Japanese company and is highly respected by our clients, thanks to its demonstrated IT capabilities, commitment, innovation, and myriad other assets. At the same time, we are working to assert our own unique value as we aim to leverage the synergies that exist with all NTT DATA and NTT Group companies. In conclusion, we are very proud and immensely satisfied to be part of this great family that is NTT DATA.

Do you think that the NTT DATA Group can be successful on a global level?

A: Yes, undoubtedly. There are many solid reasons that clearly support this affirmation. Let me explain some of them:

• The NTT DATA culture is not intrusive. On the contrary, NTT DATA respects the culture of its subsidiaries outside of Japan, not to mention other countries and their cultures, which is truly unique. This is essential and indeed necessary to achieving global success.
• NTT DATA’s values are universal and can be applied to any country. These values are complementary to the values of other companies in other countries, and enrich a company’s business capabilities.
• NTT DATA combines healthy ambition with genuine humility; both of which are critical to truly achieving global success.
• NTT DATA has at least the same level of resources (IT, R&D, financial and other assets, and capabilities) as the best companies in the market. As such, there is no reason not to succeed.
• Japanese trust, quality, and commitment—particularly those of NTT DATA—are highly valued by our clients.

What are NTT DATA’s values include Clients First, Foresight, and Teamwork. Please tell us about the corporate culture and corporate values of everis. What values do you find that our two companies share?

A: We, at everis, believe that companies achieve success when they are “not worse than the best” (this is a continuous process in which you have to be very humble and work very hard), and this success becomes sustainable when the company is different. In the case of everis, we strongly believe that we are “not worse than the best” (part of this, of course, is due in large part to NTT DATA’s assets, capabilities, and competitive advantage), and what differentiates everis is based on our values and attitudes, which in essence include:

• Transparency (say what you think)
• Consistency (do what you say)
• Responsible freedom
• Demanding generosity
• Entrepreneurial & innovative attitude and spirit
• Positive attitude, creativity, and passion

These values are clearly complementary with NTT DATA’s values of Clients First, Foresight, and Teamwork. Thus, thanks to the combination of both sets of values we are undoubtedly stronger.
Corporate Image We Envision at the Global 3rd Stage —A Trusted Global Innovator

Global 3rd Stage (Around FY2025)
Trusted Global Innovator
Aspire to Global Top 5 Status

Global 2nd Stage (FY2018)
Recognized Global Brand

Global 1st Stage (FY2016)
Increased Global Coverage

Setting Our Sights on the Global 3rd Stage
Having begun promotion of globalization in the fiscal 2005, NTT DATA established the Global 1st Stage with the achievement of an overseas sales ratio exceeding 30% in fiscal 2015. Under the current Medium-Term Management Plan (fiscal 2016–2018) having the strategic theme “NTT DATA ASCEND—Rise and grow our global brand,” we aim to achieve the Global 2nd Stage by promoting initiatives targeting net sales of over ¥2 trillion and an overseas sales ratio of 50% to establish our brand globally.

Our acquisition of the former Dell Services and unification of the North American business were significant steps toward the Global 2nd Stage. We then formulated and announced the Global 3rd Stage, which aims to transform the Company into a Trusted Global Innovator by around fiscal 2025.

Optimize Portfolio
• Exceed 100 clients with IT spend > US$50M / ¥5B*
• Achieve top 10 ranking in priority markets
• Drive global collaboration

Corporate Image We Envision at the Global 3rd Stage
—A Trusted Global Innovator

The Image of Trusted Global Innovator and Leveraging Strengths
For NTT DATA, a Trusted Global Innovator is a business partner that combines the latest technologies with client ideas to realize client business innovations.

To achieve this goal, NTT DATA will leverage its three intrinsic strengths: “Long-term relationships” of trust based on a deep understanding of clients’ businesses, “Applied innovation” that realizes business innovations along with our clients by using cutting-edge technologies and knowledge of clients’ businesses and industries, and “R&D excellence” that comprises the foundation of the NTT Group’s overall R&D capabilities.

Global 3rd Stage Positioning and Business Portfolio Goals
In the Global 3rd Stage, NTT DATA aims to become a Trusted Global Innovator around fiscal 2025 by leveraging its intrinsic strengths and by penetration of its trusted brand in global markets. We will realize the creation of long-term relationships with clients by providing one-of-a-kind value while offering cross-regional services to multinational corporations and engaging in global collaborations. We aim to achieve top 10 net sales in each major country and rank among the top 5 in net sales worldwide by expanding the number of clients generating annual net sales of more than ¥5.0 billion from approximately 60 companies in fiscal 2015, to more than 100.

Compared with the scale of the global IT services market, sales in Japan still comprises a large percentage of NTT Data’s business portfolio. We aim for a global business portfolio composition divided nearly equally into thirds to achieve sustainable and stable growth while efficiently incorporating global market growth.
Outline of Organizational Structure to Achieve the Global 3rd Stage

Up to June 2017, our business promotion structure comprised four business segments, of which three were in the Japanese market. In the future, we plan to further expand our global business and switch to a global tripartite framework of markets that share similar characteristics with similar sizes comprising “Japan & APAC,” “North America,” and “EMEA & LATAM.” As a result, we will realize swift and optimal region management. Furthermore, we will also give corporate divisions a global cross-regional business function and develop global delivery and shared services across the globe.

Changes in Organizational Structure to Realize the Global 3rd Stage

Until June 2017

1. Focus on promoting and managing Group business
2. Manage regional business in a timely manner
3. Promote business to best serve in local markets

Targeted Structure (future image)

From July 2017

Corporate
- Public & Social Infrastructure Segment
- Financial Segment
- Enterprise & Solutions Segment
- Global Segment
- Cross-regional business function

Japan & Asia Region
- Public & Social Infrastructure Segment (existing)
- Financial Segment (existing)
- Enterprise & Solutions Segment (existing)
- China & APAC Segment

North America
- Public Sector 1
- Public Sector 2
- Financial Sector
- Federal Financial Sector
- Federal Program Sector
- Federal Program Sector
- Federal Financial Sector
- Technology Solutions Sector
- Software Solutions Sector
- Business Solutions Sector
- Dell Financial Solutions

EMEA & LATAM
- Public Sector
- Public Sector
- Public Sector
- Financial Sector
- Financial Sector
- Financial Sector
- Financial Sector
- Technology Solutions Sector
- Software Solutions Sector
- Business Solutions Sector
- Dell Financial Solutions

2017 Annual Report

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1. Class: Director, President of NTT DATA Services Japan
2. Class: Director, General Manager of NTT DATA Services Japan
3. Class: Director, General Manager of NTT DATA Services Japan
4. Class: Director, General Manager of NTT DATA Services Japan
5. Class: Director, General Manager of NTT DATA Services Japan

NTT DATA Services CEO Interview

Enhancing Our Local Presence through Teamwork

Please tell us about your strategy for improving our “local presence” in North America.

NTT DATA Services continues to strengthen our presence and competitiveness in North America and globally to support domestic business as well as business for global clients. We are doing this by expanding our business and technology portfolio through organic growth, strategic acquisitions, partnerships, and brand awareness activities that reinforce our position as a top 10 global business and IT services provider, as well as fortify our brand for the long term.

Our recent acquisitions have broadened our scale in multiple key industries while adding a number of marquee clients to our portfolio. For example, with the integration of the former Dell Services in November 2016, we expanded our consulting capabilities and doubled our presence in North America, enhancing our base in healthcare, financial services, public sector, manufacturing, and commercial industries. We also added expertise and tremendous scale in infrastructure, cloud, digital services, and business process outsourcing.

What are the benefits of the Company’s acquisitions, and of being part of NTT DATA?

NTT DATA takes a thoughtful and strategic approach to M&A activities, acquiring companies with complementary cultures and values in addition to accretive capabilities and reach. These prime examples of successful acquisitions in North America are Keane, Inc., Carlisle & Gallagher Consulting Group (C&G) and the former Dell Services. With Keane in 2010, NTT DATA expanded our North American footprint and global delivery expertise, while Keane’s clients and employees benefited from the parent company’s brand, resources and investments in innovation. With C&G in 2015, we added consulting expertise in financial services with some of the largest banks in North America while extending the C&G team’s scale and reach. And with the former Dell Services in 2016, we further grew our scale and strengthened our execution and delivery, once again with a culturally-diverse team built on shared values (Clients First, Foresight, and Teamwork).

