NTT DaTa
Trusted Global Innovator
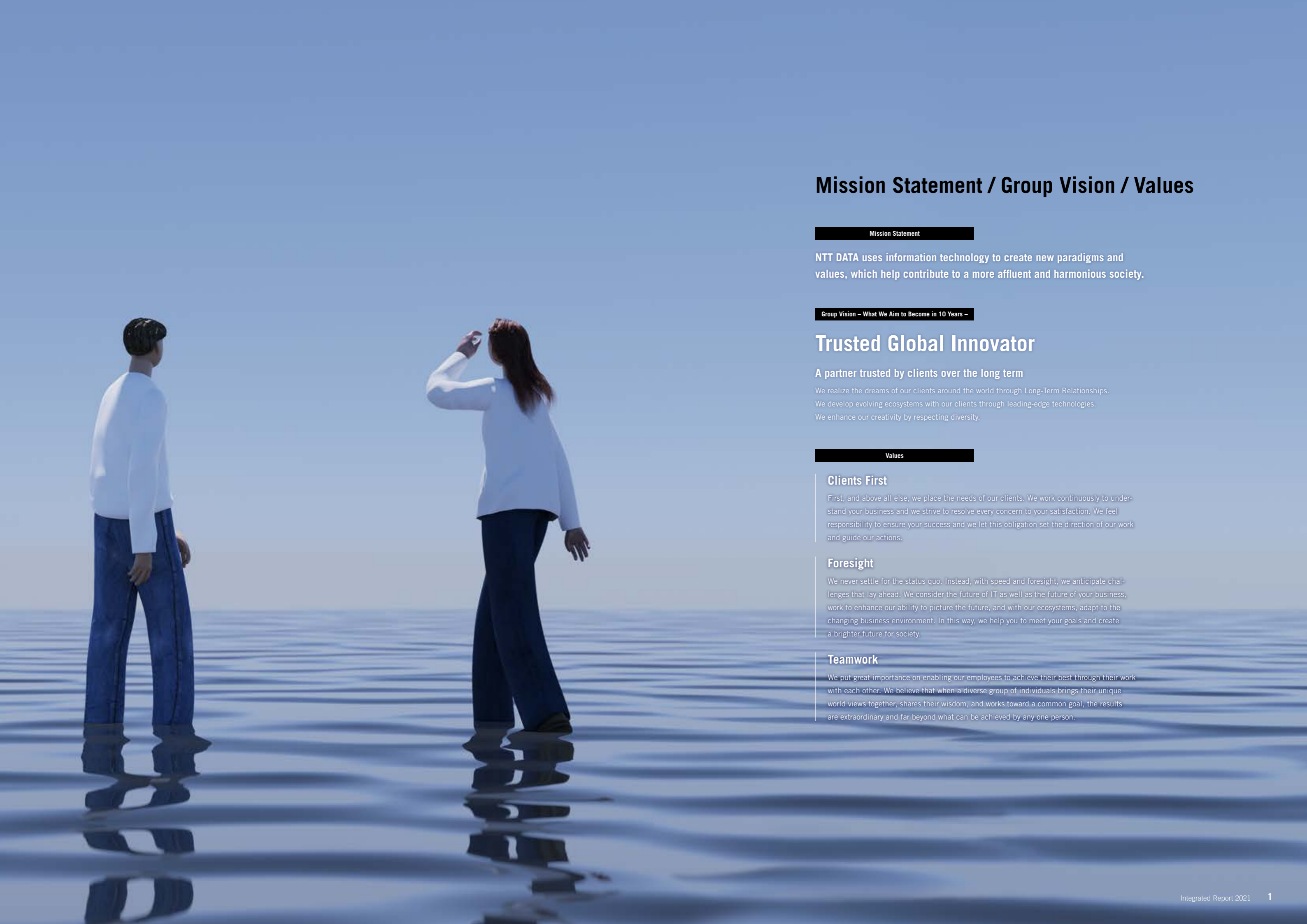
Integrated Report 2021

NTT DATA   Integrated Report **2021**

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FSC® C006410

Printed in Japan

Mission Statement / Group Vision / Values

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

Group Vision – What We Aim to Become in 10 Years –

Trusted Global Innovator

A partner trusted by clients over the long term

We realize the dreams of our clients around the world through Long-Term Relationships.
We develop evolving ecosystems with our clients through leading-edge technologies.
We enhance our creativity by respecting diversity.

Values

Clients First

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

Foresight

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

Teamwork

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

Editorial Policy for NTT DATA Integrated Report 2021

NTT DATA Integrated Report 2021 has been positioned as a medium for communicating with shareholders, investors, and a wide range of other stakeholders as part of NTT DATA's efforts to achieve sustainable enhancement of corporate value through constructive dialogue.

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

For more information, please see the investors and sustainability sections on our website.
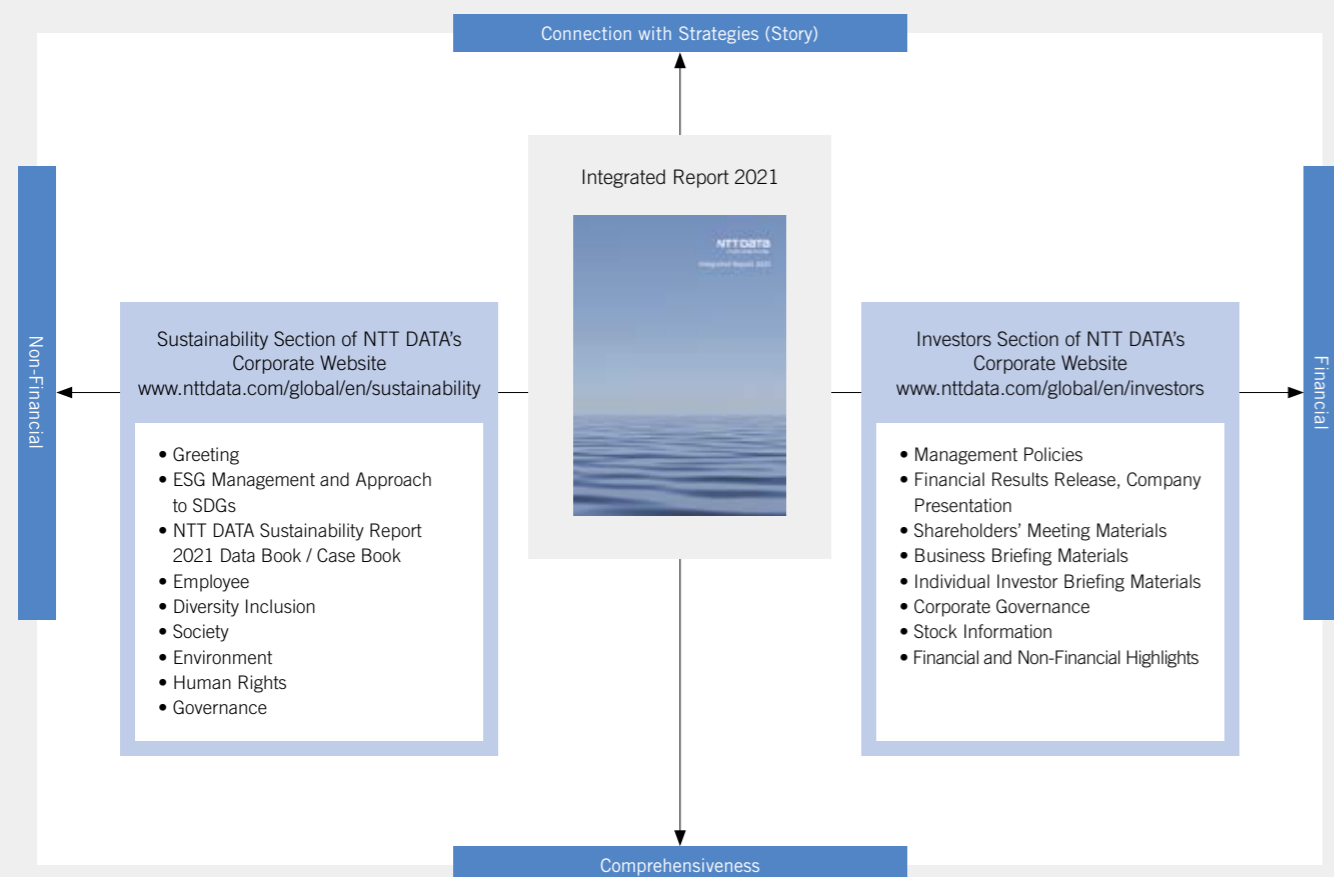
Referenced Guidelines