Third parties have endorsed our approach and results. The Association for Corporate Growth and "C-CEO" magazine recognized the former Dell Services acquisition as “Deal of the Year” in 2017. In addition, “Consulting” magazine said our integration of C&G was "by all measures an unbridled success" and named us one of the top 10 best consulting firms to work for in 2016. Being part of NTT DATA lets us provide clients the scale and delivery power of a top 10 global IT services provider, with a local team offering detailed attention and client service. We leverage a myriad of resources—from financial support, management know-how, and R&D innovations to a network of more than 110,000 professionals in over 50 countries and regions and 240 data centers. With these exceptional resources, we can accelerate innovation and investments in key areas, including automation, digital, cloud, security, modernization, and industry solutions, while establishing one of the industry’s most differentiated and comprehensive services portfolios.
Global Strategy

Game-Changing Approach

Financial Segment

- Expanded the Number of Banks Using Our Core System for Financial Institutions Based on "BeSTA" 

Enterprise & Solutions Segment

- Master Agreement on Specific Considerations Regarding the Capital Alliance with Mitsubishi Heavy Industries

Financial Business Initiatives

- Digital Business Initiatives

Global Segment

- Launching of New Structure under NTT DATA Services

- Order Received for Operation of "myKi" Smartcard Ticketing System

BPO Contract with Banco Sabadell (Spain)

Global Strategy

Breakthrough Technology

- New Mechanism for Utilization of Advanced Technologies

- Open Innovation Business Contest

Efforts to Resolve Client Issues (FY2016)

In fiscal 2016, NTT DATA made efforts to resolve various client issues based on its “Game-Changing Approach” and “Breakthrough Technology” as global strategy defined in the Medium-Term Management Plan.

Global Strategy

Game-Changing Approach

- Introduction of Air Traffic Controller Training Simulator in Tajikistan
- NTT DATA received an order for an air traffic controller training simulator “Satellite 3D Simulator” to be used in the Project for Enhancement of Air Navigation Services in Tajikistan, led by Japan International Cooperation Agency (JICA). As this product reduces labor required for training and enables efficient air traffic controller training with high-realism graphics and AI technology that can automatically reproduce the behavior of multiple aircraft, it will contribute to the development and enhancement of the skill levels of Tajikistan’s air traffic controllers.

- AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and EU

- airpalette: airpalette is a registered trademark of NTT DATA Corporation in Japan, the United States, and EU

- BeSTA: BeSTA is a registered trademark of NTT DATA Corporation in Japan.

- MHI: Mitsubishi Heavy Industries

- Bovista: Bovista is a registered trademark of NTT DATA Corporation in Japan

- O2 PA: O2 PA is a registered trademark of NTT DATA Corporation in Japan

- BeSTA: BeSTA is a registered trademark of NTT DATA Corporation in Japan

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Enterprise & Solutions Segment

- Launch of BeSTA FinTech Lab

- Connecting venture companies and regional banks, the BeSTA FinTech Lab was launched as a mechanism to conduct initiatives for the creation of new financial services through open innovation. Going forward, the lab will work to develop ideas, verify them by trial and error, and use them to generate new services. It also plans to provide more attractive opportunities for participating bank requests and to enhance cooperation with regional banks.

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- MHI: Mitsubishi Heavy Industries

- O2 PA: O2 PA is a registered trademark of NTT DATA Corporation in Japan

Financial Segment

- Expanding Sales Channels for the “AWID Global Digital 3D Map” to Global Markets

- NTT DATA is engaged in realizing open innovation through an open innovation business contest, part of “Ryoko no Mirai Arena” (“From the Port of Tomorrow”). We are creating innovative and sustainable businesses that utilize cutting-edge technology and in cooperation with global venture companies, major corporate clients in various business categories of the Company, and the NTT Group.

- “From the Port of Tomorrow”- “From the Port of Tomorrow” - ""
**Public & Social Infrastructure Segment**

Providing high-value-added IT services that support social infrastructure

NTT DATA's rank among IT service vendors in the government and healthcare markets: 3rd

- **Specializing in commercial satellite images**, with the aim of
  expanding the “AW3D global digital 3D map,” provided by NTT DATA
  to Global Markets
  - **Creating new domestic and overseas businesses** by
    developing innovative services that support the business strategies of
    participating banks, including future potential.
  - **Given the timing of technological innovations and easing of
    regulatory restrictions**, we aim to grow by expanding businesses with
    the background of our clients’ environmental changes such as increased
    needs for advanced settlement systems in domestic and overseas markets,
    creating new services at the timing of technological innovations and
    easing of regulation, new changes in services for integrated services
    for banks and securities companies, and accelerated overseas advancement
    by major financial institutions.

- **Performance in Fiscal 2016**
  - Net sales were ¥454.0 billion (3.2% increase compared to the previous fiscal year due to the expansion of businesses for government ministries and as such, a decrease in businesses for the utility industry.
  - Operating income was ¥42.3 billion (32.5% increase compared to the previous fiscal year) due to a decrease in unprofitable projects, and the improvement in cost rate compared to the previous fiscal year.

- **Net Sales**
  - Operating Income
  - (Billions of yen)
  - FY 2015 2016 2017
  - 2015 2016 2017
  - 407.8 455.4 447.0 41
  - 33.4 44.1 45.0 41

- **Forecast for Fiscal 2017**
  - Net sales are expected to be ¥491.0 billion (9.5% increase compared to fiscal 2016) to outsiders clients which is a ¥6.5 billion increase compared to fiscal 2016,
  - and the operating income is expected to be ¥49.5 billion which is an ¥8.2 billion increase compared to fiscal 2016.

**Game-Changing Approach**

- **Expanding Sales Channels for the “AW3D Global Digital 3D Map” to Global Markets**
  - The AW3D global digital 3D map service, provided by NTT DATA and the Remote Sensing Technology Center of Japan (RESTEC), utilizes satellite images offering the highest accuracy in the world. NTT DATA concluded a sales distribution contract with DigitalGlobe, a leading U.S. company specializing in commercial satellite images, with the aim of further expanding sales channels to global markets.

- **Government Ministries**
  - Government requires information system cost-reduction
  - Estimated opportunities expected to increase in pursuit of saving and succeed
  - as the world’s highest level IT solution services using ICT, etc.
  - Total contract operation of “My Number”/“National Number” system in July
  - 2017, meaning start of full-fledged information sharing

- **Local Governments**
  - Budget tightening leads, increased cost-reduction requirements, intensified competition
  - Increased business opportunities thanks to the promotion of regional revitalization
  - Through the utilization of IT
  - Launched total operation of “My Number”/“National Number” system in July
  - 2017, meaning start of full-fledged information sharing

- **Healthcare**
  - Assumed that careful consideration is required for the utilization of medical information in company
  - Further acceleration of IT introduction in the healthcare and other sectors
  - Utilization of medical information
  - Expanded adoption of IT in healthcare and other sectors

- **Business Environment**
  - **Government Reform**
    - Increased needs for advanced settlement systems in domestic and overseas markets,
    - Creating new services at the timing of technological innovations and easing of
      regulatory restrictions, new changes in services for integrated services
      for banks and securities companies, and accelerated overseas advancement by major financial institutions.

- **Threats Opportunities**
  - **Increased needs for advanced settlement system, alleviating cost reduction**
    - New change in services for integrated services
    - Increased needs for advanced settlement
  - **Investment in IT strategic domains**
    - Increased needs for advanced settlement
    - IT investment aimed at cultivating new client contact points, acquiring and
      retaining client information

**Fonti:** NTT DATA Corporation (as at April 2017)

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**Financial Segment**

Providing high-value-added IT services that support financial institution operational efficiency and services

NTT DATA’s rank among IT service vendors in the financial market: 1st

- **Performance in Fiscal 2016**
  - Net sales were ¥518.0 billion (1.1% decrease compared to the previous fiscal year due to a reactionary decline in large-scale projects in the previous fiscal year, despite the expansion of businesses for banks.
  - Operating income was ¥45.1 billion (35.5% decrease compared to the previous fiscal year) due to a decrease in unprofitable projects, and the improvement in cost rate mainly attributable to a decrease in depreciation and amortization.

- **Forecast for Fiscal 2017**
  - Net sales are projected to be ¥539.0 billion (4.4% decrease compared to fiscal 2016, and operating income is expected to amount to ¥53.0 billion, which is a ¥9.0 billion increase compared to fiscal 2016.

**Game-Changing Approach**

- **Expanded the Number of Banks Using Our Core System for Financial Institutions Based on “BeStA”**
  - We expanded the number of banks using our core system for financial institutions, mainly regional banks and second-tier banks, based on NTT DATA’s advanced banking application “BeStA.” This system meets conditions required for the business strategies of participating banks, including future potential, progresiveness, expandability, and flexibility, and has a strong reputation for NTT DATA achievements in core system operation. Going forward, we will expand and upgrade BeStA-based advanced functionality and offer optimal solutions to a wide range of financial institutions as we further promote the expansion of this system to other banks.
  - We also collaborate with venture companies and regional banks in utilizing the BeStA/PrOsTech Lab with the aim of creating new financial-related services and accelerating open innovation efforts.

- **Strategic Approach**
  - We aim to grow by expanding businesses with the background of our clients’ environmental changes such as increased needs for advanced settlement systems in domestic and overseas markets, creating new services at the timing of technological innovations and easing of regulation, new changes in services for integrated services for banks and securities companies, and accelerated overseas advancement by major financial institutions.

**Net Sales (Billions of yen)**

- 2015 2016 2017
- 523.6 518.0 539.0

**Operating Income (Billions of yen)**

- 2015 2016 2017
- 42.3 44.0 31.8
Annual Report 2017

Business Overview by Segment

Enterprise & Solutions Segment

Providing high-value-added IT services that support business activities in the manufacturing, logistics and retail, and service industries as well as credit card and other payment services and platform solutions linked to each industry’s IT services

Net Sales was ¥425.6 billion (8.6% increase compared to fiscal 2016). Operating income is projected to be ¥37.0 billion, which is ¥0.6 billion increase compared to the previous fiscal year due mainly to the growth in sales.

Strategic Focus for 2017

We aim for business expansion as a business partner that works with clients such as retailers, distributors, service providers, and manufacturers that are actively promoting IT investment in response to the changes in value chain brought about by digitization and globalization. We are addressing those problems by utilizing our advantages in the areas of enterprises and solutions that correspond to those clients’ needs.

Performance in Fiscal 2016

Net sales were ¥425.6 billion (8.6% increase compared to the previous fiscal year) mainly due to the expansion of businesses, especially for the manufacturing industry and digital-related businesses.

Operating income came to ¥37.0 billion (11.4% increase compared to the previous fiscal year) due mainly to the growth in sales.

Global Segment

Providing high-value-added IT services globally in overseas regions and on a cross-regional basis

Among the 10 largest IT service markets by country, NTT DATA market share is within the top 10 in 3 countries: Germany, Spain, and Italy except Japan.

Business Environment

Net Sales (Billions of yen)

Global Summary

2015 2016 2017 (Forecast)

Net Sales

1,000 750 500 250 0

30 15 0 (w/o Goodwill Amortization)

Operating Income

1,000 750 500 250 0

30 15 0 (w/o Goodwill Amortization)

Game-Changing Approach

Digital Business Initiatives

NTT DATA promotes the provision of various services and technological support as a business partner to its clients who are taking on the challenge of new initiatives using digital technologies.

• Collaboration with Fanuc in the Smart Factory Sector

NTT DATA participated in an application development of the FIELD system™ open platform to help realize the smart manufacturing facilities promoted by Fanuc. NTT DATA leverages its abundance of data analysis technologies and expertise in a wide range of businesses to support open innovations for clients using the FIELD system.

• Collaboration Agreement with Toyota in the Connected Car Sector

The Toyota-Motor Corporation and the NTT Group began collaborating on technological development, verification, and standardization in the connected car sector. In the future, we intend to cultivate the IoT platform development business based on the technologies and knowledge obtained through this collaboration.

Strategy for Fiscal 2017

We aim for further improvements of our local presence by globally cooperating with our Group companies including the newly joined former Dell Services, and also by improving the service provision capability especially in new areas such as in digital industries, and gathering each of our Group companies’ strength and resources, with the promotion of NMB strategies.

Performance in Fiscal 2016

Net sales were ¥503.3 billion (16.1% increase compared to the previous fiscal year) due to the acquisition of the former Dell Services in North America, and the unbundling of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.

Operating income without goodwill amortization totalled ¥13.6 billion (13% increase compared to the previous fiscal year) due to contribution by the former Dell Services acquisition to the increase in profit as well as the improvement of profitability of European subsidiaries, despite the advisory expenses associated with the acquisition of the former Dell Services and others in North America. Operating ratio was 19.3 billion (in comparison with the previous fiscal year).

Strategy for Fiscal 2017

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Forecast for Fiscal 2017

Net sales are expected to amount ¥508.0 billion (490.1 billion in sales to outside clients), which is ¥304.6 billion increase compared to fiscal 2016. Operating income without goodwill amortization is expected to be ¥29.0 billion which is a ¥15.3 billion increase compared to fiscal 2016, and operating income is projected to be ¥30.0 billion, which is an ¥8.3 billion increase compared to fiscal 2016.

Performance in Fiscal 2016

Net sales were ¥503.3 billion (16.1% increase compared to the previous fiscal year) due to the acquisition of the former Dell Services in North America, and the unbundling of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.

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Management Resources

In addition to a sound financial foundation, the competitive strength and sustainability of the NTT DATA business model is supported by a variety of non-financial capital accumulated over many years. We aim to sustainably enhance corporate value by maintaining and enhancing these management resources while promoting growth strategies.

### Important Management Resources for Value Creation

#### Financial Capital Enhancement

- **P30 Financial and Capital Strategy**

#### Non-Financial Capital Enhancement

- **Realization of Synergistic Enhancement**

#### Reasons for positioning as important management resources

**Client Base**
- NTT DATA's solid client base enables it to develop close, long-term relationships with clients and provide IT services carefully tailored to meet their diverse needs and the problems they face. In this way, the Company fulfills its mission of being a business partner that collaborates in the creation of business.

**Partners**
- Based on the “Client First” concept, we must incorporate a wide range of excellent products and technologies from global partners to realize the provision of optimal services to clients.

**Technology**
- 1. The foundation for proposing optimal solutions to clients
- 2. Technology trends, analysis, and future outlook
- 3. Enhance NTT DATA competitiveness through ownership and use of intellectual properties
- 4. Production technology innovations that shorten delivery times enable us to break free from labor-intensive industries and heighten competitiveness

**Human Resources and Organizational Capabilities**
- Highly skilled human resources endowed with project management capabilities able to realize the provision of flexible services are essential for meeting changing client needs using world-class advanced development and operational methods.
- Diverse and talented human resources are indispensable for exploiting the latest, most cutting-edge technologies and techniques acquired domestically and internationally.
- Bases and human resources in multiple countries and regions facilitate worldwide client support and enable differentiation.
- Client business know-how and application expertise gained through long-term relationships accumulated among people and organizations.
- Highly professional human resources endowed with project management capabilities able to realize the provision of flexible services are essential for meeting changing client needs using world-class advanced development and operational methods.

### Relationship between CSR Priority Issues (Materiality) / SDG Objectives and Management Resources

To enhance the efficacy of activities in line with the NTT DATA Group's core CSR themes of “Society and Regional Communities,” “People at Work,” and “the Global Environment,” we identify priority issues that should be focused on in line with the importance analysis process based on the Global Reporting Initiative (GRI) Guidelines. Efforts aimed at resolving CSR priority issues support the long-term improvement of social and environmental value through the enhancement of management resources.

#### Material CSR Issues

- [For details regarding CSR priority issues and all CSR activities, please see Sustainability Report](https://www.nttdata.com/global/en/sustainability)

#### Materiality for the NTT DATA Group

- **High**
  - Realize diversity in hiring and promotion
  - conservation of biodiversity (response to climate change)
  - Contribute to the realization of a fair society

#### Material CSR Challenges

<table>
<thead>
<tr>
<th>Material CSR Challenges</th>
<th>Main SDGs</th>
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<tbody>
<tr>
<td>Paradigm for society and regional communities</td>
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<tr>
<td>Paradigm for people at work</td>
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<tr>
<td>Paradigm for the global environment</td>
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<tr>
<td>Foundation supporting CSR</td>
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#### Third-Party Evaluation (As of September 2017)

NTT DATA is evaluated by domestic and overseas research agencies. Going forward, we will continue efforts to enhance our disclosure of ESG-related information.

**Society and Regional Communities**
- Contribute to the realization of a fair society

**People at Work**
- Realize diversity in hiring and promotion

**Global Environment**
- Conservation of biodiversity (response to climate change)

**CSR Infrastructure**
- Broadly establish safe and secure IT infrastructure
- Innovate advanced IT technologies
- Ensure information security
- Ensure compliance
- Eliminate illegal labor practices (child labor, forced labor, extended work hours)
- Develop IT human resources
- Respond to disaster risks
Client Base

For NTT DATA, in addition to enhancing business stability and accumulating industry knowledge, we emphasize long-term relationships with clients. We will deepen our connection to clients in global markets by pursuing a “Clients First” policy.

Management Resources

System Construction Achievements Supporting Social Infrastructure

NTT DATA offers services comprising the infrastructure supporting society, finance, and the economy. For example, integrated ATM switching services realize linked transactions between major banks and regional banks, providing the only service in Japan able to support transactions among regional financial institutions with individual alliances across business categories, online banks, financial institutions operating under holding companies, services that have been provided since 2004. Through these system construction achievements, NTT DATA builds strong relationships with numerous customers over the long term, which is our strength.

In addition, through our social infrastructure support business, we provide a variety of value to both clients and society. Our integrated ATM switching services for financial institutions enable card-holding bank customers to use these cards to withdraw cash at nearly all ATMs in Japan, from Hokkaido to Okinawa.

Integrated ATM Switching Services

Creating New Businesses with Clients through Open Innovation

In the "Toyosu no Minato kara" ("From the Port of Toyosu") open innovation program, since 2013, we have worked to combine leading-edge technologies and business models at a global level with client businesses. In this way, we are creating new businesses that are win-win-win: for clients, venture companies, and ourselves. By promoting open innovation, we are accumulating unique resources and expertise, including a global network of business contests in 15 of the world’s cities, a community of more than 4,000 forum participants, and an in-house working group comprising 700 people.

Leveraging these resources, we support individual clients’ efforts to create new businesses through our digital corporate accelerator program, or “DCAP.” In such ways, we are working to create business that change the world through open innovation with clients as their business partners.

Concept Map

Organizational Composition Based on Industry

NTT DATA’s organizational composition varies by industry to meet a variety of needs and to acquire knowledge and expertise related to client companies and industries.