International Integrated Reporting Framework
(Value Reporting Foundation)
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment (Ministry of Economy, Trade and Industry)
Environmental Reporting Guidelines
(2018 version, Ministry of the Environment)

Scope

NTT DATA Corporation and Group companies

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We will create new paradigms together with clients in order to fulfill the social mission encapsulated in our mission statement.

Yo Honma

Yo Honma
President and Chief Executive Officer,
Representative Director

Message from the CEO

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Insight Gleaned during the COVID-19 Pandemic
A Year That Reaffirmed the Importance of NTT DATA's Social Mission

The COVID-19 pandemic rapidly plunged the world into a state of chaos. Vaccines have been rolled out to combat the pandemic, giving hope that this dire situation may be coming to end. However, it is clear that ongoing vigilance is still required as we are not yet able to return to the lifestyles seen before the pandemic.

In addition to radically transforming our lives, the pandemic cast light on the various social issues that had been neglected during the times of normalcy seen prior. The stagnancy in economic activities as a result of the pandemic reminded us of our involvement in climate change and environmental destruction, causing a worldwide surge in action to fight global warming. In Japan, teleworking was adopted rapidly, and progress was made in other technology-driven workstyle reforms. At the same time, however, the undeniably slow progress in the digitization of public- and private-sector operations and in the installation of internet infrastructure at schools and healthcare institutions forced us to recognize that the country was suffering from a digital divide. The pandemic also brought to light a number of vulnerabilities faced along the global supply chain. Even in the face of this adversity, the NTT DATA Group continued to

contribute to the resolution of social issues on a global scale through its business. In Japan, we provided solutions for automating processes related to the issuance of relief payments, which help reduce the burden placed on the staff of municipal government agencies.

In North America, we supported the Centers for Disease Control and Prevention, the National Institutes of Health, and other federal government agencies on the front lines of the fight against the pandemic by offering assistance with installing mission critical IT infrastructure. Meanwhile, we helped prevent infections while facilitating the management of COVID-19 patients through the supply of telemedicine solutions in Europe and South America while contributing to the improvement of efficiency in diagnosis and management procedures in India.

As such, **this was a year that reaffirmed the importance of the social mission encapsulated in our mission statement of "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society."** The year also made it apparently clear just how resilient the NTT DATA Group is to change.

Highly Volatile Operating Environment
Exhibition of True Value of Strengths Honed from a Long-Term Perspective

At the start of each fiscal year, I hold Companywide kickoff meetings. In the meeting held on April 1, 2021, I expressed my sincere appreciation to all of our employees.

I had braced myself for a rough year when announcing forecasts projecting declines in sales and income at the financial results briefing for the three months ended June 30, 2020. Despite this severe outlook, however, we achieved our **32nd consecutive year of higher sales in FY2020**, a feat that had been deemed unfeasible, while also securing an **increase in income** by moving ahead with the planned structural transformation for boosting profitability in overseas operations.

Performance in FY2020 was impacted by clients curtailing IT investments, postponing decisions, and discontinuing projects, trends that were largely seen in the first half of the fiscal year. Another significant factor impacting performance was the lockdowns instituted in principal overseas markets. Faced with restrictions on movement and face-to-face sales activities, we struggled to approach new clients and to provide consulting services. However, we were able to compensate for the difficulties in these areas with the benefits of systems upgrade projects from existing clients and new projects in digital fields. It could therefore be said that the **strengths of our Long-Term Relationships with clients**, which we have cultivated through an unrelenting commitment to our clients first principle and to the mission statement that we have maintained for more than 30 years since our founding, **exhibited their true value amid the highly volatile operating environment**. Persistence and perseverance are core aspects of NTT DATA's corporate culture and a source of strength for the Company. These qualities have given rise to the **robust frontline capabilities** that supported our performance in this challenging environment. Our performance in FY2020 was truly a product of

the hard work of **each and every Group employee**, which manifested in forms such as various frontline measures to adapt to the restrictive environment and prevent delays to development so that we could fulfill our responsibilities to clients.

Moreover, we were able to **demonstrate the resilience to market changes that NTT DATA has achieved through its balanced business portfolio**. As an offshoot from NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION, roughly half of our sales came from the public sector in Japan until the early 2000s. To address the overrepresentation of this sector and better ensure ongoing growth, we proceeded to transform our portfolio based on the long-term management policy of expanding operations in Japan's large private-sector market as well as in the global market. These consistent efforts proved beneficial as we now have a balanced business portfolio comprised of the Public & Social Infrastructure Segment, the Financial Segment, the Enterprise & Solutions Segment, the North America Segment, and the EMEA & LATAM Segment. In FY2020, performance slumped in regard to the manufacturing services and overseas operations of the Enterprise & Solutions Segment. However, we were able to compensate for this downturn in performance through increased sales of services to the distribution and service industries, primarily the domestic industries, in the Public & Social Infrastructure, Financial, and Enterprise & Solutions segments. Meanwhile, we continued to enhance efforts to curtail unprofitable projects. These efforts resulted in **the ratio of net sales accounted for by unprofitable projects dropping to 0.06% in FY2020, a substantial improvement compared to the ratio of 0.45% seen in FY2019**. This accomplishment enabled us to secure operating income.

In this manner, the COVID-19 pandemic made FY2020 an opportunity to reconfirm that the management measures NTT DATA

has been implementing from a medium- to long-term perspective have indeed been successful in developing sustainable business foundations. This reality also gives me confidence in the initiatives being implemented under the medium-term management plan.

Completion of Strategies amid Beneficial Operating Environment

Since undertaking a major change of course in the mid-2000s, NTT DATA has continued to achieve success in accomplishing its management targets while steadily growing its global operations. As a result, we are now poised to advance on to the Global 3rd Stage, at which we will attain Global Top 5 status and become a company relied upon by our clients around the world as a "Trusted Global Innovator," by 2025. The current medium-term management plan, which covers the period from FY2019 to FY2021, represents the midpoint of our quest to reach this stage. Under this plan, we define the policies of upholding our consistent belief in the mission statement that is the foundation for our ongoing creation of corporate value and the Long-Term Relationships that represent our strength while having the courage to change as necessary for ongoing transformation to maximize the value we deliver to clients. These policies were accompanied by targets for our consolidated operating income margin and our overseas EBITA margin meant to guide us in the pursuit of profitable global growth.

We project that the Company will also achieve **increases in sales and income in FY2021**, the final year of the medium-term management plan. Our growth was stifled in FY2020, and we therefore do not believe it is feasible to achieve the plan's initial targets*1 for FY2021. Rather, we are now projecting consolidated net sales of ¥2,360.0 billion and an operating income margin of 7.6%. Performance in domestic operations is proving even more

firm than we had anticipated. This outlook is thus more a reflection of delays in the progress of certain overseas businesses as a result of the impacts of the COVID-19 pandemic. We have therefore positioned improving the profitability of overseas businesses as an important management task and are steadily moving forward with structural transformation to achieve these improvements.

In the **North America Segment**, we accelerated structural transformation, completing this ahead of schedule. Our focus in this segment has been shifted toward business domains centered on digital technologies, and we have thus been expanding our digital technology staff, optimizing our human resource portfolio, and consolidating bases. We have thereby succeeded in bolstering our ability to cater to digital technology-related needs while building a robust business structure. As a result of these efforts, we are in a position to achieve our initial target for the North America Segment of an **EBITA margin of 7%*2 in FY2021**. In the **EMEA & LATAM Segment**, structural transformation aimed at accommodating digital transformation (DX) has begun producing results in terms of the reinforcement of profit structures and the receipt of digital technology-related orders in the telecommunications and utility fields. Other measures in this segment have included bringing two companies that had previously developed their operations under the names of everis and intelligence in line with the NTT DATA brand in April 2021 and establishing NTT DATA EMEAL in September of this year as a regional headquarters for integrated operation of businesses in the EMEA & LATAM Segment. We will continue to move ahead with such structural transformation, seeking to achieve the medium-term management plan's initial target for this segment of an **EBITA margin of 7%*2 in FY2023**, two years later than scheduled.