On July 1, 2017, we transferred the Global Accounts (global client company support) function within the Global Business Sector and the offering of shared solutions and other global cross-functionality to the newly established Global Marketing Division as a Head Office organization. This transition to a Head Office organization creates an entity able to provide smooth global cross-functionality not only overseas but also for the entire NTT DATA Group in Japan, while strengthening our structure. We will further promote regional alliances at the global level.

Policies for Strengthening Management Resources

For NTT DATA, in addition to enhancing business stability and accumulating industry knowledge, we emphasize long-term relationships with clients. We will deepen our connection to clients in global markets by pursuing a “Clients First” policy.

Client Base

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Human Resources and Organizational Capabilities

In the IT industry, remarkable for its technological advancements, diverse and talented human resources are indispensable for ongoing innovation and ascertaining client needs and technological trends. We aim to increase the number of diverse and sophisticated human resources to drive global business, our game-changing approach, and technological innovation.

Employment

Ongoing Retention of Talented Human Resources

In our hiring practices, we prioritize aptitude, motivation, and ability over academic record, age, gender, and nationality. In recent years, we have proactively implemented hackathons and other events to attract technical-minded human resources. To become a Global IT Innovator, we hire foreign students from approximately 10 different countries in Japan each year, while building strong relationships with universities, utilizing social media, and engaging in other efforts in countries and regions outside Japan to recruit human resources using methods appropriate for the labor markets in each country. As we provide work environments that enable the maximization of skills as well as development and other training programs, we are positioned among the top IT companies ranked according to popular places to work.

Provision of Various Development Programs

NTT DATA offers business training to facilitate business skill improvement and technical training to boost specialized expertise, with employees free to select courses attuned to their position and job assignment when needed. We attempt to improve skills through mentoring and certification ratings by highly professional employees across the organization according to development plans from an organizational perspective and the professionalism of individual employees.

Policies for Strengthening Management Resources

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Provision of Various Development Programs

NTT DATA provides a variety of development programs, such as technical skills development, business training, and specialized training. These programs aim to improve employees' skills and knowledge to support the company's business growth.

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Diversity

NTT DATA recognizes diversity and inclusion as a management strategy for global competitiveness and promotes active participation by diverse human resources and workplace innovations. Since fiscal 2012, we have focused efforts on promoting active participation by women and optimizing overall work hours through innovative workstyles. In accordance with the passage of the Act on Promotion of Women’s Participation and Advancement in the Workplace, NTT DATA formulated and announced the General Enterprise Action Plan (April 1, 2016–March 31, 2021), and is engaged in the achievement of these objectives.

Women’s Initiative

At the May 2017 Global Summit of Women held in Japan, the Managing Director and CEO from NTT DATA Global gave a speech. As this summit was an opportunity for female leaders from NTT DATA Group companies throughout the world to gather together, we held The 1st Global Meeting of Women’s Initiative @ NTT DATA, a workshop promoting the active participation of women.

Initiatives Related to LGBT and Gender Minorities

Our Global Compliance Policy stipulates that “we respect human rights and will not discriminate based on gender, nationality, belief, or religion.” NTT DATA continually implements human rights awareness and other activities while also promoting initiatives including the development of system administration and training for staff in personnel, general affairs, and recruiting. In recognition of these efforts, we received a Silver ranking in Pride Index 2016, Japan’s only rating index administered by private organization work with Pride.

Quantitative Diversity Targets

For women

Target 1: Continue to aim for a female employment rate of over 35% by the end of fiscal 2020.
- Female employment rate of 36.37% in fiscal 2019

Target 2: Continue to aim for a female employment rate of over 30% by the end of fiscal 2020.
- Female employment rate of 30.23% in fiscal 2019

Target 3: Continue to aim for a female employment rate of over 25% by the end of fiscal 2020.
- Female employment rate of 25.39% in fiscal 2019

Target 4: Continue to aim for a female employment rate of over 20% by the end of fiscal 2020.
- Female employment rate of 20.82% in fiscal 2019

For the overall workforce

Target 5: Reduce average hours worked per employee in the NTT DATA Group from over 1,890 hours per year to less than 1,800 hours per year by the end of fiscal 2020.
- Average hours worked per employee in fiscal 2019: 1,803 hours per year

Target 6: Reduce average hours worked per employee in the NTT DATA Group from over 1,890 hours per year to less than 1,850 hours per year by the end of fiscal 2020.
- Average hours worked per employee in fiscal 2019: 1,894 hours per year

[Note: the above targets have been updated or revised as per recent data available]


Management Resources

|| Ratio of Women Among New-Graduate Hires (%)
<table>
<thead>
<tr>
<th>2005</th>
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<th>2007</th>
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<td>40</td>
<td>45</td>
<td>35</td>
<td>40</td>
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|| Number of Female Managers (People)
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<tr>
<th>2005</th>
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<th>2009</th>
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<td>400</td>
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Efforts toward Workstyle Innovations

**Approach to Workstyle Innovations**
The reduction of long working hours has been an issue in the IT industry for many years. NTT DATA is engaged in workstyle innovations based on the idea that, in order to maintain sustainable growth, diverse human resources demonstrate more flexibility, richer inventiveness and dynamism when working within a limited time frame, thus we must provide working environments that create new value and innovation.

**Results from Reduction of Total Working Hours**
As a result of long-term ongoing efforts, we achieved reductions from 2,066 hours worked per employee in fiscal 2007 to 1,910 hours worked per employee in fiscal 2016. This level is far below the average for Japanese companies in other industries as well as IT, where working hours tend to be long.

**Initiatives to Reduce Total Working Hours**
Since fiscal 2013, we have thoroughly managed working hours by recording computer log on and log off times, setting reduction targets as key performance indicators (KPIs) for total working hours by all employees including management, and promoted other measures at each workplace. In addition to incorporating the degree of achievement of these objectives in a portion of organizational evaluations, management personnel including senior management make ongoing commitments and we promote Companywide initiatives to eliminate total working hours through the mutual sharing of ingenuity in the workplace and other stimulating activities.

**Trends in Annual Working Hours per Employee (Hours)**

**Paid Vacation Utilization Rate**
To promote a work-life balance among employees, NTT DATA encourages employees to take advantage of its refreshment leave and anniversary leave systems. As a company participating in the Ministry of Land, Infrastructure, Transport and Tourism’s Positive Off initiative, NTT DATA conducts initiatives encouraging all employees, including management, to plan and take vacations during summer breaks and year-end holidays, and use the refreshment leave system. We also designate certain office floors off limits for a day in each organization and encourage flexible workstyles with time off, common spaces, and telework.

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**Enhancing Childcare and Nursing Care Systems**
To help employees balance childbearing and rearing, nursing care, and work responsibilities with less worry, the NTT DATA Group is enhancing its leave systems while increasing employee understanding and improving the workplace environment, making these systems easier to use. Our Childcare System includes Egg Garden—an in-house daycare facility. Theses and other proactive efforts earned the Company a Ministry of Health, Labour and Welfare Kurumin Nest-Generation Certification Mark in 2008. In August 2015, we received a new Kurumin Mark. Regarding our Nursing Care System, since 2011 we have enabled employees to use remote nursing care support services provided by the NPO Umi wo Koeru Care no Te to directly support employees engaged in nursing care.

**Organizational Capabilities**

**Initiatives to Inculcate Our Group Vision**
The NTT DATA Group strives to share the values that express the principles we cherish to realize our Group Vision. Specifically, these efforts include Values Week, held annually in May to commemorate our founding, and other activities that facilitate discussions pertaining to our values. In fiscal 2016, about 13,000 employees from over 60 cities in approximately 20 countries and regions participated in these activities.
Recognizing that foresight is a value provided by NTT DATA, we strive to maintain and enhance technologies that are important management resources, including operational know-how accumulated over long-term client relationships, advanced development and operating methods, and a variety of research results.

Global Methodology and Integrated Development Cloud

In recent years, we are seeing an increasing number of projects where the systems are developed at multiple global bases, especially among clients who have expanded their business globally. For this reason, the Group has integrated its system development methodologies used in Japan and at overseas Group companies, as well as its project management methodologies, in all countries throughout the world. As a result, this enables the provision of services at a consistently high standard and the execution of projects using the same concepts and technologies, in all countries throughout the world. As a result, this will enable the effective use of human resources, including operational know-how accumulated over long-term client relationships, such as security and auditing, leading to the creation of global synergies through deployment to overseas subsidiaries.

Global Methodology and Integrated Development Cloud

In addition to “offensive IT” that makes existing business and operational processes more efficient, there is a demand for the support of “defensive IT” that creates new businesses utilizing new technologies including FinTech, SNS, AI, and IoT and the seamless linkage between both. To meet these needs, NTT DATA integrated its waterfall and agile models of development in a compatible system development environment in the cloud with the April 2017 launch of the integrated development cloud. As a result, we will use this integrated development cloud to improve reusability by utilizing our IT asset API, including further improvements to development productivity and agility, as well as globally strengthening system development governance, such as security and auditing, leading to the creation of global synergies through deployment to overseas subsidiaries.