NTT DATA's operating environment is currently presenting unfavorable conditions with regard to certain industries, which are curtailing IT investments in response to the challenging environment. Regardless, we are seeing a beneficial operating environment due to the global push to utilize IT and digital technologies to create new social frameworks along with recoveries in corporate performance. **In FY2021, our focus will thus be to complete the strategies described in the medium-term management plan in order to ensure that we can take advantage of this beneficial operating environment**.

*1 Initial targets for FY2021: Consolidated net sales of ¥2.5 trillion, consolidated operating income margin of 8%, and overseas EBITA margin of 7%

Creation of New Value for Various Regions and Industries through the 4D Value Cycle

NTT DATA has proceeded to steadily cement its foothold in the global market. However, competing with the powerful rivals we face in this market will require us to continuously deliver high levels of value to clients implementing DX. Strategy 1 of the medium-term management plan—"expand global digital offerings"—is aimed at developing the tools and enhancing the approaches

we use to accomplish this objective. Under this strategy, we will seek to build unrivaled strengths by focusing on areas where we already boast strength while implementing genre top strategies to become No. 1 in strong-suit areas.

In focus areas, we are pursuing global coordination as a single united team to provide services to clients developing global

operations. We currently have six regional teams in place serving 22 companies designated as global accounts. Moreover, global delivery systems have been established to accommodate these accounts. Adding to our past successes in the automotive and insurance industries, we managed to receive orders for global projects for the telecommunications and healthcare fields in FY2020. To augment our ability to acquire such large-scale orders, our conventional strengths in systems development are being combined with new strengths in digital technologies to develop competitive, global standard offerings under the guidance of the Digital Strategy Office, which was established in 2017. To date, we have brought 15 global offerings to the service provision stage through proof of concept (PoC) tests and joint development. These include our global platform for health insurance companies as well as data management enhancement and utilization solutions, and these services are contributing to the acquisition of digital technology orders in regions around the world. Our Centers of Excellence (CoEs) are supporting the development and deployment of these offerings by accumulating insight regarding digital technologies and fostering specialized engineers. **These efforts have been making large contributions to the acquisition of orders in Japan and overseas. For example, in FY2020 NTT DATA become the third company in the world, and the first in Asia, to acquire status as a Global Transformation Partner from Scaled Agile, Inc. in the Agile / DevOps field.**

The 4D Value Cycle is the value offering model shared throughout the NTT DATA Group. This model uses a cycle in which we seek to predict the future in order to identify the technologies that will be ideal for a given purpose (Discover) and then work hand in hand with our clients as a trusted partner from the planning (Design) stage through to system integration (Develop) and system utilization (Drive). By closely coordinating with clients throughout the IT service life cycle, this model allows us to continue creating high levels of value. Under the medium-term management plan, we will implement this cycle, which is the basis for the Long-Term Relationships that represent a strength of NTT DATA, while adapting it as necessitated by the characteristics of the relevant regions or Group companies. The new drone-related business we are developing with TEPCO Power Grid, Incorporated; Hitachi, Ltd.; and Chugoku Electric Power Transmission & Distribution Co., Inc. is one example of this model in practice. In this business, we are looking to develop, verify, and swiftly achieve practical application of systems for patrolling and inspecting energy and other infrastructure from an aerial viewpoint in order to realize more sophisticated inspections of such infrastructure. **We have also produced a number of other successes using the 4D Value Cycle.** These include comprehensive service channel provision platforms for supporting financial institutions, companies, and private business operators in undertaking digital shifts, the Internet of Things (IoT), and cloud platforms for manufacturers that combine data and other digital technologies.