NTT DATA Technology Foresight

Creating New Businesses Together with Clients, Deriving and Unveiling Near-Future Technology Trends

NTT DATA conducts surveys and research on various trends, focusing on the near future information society trends and technology trends that are expected to have a substantial influence on client businesses over the medium to long term. The findings of these activities are compiled in the NTT DATA Technology Foresight report, which is released annually. The trends described in these reports are incorporated into management strategies and utilized to co-create businesses together with clients.

Utilizing the R&D Accomplishments of NTT Laboratories

Based on the idea that NTT R&D will contribute to the development of society, industry, and academia by creating world-leading technologies, approximately 2,500 researchers are engaged in a wide variety of research, from basic research to R&D, in support of business development by operating companies. NTT DATA uses the accomplishments of these leading-edge R&D efforts to create businesses.
Policies for Strengthening Management Resources

Toward the Establishment of a Global Brand

Under the current Medium-Term Management Plan (fiscal 2016–2018), we are promoting initiatives aimed at establishing a global brand centered on the goal of increasing our local presence (§ P. 25 Strategy). In fiscal 2016, we realized a greater presence in eight countries including the United States, Germany, Italy, and China. In particular, in the United States, which is the world’s largest market, with the acquisition of the former Dell Services we made significant progress towards our target of a 2% share in each market. In addition to M&As and accumulated achievements through business activities, we are making an effort to promote our brand from a variety of angles, such as participation in the IndyCar Series including the Indianapolis 500, as well as sponsorship of The British Open Golf Championship and other events.

Embodiment of Values

Participation at CeBIT 2017, an IT Business Trade Fair on a Global Scale

NTT Group companies collaborated to present the NTT Group booth at CeBIT 2017, the world’s largest exhibition dedicated to the IT business, which was held in Hannover, Germany. Our booth was visited by Japan Prime Minister Shinzo Abe and Germany Chancellor Angela Merkel.

In addition to displaying a variety of products utilizing cutting-edge technologies, including the “Sota” communication robot and “AW3D” global digital 3D map, President Iwamoto gave the keynote address at the CeBIT Global Conference.

* Sota: Sota is a trademark of Vstone Co., Ltd., in Japan.
* AW3D: AW3D is a registered trademark of NTT DATA Corporation in Japan, the United States, and the EU.

Global IT service ranking (Net sales)

9th

OMMI certification

Level 5

(the highest level)

Partners

At NTT DATA, we pursue “Clients First” as one of our values, and strive to emphasize and deepen relationships with partners providing services, products, and research results supporting our provision of optimal services to clients.

Number of companies certified under the business partner system

146

Global Services Partnership concluded with SAP SE
NTT DATA the first Asian company to be an SAP service partner

Supply Chain Management (Business Partner System)

Responding to Human Resource Shortages and Contributing to Improved Competitiveness

NTT DATA conducts spending analyses related to outsourced transactions to accurately ascertain and manage its supply chain. Regarding outsourced software, the business partner system was established to evaluate management conditions from a variety of angles, with excellent companies being accredited as business partner (BP) companies. NTT DATA holds Core BP and BP Presidents’ Meetings, in which people in the top position at companies participate. The development of favorable relationships with BP companies has also contributed to securing human resources and improving productivity and quality at BP companies, which in turn has led to raising the competitiveness of the supply chain as a whole.

Collaborations with Global IT Companies

NTT DATA is engaging in partnerships with global IT companies and promoting the provision of IT services leveraging mutual strengths. As one example, in February 2016 we launched the Multi-Cloud Connect service using a dedicated line to directly link Amazon Web Services (AWS) and Microsoft Azure to NTT DATA’s data centers. Going forward, we will attempt to enhance our cloud services in response to anticipated growth in hybrid cloud and multi-cloud needs as this technology continues to spread.

Multi-Cloud Connect Service

NTT DATA Data Center (Tokyo A Base)

Microsoft Azure

Multi-Cloud Connect Service

NTT DATA Data Center (Tokyo B Base)

Amazon Web Services

Secure direct link from data center

Low-cost, highly reliable links

Hybrid connections

Contributions NC 2017

Multi-Cloud Connect Service

The NTT DATA brand is an extremely critical management resource that enables the acquisition of new business opportunities in global markets and increases profitability. Based on our corporate philosophy, we attempt to enhance brand power through the creation and stable operation of highly reliable systems that support social infrastructure while achieving results in global markets.

Policies for Strengthening Management Resources
To Further Advance Globalization

The NTT DATA Group has entered an age in which we aim to earn half our profits from overseas, thus we need to carefully consider how the overall Group will integrate itself into the international community and what form that interface will take. Our market share in those countries where we have business is the result of those initiatives. As there are many excellent overseas subsidiaries in our Group and partner companies, on top of ensuring they understand our business, we must respect their independence and freedom to the fullest extent possible. However, considering the growth potential of markets, the Head Office must have a strategy for the allocation of management resources in each location. To this end, I think it would be desirable to establish a research group at the Head Office with a strong specialization in each region. With regard to corporate governance, I think it is not enough just to simply view governance as a compliance behavior. Instead, we must see the direction of justice and ethics developing in society beyond the law and have the will to incorporate it into our corporate philosophy.

Toward the Sustainable Growth of the NTT DATA Group

Under the banner of “Trusted Global Innovator,” the NTT DATA Group is taking on the challenge for further growth. I think this is a wonderful goal conveying strength of will. To realize this ambition, though, it is crucial to never forget that we must overcome numerous obstacles. The founder of Microsoft, Bill Gates, famously said, “Microsoft is forever.” He then added, “In this industry, forever means five years.” His words imply the recognition that changes in IT and its applicable fields occur at an unimaginable speed.

The nature of the phenomenon known as the Fourth Industrial Revolution currently under way is said to be the arrival of a full-fledged information society. In fact, taking the smartphone as an example, we cannot help but feel that our lives are changing at a blistering pace. Amid significant changes throughout the world, the biggest risk for the NTT DATA Group is that we ourselves do not change. As a “Trusted Global Innovator,” it is rather necessary that we have the determination to change ourselves while maintaining a flexible and courageous approach to everything we do.

With respect to shareholders whose aim is for other than net investment purposes, shares in customer and business partner companies are held to enable the maintenance of relationships over the medium to long term, expand business, and create synergies. If holding shares in the company results in the enhancement of NTT DATA corporate value and is thought to be linked to shareholder and investor profit, we will pursue this shareholding policy.

Equity investments (as of March 31, 2017) held for other than net investment purposes recorded on the consolidated balance sheets amounted to ¥72,907 million, of which three issues were in excess of ¥1,000 million.

Regarding the execution of voting rights related to strategic shareholdings, comprehensive evaluations are made in terms of whether the decision will lead to the issuing company’s sustainable growth and enhanced corporate value over the medium to long term. We consider this to be linked to NTT DATA’s enhanced corporate value and shareholder and investor medium- to long-term profit.

From the perspective of reflecting medium- to long-term performance in director (excluding outside directors) remuneration, a certain amount of monthly remuneration at or above a prescribed level is contributed for the purchase of the Company’s own shares through the NTT DATA Directors’ Shareholding Association. The association holds all shares purchased during the term of the directors.

Self-assessments and analyses have been conducted since fiscal 2016 pertaining to the efficacy of the Board of Directors, with the aim of improving the function of the Board and enhancing corporate value. As a result, generally positive assessments have been received regarding Board of Director composition and management, which we recognize as ensuring the efficacy of the Board overall. At the same time, in light of the clarification of issues to be addressed in the future, including opinions expected to further enhance strategic discussions, we have decided to take measures such as increasing the weight of strategic discussions at the Board of Directors going forward.

With respect to the relationship with our parent company, NTT, we promote cooperation while fully respecting each other’s independence and autonomy. In terms of transactions with NTT, our basic policy is to conduct business appropriately in line with laws and regulations.

When transacting with NTT and NTT Group companies, we are cognizant of maximizing minority shareholder interests. Specifically, we confirm that transaction details are reasonable and proper. After prior review, including third-party opinions solicited by our Legal Affairs Department, as necessary, we grant approval based on Authority Rules. Moreover, in the event of a sales-related transaction, its conditions and decision-making methods are the same as those used with other business partners.

In fiscal 2016, we increased the number of outside directors from one to two to strengthen our management monitoring function.

Audit & Supervisory Board members, all of whom are outside members, participate in Board of Directors and other important meetings. Independent from the executive officers, these members contribute to executive officers’ effectiveness from the perspective of compliance with laws, regulations, and the Articles of Incorporation.

For further details on our efforts, see the Corporate Governance. https://www.nttdata.com/global/en/investors/corporate-governance
The NTT DATA Group aims to establish a business structure that produces stable profits through continuous growth by carrying out the mission to create new systems and values with information technology, for a more affluent and harmonious society, and also by forecasting future trends to swiftly and accurately respond to the changing market environment, client needs and the cutting-edge technology trend.

Under this management philosophy, the NTT DATA Group has set the Medium-Term Management Plan from Fiscal 2016 to Fiscal 2018, pursued business growth in regions around the world, had key principles, NTT DATA: ASCEND Rise and grow our global brand to enhance our brand value as a global brand by strengthening our local presence and using global synergy effects, and carried out the global strategy: “Game-Changing Approach” and “Breakthrough Technology.”

The NTT DATA Group will play an active role in overcoming the various issues that face society through the appropriate provision of various information services by the Group’s officers and employees based on common sense, as well as in complying with laws and contracts at home and abroad and in respecting international standards including those of human rights.

Under these concepts, 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.

(1) Ensuring Transparency and Soundness in Business Management

NTT DATA strives to disclose information in a just, fair and timely manner in accordance with the “Disclosure Policy,” based on the “Disclosure Guidelines.” Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting for explanation of financial results when financial results are announced quarterly, and often holds additional meetings when extraordinary events occur. NTT DATA has established a cooperative system through the establishment of a liaison department in NTT DATA that connects to each Group company. Particularly in recent years, group governance has been reinforced in response to the rapid expansion of overseas operations through M&A activities and other measures, such as the acquisition of the former Dell Services. Specifically, the Company is establishing a system centered around five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Latin America—as well as business solutions. NTT DATA has established rules for consultation and reporting between the Company and Group companies in relation to important matters such as business plans, large-scale projects, internal control, and compliance.

Furthermore, NTT DATA is building a governance system that enables the unified management of the Group while delegating responsibility for business management to each regional integrated company. As part of this initiative, NTT DATA is establishing nomination and compensation committees and audit committees within regional integrated companies’ boards of directors. Meanwhile, the Group is 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.

(2) Achievement of Appropriate and Swift Decision Making and Business Execution

Decision making at NTT DATA is carried out under the supervision of the Board of Directors in accordance with “Authority Rules,” which stipulate the responsibility and authority of the President and CEO, the Senior Executive Vice President, the Officers in charge of each segment and the Heads of each Section or Group. For smooth and swift decision making and supervision in its business operations, NTT DATA has established the “Corporate Management Committees,” which are made up of the President and CEO, the Senior Executive Vice President, Officers in charge of each segment and other Heads of important Section or Group, and has prior discussions at such “Corporate Management Committee” for effective deliberations about the items to be resolved at the Board of Directors. In addition, NTT DATA pursues appropriate and swift decision making and business execution by placing Senior Vice Presidents in charge of business execution, assigning most of the authority relating to business execution to such Senior Vice Presidents from directors, with each Section or Group executing business operations independently and responsibly in accordance with the “Organizational Regulations.”

(3) Thorough Implementation of Compliance

NTT DATA is determined to operate its business in accordance with high ethical standards as well as compliance by setting up “Global Compliance Policy,” targeted at all officers and employees of NTT DATA Group, in order to clarify its basic policy and specific behavior guidelines relating to corporate ethics. To make such business operation effective, NTT DATA considers it necessary to implement a continuous educational campaign to promote the awareness of such ethics and compliance. Therefore, it has been holding training sessions on compliance targeted at employees and conducting employees’ attitude surveys. Aiming for more openness in its corporate culture, NTT DATA has placed reception desks for “the Whistle Line,” which is cross-sectional in the Group, as an internal and external point to receive any declaration, whether anonymous or named. NTT DATA ensures that any declarer to the reception desk through “the Whistle Line” is not unfavorably treated because of his or her declaration.

In Japan, in fiscal 2013, NTT DATA increased management efficiency by beginning renewal of the common accounting system that domestic Group companies use. In fiscal 2014, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies. As a result, most domestic Group companies use a common accounting system. This enables centralized management of accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

Moreover, aiming to increase the efficiency of Group management, NTT DATA introduced an in-house Group Management infrastructure system that visualizes Group companies’ management information (in the financial and personnel fields) to domestic Group companies. Through this new system, NTT DATA aims to optimize management resource allocation to reflect project characteristics, expedite business management, enhance the precision of information used for decisionmaking, and realize Group synergies.

Ensuring Robust Group Governance Based on Group Management Policies and Group Management Rules

To optimize the Group as a whole, the NTT DATA Group established Group Management Policies to define the basic approach to Group management. Furthermore, with respect to consultation and reporting between NTT DATA and Group companies, Group Management Rules have been established for domestic Group companies and a Group Authority Matrix has been established for overseas Group companies. The rules and matrix are used in combination with Group Management Policies to realize robust management of Group governance.
Risk Management

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 so that 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, and reviews progress toward addressing these and achieving related targets, with the results of such reviews being reflected 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 Corporate Management Committee as well as the Board of Directors. Since the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the Board of Directors decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.

Risk Management Methods

NTT DATA identifies risks that may impact its Head Office, regional integrated companies, etc., and other companies on an individual basis, and formulates countermeasures accordingly. High-level divisions effectively manage the measures in place at each company, and formulates countermeasures accordingly.

Region-control risks are positioned as key risks for regional integrated companies that are evaluated and improved in light of material risk countermeasure implementation and risk occurrence status.

Global-Control Risks

Global-control risks with the potential to impact the entire Group are identified by the Internal Control Committee by incorporating opinions from outside specialists and adopting a broad perspective encompassing factors such as changes in social trends. In 2016, we continued selecting the same risks as in the previous fiscal year as a medium- to long-term effort spearheaded by NTT DATA’s Head Office.

Region-Control Risks

Region-control risks managed independently by regional integrated companies define material risks based on approximately 40 risk candidate items in each region that are evaluated and improved in light of material risk countermeasure implementation and risk occurrence status.

Risk Management Structure

![Image of Risk Management Structure](https://example.com/risk-management-structure.png)

NTT DATA Global–Control Risks

<table>
<thead>
<tr>
<th>Material Risks</th>
<th>Major Improvements, etc.</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information leakage (personal / confidential information)</td>
<td>Continue enhancing countermeasures for ever-increasing security risks</td>
<td>Promote Companywide security measures (targeted attack emails, etc.), conduct cyberattack response drills, receive reponse to malware mass infection, and provide shared infrastructure for security</td>
</tr>
<tr>
<td>Cyber-attacks</td>
<td>Strengthen preparedness for advanced cyber-attacks focused on public institutions</td>
<td>Expand security personnel training / qualifications</td>
</tr>
<tr>
<td>Accounting fraud (including window dressing)</td>
<td>Expand global unified auditing, connect to risk indication auditing</td>
<td>Review and consider global integrated audit items</td>
</tr>
<tr>
<td>Bribery</td>
<td>Continue strengthening compliance education</td>
<td>Conduct training regarding bribery</td>
</tr>
</tbody>
</table>

Region-Control Risks Establishment Process Image

![Image of Region-Control Risks Establishment Process](https://example.com/region-control-risks-establishment-process.png)
Risk Management
Information Security

In recent years, there has been an increasing number of cyber-attacks on information systems, including unauthorized access via the Internet and internal penetration using malware, referred to as a targeted attack. The NTT DATA Group focuses efforts on information security measures in accordance with information security policies to continue being a trusted partner for our clients.

Basic Approach Regarding Information Security

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

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

Information Security Management System

The Information Security Committee certifies the Companywide status of information security activities and areas requiring improvement and formulates necessary initiatives. In addition, NTTCERT was established as a specialized organization for preventing information security incidents 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), which is a global computer incident response team (CSIRT)*1 community. Through our participation in these organizations, we are collecting a wide range of information on security trends, which we then utilize to improve our security measures.

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

Information Security Steering Organization

The Information Security Steering Organization (Information Security Office) functions as a reference organization in the steering committee to promote the establishment of the Information Security Committee at the Head Office. The Information Security Committee ascertains the current status of information security activities and areas in the NTT DATA Group and formulates necessary rules at global level, working with Group companies to ensure consistent management of information security worldwide.

Global Information Security Governance Points

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

Initiatives Aimed at Strengthening NTT DATA Group Information Security

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

Policy Development and Promulgation
We formulated the GSP and promote the inculation of this policy at Group companies worldwide. In particular, we developed and promulgated “Security Measure Standards Related to Internet-connected Environments” with the intention of preventing information leaks from cyber-attacks via the Internet and malware infections.

PROMULGATION OF INFORMATION SECURITY MEASURES
NTT DATA regularly issues information security reports that summarize the status of information security approaches and initiatives.