Given that DX is no longer limited to clients, as we are seeing a society-wide digital shift, the Design stage of the 4D Value Cycle will likely come to hold an even more important meaning based on a broader definition going forward.

Goal of Helping Create a Warm Society Focused on Its Inhabitants

In the early 1480s, Milano, Italy, faced a years-long fight against the black plague, which devastated the city, killing off one-third of its population. At the time, Leonardo da Vinci was living in this city. Well-versed in urban planning and architecture, da Vinci recognized that the spread of the plague was being propagated by the city's narrow passageways and stagnant deposits of unsanitary air and water created by the dense population. It is also said that da Vinci had proposed a plan for rebuilding Milano that entailed broadening the city and its roads, relocating residents to reduce overcrowding, installing water and sewer systems, and implementing other measures from a public health perspective. Known by most as an artist, da Vinci also reinvented city plans from a design perspective aimed at improving people's lives. This approach is also necessary today, more than 500 years after the time of da Vinci.

The Japanese government established the new Digital Agency in September 2021, sparking a rapid, public–private initiative for developing social infrastructure that will allow for government procedures to be conducted using digital technologies and for various services for financial institutions and people's lives to be provided on a one-stop basis. This move was based on the recognition that permeation of digital technologies in the lifestyles of people of all ages, even the elderly, in underpopulated areas and across Japan means that we cannot allow for the existence of digital divides. I believe that these new frameworks will need a **sense of warmth with a focus on people that makes them convenient and easy for anyone to use**. More specifically, these frameworks must feature the **ideal balance of the**

benefits of online and physical elements. It is therefore crucial that all frameworks be crafted from the perspective of the user.

NTT DATA offers numerous solutions that serve as prime examples of this ideal user-oriented balance of the benefits of online and physical elements. In the retail field, for example, we have introduced a system through which a dedicated staff remotely offers sophisticated customer service to customers enjoying shopping at physical stores via cameras and displays installed at multiple stores. This system contributes to improvements in customer satisfaction, employee motivation, and efficiency while also creating value by allowing for marketing approaches to be enhanced in a data-driven manner. Another example would be the artificial intelligence (AI)-powered image diagnosis solutions we provide together with partners in the healthcare field. This solution helps reduce the burden placed on physicians, without forcing them to change their traditional physical venue-focused workflows, while expediting diagnoses and reducing risks of oversights. The solution thereby contributes to improved quality in healthcare services while addressing the shortage of physicians.

Going forward, we can expect to see a full-fledged move toward implementing the Society 5.0 concept, which calls for balance between economic growth and the resolution of social issues. This balance is to be achieved by merging virtual and physical spaces, which can be done now that various applications have been installed into IT and digital social platforms. To ensure that all goods and services are delivered to users in the optimal manner in this new society,

NTT DATA's Businesses

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

Balanced Deployment of IT Services and Solutions in Japan and Overseas

NTT DATA

- Integrated IT Solutions (Order-Based)
- Integrated IT Solutions (Planned by NTT DATA)
- System / Software Development (System Integration)
- Consulting
- Maintenance Support

Net Sales by Segment (FY2020)

- **Others** ¥132.7 billion 4.8%
- **EMEA* & LATAM Segment** ¥454.2 billion 16.5%
  * Europe, the Middle East, and Africa
- **Public & Social Infrastructure Segment** ¥540.5 billion 19.6%
  Government ministries, local governments, telecommunications, electricity, gas, and medicine
- **North America Segment** ¥429.4 billion 15.6%
- **Financial Segment** ¥607.6 billion 22.1%
  Megabanks, regional banks, cooperative financial institutions, insurance, securities, and financial infrastructure and networks
- **Enterprise & Solutions Segment** ¥590.9 billion 21.4%
  Retail, services, manufacturing, payment services, networks, and data centers