For details on these initiatives, please see NTT DATA Information Security Report 2016: https://www.nttdata.com/global/en/sustainability
# Financial Information

## Consolidated Balance Sheets

**NTT DATA Corporation and Subsidiaries**  
As of end of FY2015 (March 31, 2016) and end of FY2016 (March 31, 2017)

### Fiscal year 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥ 148,495</td>
</tr>
<tr>
<td>Notes and accounts receivable–trade</td>
<td>403,146</td>
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<tr>
<td>Lease receivables and investment assets</td>
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<tr>
<td>Securities</td>
<td>26,000</td>
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<td>Inventories</td>
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<td>Deferred tax assets</td>
<td>39,382</td>
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<td>Deposits paid</td>
<td>121,646</td>
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<td>Other</td>
<td>66,490</td>
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<tr>
<td>Allowance for doubtful accounts</td>
<td>(2,614)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>¥ 842,701</td>
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<tr>
<td>Non-current assets</td>
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<tr>
<td>Property, plant and equipment</td>
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</tr>
<tr>
<td>Data communication facilities</td>
<td>303,414</td>
</tr>
<tr>
<td>Data communication facilities, net</td>
<td>89,503</td>
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<tr>
<td>Buildings and structures</td>
<td>284,454</td>
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<td>Buildings and structures, net</td>
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<tr>
<td>Machinery, equipment and vehicles</td>
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<td>Machinery, equipment and vehicles, net</td>
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<tr>
<td>Tools, furniture and fixtures</td>
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<td>Tools, furniture and fixtures, net</td>
<td>16,995</td>
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<tr>
<td>Land</td>
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<tr>
<td>Construction in progress</td>
<td>21,548</td>
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<td>Other</td>
<td>13,544</td>
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<tr>
<td>Accumulated depreciation</td>
<td>(8,722)</td>
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<td><strong>Total property, plant and equipment</strong></td>
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<td>Intangible assets</td>
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<td>Software</td>
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<td>Software in progress</td>
<td>48,295</td>
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<td>Tools, furniture and fixtures, net</td>
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<td>Other</td>
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<td><strong>Total intangible assets</strong></td>
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<td>Investments and other assets</td>
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<td>Investment securities</td>
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<td>Net defined benefit asset</td>
<td>1,508</td>
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<td>Deferred tax assets</td>
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<td>Other</td>
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<td>Allowance for doubtful accounts</td>
<td>(2,614)</td>
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<td><strong>Total investments and other assets</strong></td>
<td>¥ 179,704</td>
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<td><strong>Total non-current assets</strong></td>
<td>¥ 1,017,618</td>
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<td><strong>Total assets</strong></td>
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### Fiscal year 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of yen</th>
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<tr>
<td><strong>Assets</strong></td>
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<tr>
<td>Current assets</td>
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</tr>
<tr>
<td>Cash and deposits</td>
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<tr>
<td>Notes and accounts receivable–trade</td>
<td>458,767</td>
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<tr>
<td>Lease receivables and investment assets</td>
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<tr>
<td>Securities</td>
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<td>Inventories</td>
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<td>Deferred tax assets</td>
<td>33,601</td>
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<td>Deposits paid</td>
<td>55,808</td>
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<td>Other</td>
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<td>Allowance for doubtful accounts</td>
<td>(3,740)</td>
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<td><strong>Total current assets</strong></td>
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<td>Non-current assets</td>
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<td>Property, plant and equipment</td>
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<td>Data communication facilities</td>
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<td>Data communication facilities, net</td>
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<td>Buildings and structures</td>
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<td>Buildings and structures, net</td>
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<tr>
<td>Machinery, equipment and vehicles</td>
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<td>Machinery, equipment and vehicles, net</td>
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<td>Tools, furniture and fixtures</td>
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<td>Tools, furniture and fixtures, net</td>
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<td>Land</td>
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<td>Construction in progress</td>
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<td>Other</td>
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<tr>
<td>Accumulated depreciation</td>
<td>(6,144)</td>
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<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>¥ 356,860</td>
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<td>Intangible assets</td>
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<td>Software</td>
<td>240,304</td>
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<td>Software in progress</td>
<td>61,168</td>
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<tr>
<td>Tools, furniture and fixtures, net</td>
<td>16,666</td>
</tr>
<tr>
<td>Other</td>
<td>16,549</td>
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<tr>
<td><strong>Total intangible assets</strong></td>
<td>¥ 356,860</td>
</tr>
<tr>
<td>Investments and other assets</td>
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<tr>
<td>Investment securities</td>
<td>86,834</td>
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<tr>
<td>Net defined benefit asset</td>
<td>5,603</td>
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<td>Deferred tax assets</td>
<td>60,802</td>
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<td>Other</td>
<td>54,419</td>
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<td>Allowance for doubtful accounts</td>
<td>(3,740)</td>
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<tr>
<td><strong>Total investments and other assets</strong></td>
<td>¥ 206,887</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>¥ 1,341,031</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥ 2,234,809</td>
</tr>
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</table>

### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable–trade</td>
<td>¥ 138,453</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>213,160</td>
</tr>
<tr>
<td>Current portion of long-term loans payable</td>
<td>53,461</td>
</tr>
<tr>
<td>Current portion of bonds</td>
<td>49,996</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>186,788</td>
</tr>
<tr>
<td>Advances received</td>
<td>182,021</td>
</tr>
<tr>
<td>Provision for loss on order received</td>
<td>3,452</td>
</tr>
<tr>
<td>Other</td>
<td>156,472</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥ 537,258</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>¥ 160,075</td>
</tr>
<tr>
<td>Long-term loans payable</td>
<td>¥ 168,618</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>30,367</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>185,092</td>
</tr>
<tr>
<td>Provision for directors’ retirement benefits</td>
<td>976</td>
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<td>Other</td>
<td>34,880</td>
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<td><strong>Total non-current liabilities</strong></td>
<td>¥ 571,025</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>¥ 1,086,648</td>
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</tbody>
</table>

### Net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>¥ 142,520</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>¥ 141,048</td>
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<tr>
<td>Retained earnings</td>
<td>¥ 497,222</td>
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<tr>
<td>Treasury shares</td>
<td>¥ 83</td>
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<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>¥ 781,490</td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive income</strong></td>
<td></td>
</tr>
<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>¥ 39,881</td>
</tr>
<tr>
<td>Deferred gains or losses on hedges</td>
<td>(155)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>¥ 23,889</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(50,083)</td>
</tr>
<tr>
<td>Other</td>
<td>(16,320)</td>
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<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>¥ 17,211</td>
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<tr>
<td><strong>Non-controlling interests</strong></td>
<td>¥ 31,567</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>¥ 830,268</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥ 2,234,809</td>
</tr>
</tbody>
</table>
### NTT DATA Corporation and Subsidiaries
#### Consolidated Statements of Income and Comprehensive Income

#### Financial Information

**FY2015 (FY ended March 31, 2016) and FY2016 (FY ended March 31, 2017)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥1,614,897</td>
<td>¥1,293,473</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,216,795</td>
<td>1,209,600</td>
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<tr>
<td>Gross profit</td>
<td>398,101</td>
<td>327,273</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>297,216</td>
<td>231,760</td>
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<tr>
<td>Operating income</td>
<td>100,885</td>
<td>95,514</td>
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<tr>
<td>Non-operating income</td>
<td>7,844</td>
<td>7,542</td>
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<tr>
<td>Interest income</td>
<td>1,298</td>
<td>1,507</td>
</tr>
<tr>
<td>Dividend income</td>
<td>1,765</td>
<td>1,665</td>
</tr>
<tr>
<td>Insurance income</td>
<td>2,125</td>
<td>1,014</td>
</tr>
<tr>
<td>Other</td>
<td>2,677</td>
<td>3,454</td>
</tr>
<tr>
<td>Total non-operating income</td>
<td>7,844</td>
<td>7,542</td>
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<tr>
<td>Ordinary income</td>
<td>98,158</td>
<td>93,058</td>
</tr>
<tr>
<td>Extraordinary losses</td>
<td>(5,607)</td>
<td>(5,372)</td>
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<tr>
<td>Non-operating expenses</td>
<td>5,762</td>
<td>4,870</td>
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<td>Total non-operating expenses</td>
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<td>Net income</td>
<td>65,434</td>
<td>69,886</td>
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<tr>
<td>Net income attributable to owners of parent</td>
<td>63,373</td>
<td>64,815</td>
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<td>Net income attributable to non-controlling interests</td>
<td>2,061</td>
<td>5,071</td>
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<tr>
<td>Comprehensive income (loss)</td>
<td>78,113</td>
<td>70,856</td>
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<tr>
<td>Comprehensive income (loss) attributable to owners of parent</td>
<td>76,206</td>
<td>70,856</td>
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<tr>
<td>Comprehensive income (loss) attributable to non-controlling interests</td>
<td>1,907</td>
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### NTT DATA Corporation and Subsidiaries
#### Consolidated Statements of Cash Flows