Total Assets
¥**2,897.0** billion

Employees
139,677 people

Consolidated Subsidiaries
315 companies

Collaboration with External Partners

- Software developers
- Programming companies
- Hardware manufacturers
- Telecommunications carriers
- Cloud vendors
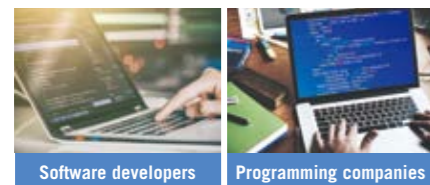
External Recognition

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

A Leader
in NelsonHall NEAT report for Cloud Infrastructure Brokerage, Orchestration & Management

A Leader
in NelsonHall NEAT Report for Blockchain Services 2021

NelsonHall

ESG Index

Dow Jones Sustainability World Index / Asia Pacific Index

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

FTSE Blossom Japan

P52: NTT DATA's ESG Management

Customers in Wide-Ranging Industries

Government Agencies and Municipalities
Support for communities with cloud and big data

Manufacturing
Improvement of efficiency of manufacturing process systems

Healthcare and Life Sciences
Transformation of databases into tools for healthcare

Automobiles
Advancement of the automotive industry with technologies and systems

Banking and Financial Institutions
Evolution of financial services with highly reliable systems

Electronics and High-Tech Fields
Assistance for optimizing development, manufacturing, and management

Insurance
Evolution of insurance systems with specialized technologies and creativity

Transportation and Logistics
Evolution of transportation and logistics through improvements to organizations and processes

Telecommunications
Creation of new opportunities and relationships with customers through telecommunication technologies

Media and Entertainment
Exploration of new media businesses with IT solutions

Wholesale
Support for evolution of wholesale with services matched to the operating environment

Retail
Support for improving efficiency and using networks to grow sales

Education
Creation of new forms of education with IT

Service Providers
Accurate capitalization on opportunities in rapidly changing service industry

Energy and Utilities
Provision of environments facilitating new undertaking while maintaining competition

Fundamental Technologies
Transformation of resources to make greater use of data through cloud servers

Natural Resources
Utilization of supply chain expertise to drive future ambitions

Consumer Products
Support for developing products with internet and mobile technologies

Net Sales
¥**2,318.7** billion

Revenue growth for **32** consecutive years since our founding

Rankings in the IT Services Market in 2020* (Net Sales)

Japan		Global	Rankings by Country		
Overall 2nd			**Spain 3rd**	**Italy 9th**	**Germany 14th**
Financial 1st	**Public & Social Infrastructure 3rd**	**Overall 6th**	**Chile 4th**	**Turkey 5th**	
Enterprise & Solutions 3rd			Rankings by Industry		
			Financial 5th	**Public 10th**	**Manufacturing 8th**

* Graphs / charts are created by NTT DATA based on Gartner Research.
Source: Gartner "Market Share: IT Services, Worldwide 2020, Dean Blackmore et al., April 8, 2021"
Rankings in the Japanese IT services market: Financial = Banking & Securities, Insurance / Public & Social Infrastructure = Government, Education, Healthcare Providers, Utilities / Enterprise & Solutions = Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail based on vendor revenue
Rankings in the global IT services market: Financial = Banking & Securities / Public = Government / Manufacturing = Manufacturing & Natural Resources based on vendor revenue
The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

Value Creation and History of Self-Transformations

The NTT DATA Group has continued to undergo self-transformations in conjunction with changes in technologies and in customer needs. This ongoing process of transformation has led to us achieve revenue growth for 32 consecutive years since our founding.

Global 1st Stage

Increased Global Coverage

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

Global 2nd Stage

Recognized Global Brand

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

Global 3rd Stage

Reputation as Trusted Brand

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

Indicators

Net sales (left)
- ■ Overseas Group companies
- ■ Domestic Group companies
- ■ NTT DATA (Non-consolidated)

Operating income (right)
- ── Consolidated operating income

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

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

2018–
- ▶ Adopted slogan "Trusted Global Innovator"

Surpassed net sales of ¥2 trillion

2009–
External environment: Maturing Japanese IT market
- ▶ Full-fledged global business
- ▶ Expanded geographical coverage

2012–
- ▶ Brand integration / development of global management structure

1998
- ▶ Increased capital (built a solid financial foundation)