#### Financial Information

**FY2015 (FY ended March 31, 2016) and FY2016 (FY ended March 31, 2017)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>¥107,789</td>
<td>¥90,919</td>
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<tr>
<td>Depreciation</td>
<td>147,189</td>
<td>116,542</td>
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<tr>
<td>Loss on retirement of non-current assets</td>
<td>7,250</td>
<td>5,467</td>
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<tr>
<td>Gain (loss) in net defined benefit liability</td>
<td>(2,097)</td>
<td>2,160</td>
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<tr>
<td>Interest expenses</td>
<td>5,482</td>
<td>5,372</td>
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<tr>
<td>Impairment loss of non-current assets</td>
<td>1,620</td>
<td>1,579</td>
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<tr>
<td>Increase (decrease) in notes and accounts receivable -trade</td>
<td>(15,705)</td>
<td>1,507</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>5,373</td>
<td>(4,497)</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable -trade</td>
<td>9,074</td>
<td>16,609</td>
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<tr>
<td>Income tax paid</td>
<td>27,845</td>
<td>14,908</td>
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<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>232,751</td>
<td>238,552</td>
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<tr>
<td>Cash flows from investing activities</td>
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<tr>
<td>Gain on sale of property, plant and equipment</td>
<td>(25,460)</td>
<td>(21,597)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(77,920)</td>
<td>(90,919)</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>23,014</td>
<td>22,038</td>
</tr>
<tr>
<td>Purchase of shares of subsidiaries resulting in change in scope of consolidation</td>
<td>(28,351)</td>
<td>(9,930)</td>
</tr>
<tr>
<td>Purchase of equity interests of subsidiaries resulting in change in scope of consolidation</td>
<td>—</td>
<td>(349,431)</td>
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<tr>
<td>Net decrease (increase) in time deposits</td>
<td>(2,736)</td>
<td>1,402</td>
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<tr>
<td>Net decrease (increase) in short-term deposits paid</td>
<td>(50,000)</td>
<td>50,000</td>
</tr>
<tr>
<td>Net cash provided (used in) investing activities</td>
<td>(428,354)</td>
<td>(428,354)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of bonds</td>
<td>(40,000)</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from long-term loans payable</td>
<td>523</td>
<td>115,512</td>
</tr>
<tr>
<td>Repayments of long-term loans payable</td>
<td>(595)</td>
<td>(23,331)</td>
</tr>
<tr>
<td>Net increase (decrease) in short-term loans payable</td>
<td>1,138</td>
<td>163,145</td>
</tr>
<tr>
<td>Repayments of lease obligations</td>
<td>(1,625)</td>
<td>(3,129)</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(16,834)</td>
<td>(21,037)</td>
</tr>
<tr>
<td>Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation</td>
<td>(461)</td>
<td>(5,160)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(113,799)</td>
<td>222,076</td>
</tr>
<tr>
<td>Effect of exchange rate change on cash and cash equivalents</td>
<td>(3,313)</td>
<td>(8,789)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>212,053</td>
<td>253,553</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>¥233,553</td>
<td>¥250,038</td>
</tr>
</tbody>
</table>

---

**Millions of yen**
### Consolidated Statements of Shareholders’ Equity

#### FY2015

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥142,520</td>
<td>¥139,300</td>
<td>¥408,200</td>
<td>(¥0)</td>
<td>¥690,113</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restated balance</td>
<td>142,520</td>
<td>139,300</td>
<td>408,200</td>
<td>(0)</td>
<td>690,113</td>
</tr>
</tbody>
</table>

#### Changes of items during period

| Dividends of surplus | (¥16,829) | (¥16,829) |
| Net income attributable to owners of parent | 63,373 | 63,373 |
| Change in scope of consolidation | (¥2,115) | (¥2,115) |
| Net changes in owning subsidiaries’ stocks | — | — |
| Other | (4) | (267) |

#### Net changes of items other than shareholders’ equity

| Change in scope of consolidation | (44,164) | (44,164) |
| Net changes in owning subsidiaries’ stocks | — | — |
| Other | (4) | (267) |

#### Total changes of items during period

| Total changes of items during period | (14,269) | (8,183) | (26,062) | (28,709) | 480 | (76,745) | 50 | (76,694) |
| Balance at end of current period | ¥142,520 | ¥139,295 | ¥462,458 | (¥0) | ¥734,273 |

#### FY2016

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥142,520</td>
<td>¥139,295</td>
<td>¥452,458</td>
<td>(¥0)</td>
<td>¥734,273</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restated balance</td>
<td>142,520</td>
<td>139,295</td>
<td>452,458</td>
<td>(0)</td>
<td>734,273</td>
</tr>
</tbody>
</table>

#### Changes of items during period

| Dividends of surplus | (21,037) | (21,037) |
| Net income attributable to owners of parent | 65,686 | 65,686 |
| Change in scope of consolidation | — | — |
| Net changes in owning subsidiaries’ stocks | 1,753 | 1,753 |
| Other | (0) | 427 | 426 |

#### Total changes of items other than shareholders’ equity

| Total changes of items other than shareholders’ equity | (10,289) | (10,289) |
| Total changes of items during period | (10,289) | (10,289) |
| Balance at end of current period | ¥142,520 | ¥141,048 | ¥497,922 | (¥0) | ¥781,490 |

### Accumulated Other Comprehensive Income

#### FY2015

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income</th>
<th>Valuation difference on available-for-sale securities</th>
<th>Deferred gains or losses on hedges</th>
<th>Foreign currency translation adjustment</th>
<th>Remeasurements of defined benefit plans</th>
<th>Other</th>
<th>Total accumulated other comprehensive income</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥46,792</td>
<td>¥656</td>
<td>¥62,615</td>
<td>(¥10,055)</td>
<td>(¥16,587)</td>
<td>¥83,380</td>
<td>¥32,711</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
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<td>656</td>
<td>62,615</td>
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<td>(16,587)</td>
<td>83,380</td>
<td>32,711</td>
</tr>
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</table>

#### Changes of items during period

| Dividends of surplus | (16,829) | (16,829) |
| Net income attributable to owners of parent | 63,373 | 63,373 |
| Change in scope of consolidation | (2,115) | (2,115) |
| Net changes in owning subsidiaries’ stocks | — | — |
| Other | (4) | (267) |

#### Net changes of items other than shareholders’ equity

| Change in scope of consolidation | (14,269) | (8,183) | (26,062) | (28,709) | 480 | (76,745) | 50 | (76,694) |
| Total changes of items during period | (14,269) | (8,183) | (26,062) | (28,709) | 480 | (76,745) | 50 | (76,694) |
| Balance at end of current period | ¥32,522 | ¥7,527 | ¥36,552 | ¥38,805 | ¥16,107 | ¥6,035 | ¥32,762 | ¥734,273 |

#### FY2016

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income</th>
<th>Valuation difference on available-for-sale securities</th>
<th>Deferred gains or losses on hedges</th>
<th>Foreign currency translation adjustment</th>
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<td>¥38,805</td>
<td>¥16,107</td>
<td>¥6,035</td>
<td>¥32,762</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restated balance</td>
<td>32,522</td>
<td>7,527</td>
<td>36,552</td>
<td>38,805</td>
<td>16,107</td>
<td>6,035</td>
<td>32,762</td>
</tr>
</tbody>
</table>

#### Changes of items during period

| Dividends of surplus | (21,037) | (21,037) |
| Net income attributable to owners of parent | 65,686 | 65,686 |
| Change in scope of consolidation | — | — |
| Net changes in owning subsidiaries’ stocks | 1,753 | 1,753 |
| Other | (8) | 427 | 426 |

#### Total changes of items other than shareholders’ equity

| Total changes of items other than shareholders’ equity | (10,289) | (10,289) |
| Total changes of items during period | (10,289) | (10,289) |
| Balance at end of current period | ¥32,522 | ¥7,527 | ¥36,552 | ¥38,805 | ¥16,107 | ¥6,035 | ¥32,762 | ¥781,490 |
Company Name
NTT DATA Corporation

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

Date of Establishment
May 23, 1988

Common Stock
¥142,520 million

Fiscal Year
April 1 to March 31 of the following year

Number of Employees at Fiscal Year-End
People

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Non-Consolidated</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>61,369</td>
<td>21,284</td>
<td>40,085</td>
</tr>
<tr>
<td>2013</td>
<td>75,020</td>
<td>21,000</td>
<td>54,020</td>
</tr>
<tr>
<td>2014</td>
<td>76,642</td>
<td>11,110</td>
<td>65,532</td>
</tr>
<tr>
<td>2015</td>
<td>80,526</td>
<td>11,227</td>
<td>69,303</td>
</tr>
<tr>
<td>2016</td>
<td>111,664</td>
<td>11,227</td>
<td>100,437</td>
</tr>
</tbody>
</table>

Note: Employees seconded from NTT DATA to other companies are not included, but employees seconded to NTT DATA are included in the number of employees.

Organizational Structure (As of July 1, 2017)

Company and Stock Information (As of March 31, 2017)

Number of Shares Issued and Number of Shareholders
- Total Number of Shares Authorized to be Issued by the Company: 1,122,000,000 shares (5,610,000,000 shares)*
- Total Number of Shares Issued: 280,500,000 shares (1,402,500,000 shares)*
- Number of Shares Units: 100 shares (100 shares)*
- Number of Shareholders: 74,455 people

Note: A 5-for-1 stock split was conducted on July 1, 2017, thus numbers in parenthesis indicate figures after the stock split.

Principal Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held</th>
<th>Ratio of Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIPPON TELEGRAPH AND TELEPHONE CORPORATION</td>
<td>152,001,000</td>
<td>54.19</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>21,000,000</td>
<td>7.57</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>11,000,000</td>
<td>4.13</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd. (Investment Trust Account)</td>
<td>3,436,900</td>
<td>1.23</td>
</tr>
<tr>
<td>NTT DATA Employee Share-Holding Association</td>
<td>2,871,500</td>
<td>1.02</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>2,240,600</td>
<td>0.80</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT – TREATY 055234</td>
<td>2,217,030</td>
<td>0.79</td>
</tr>
<tr>
<td>NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)</td>
<td>2,206,100</td>
<td>0.79</td>
</tr>
<tr>
<td>Goldman Sachs Japan Co., Ltd.</td>
<td>2,000,000</td>
<td>0.71</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>1,777,800</td>
<td>0.63</td>
</tr>
</tbody>
</table>

Stock Price Chart

Relative value of stock price, assuming the closing price of stock on March 31, 2012, was set at 100.

ANNUAL REPORT 2017