1995
- ▶ Listed on the Tokyo Stock Exchange

1988
- ▶ NTT DATA founded (split from NIPPON TELEGRAPH AND TELEPHONE CORPORATION)

Net sales ¥2 trillion

Net sales ¥1 trillion

Surpassed net sales of ¥1 trillion

Operating income ¥200 billion

Operating income ¥100 billion

Trusted Global Innovator
Global Top 5

FY2019–2021
Medium-Term Management Plan
Pursuing profitable global growth with consistent belief and courage to change
📖 P34: Medium-Term Management Plan

(FY) 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

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

Business Expansion Centered on the Public and Financial Sectors

Enterprise Business Expansion

Global Business Expansion 📖 P50: NTT DATA's M&A

Advancement of Digital Transformation (DX)

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

FY1999
- Public 50%
- Enterprise 25%
- Financial 25%

FY2009
- Public 20%
- Others 4%
- Financial 43%
- Enterprise 33%

FY2020
- Others 4.8%
- EMEA & LATAM Segment 16.5%
- North America Segment 15.6%
- Public & Social Infrastructure Segment 19.6%
- Financial Segment 22.1%
- Enterprise & Solutions Segment 21.4%
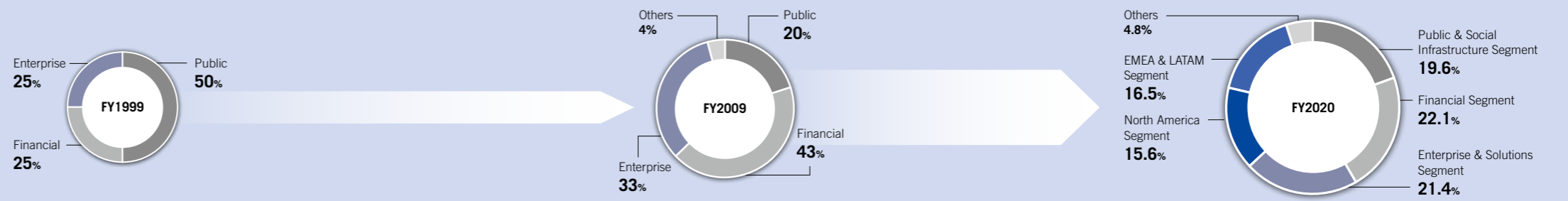
The Story of **NTT DATA**

Throughout the entirety of its history, NTT DATA has sought to create new paradigms that respond to contemporary needs from a long-term perspective. This will be the stance that we maintain going forward as we pursue long-term ongoing improvements in corporate value.

Creation of New Paradigms Sought by Society

The emergence of multipurpose integrated circuits in the 1960s brought with it high anticipations for contributions to massive increases in the computing power of computers. At the 1964 Summer Olympics in Tokyo, one of the world's first data communication networks was used to connect event sites in order to collect and record data on the competitions. This network and other innovations at the Olympics that year demonstrated the power of Japan's technological capabilities to the world. Since then, Japan has continued to install data communication systems for connecting various locations as a piece of social infrastructure, thereby contributing to increased convenience and more enriched lifestyles for its citizens.

The transition to online services was particularly fast in the financial sector. Today, it is taken for granted that we can conduct withdrawals and deposits at financial institutions other than the one with which we have an account, but it was in the 1960s that this became a possibility. One system for this purpose was the Regional Banks Association data telecommunication system, which was launched in 1968 and allowed for fund transfers between regional banks across Japan. This system was created by the DATA Communications Bureau of NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION, "NTT"), NTT DATA's predecessor, which was established in 1967.

Another step in the evolution of these systems was the Zengin System, which is the payment clearing network for Japanese banks. Put into operation in 1973, this system allowed for nationwide transmissions of bank data. By connecting financial institutions across Japan, this system shattered the previous established convention that bank deposits and transfers would not be completed until the following day, making Japan the first country in the world to provide immediate bank transfers on weekdays. Since it started operation, the Zengin System has continued to function without any major system failures, and ongoing upgrades have been implemented to this system to improve convenience for the companies and people who use it.

Credit cards started becoming a common part of people's lives in Japan in the 1980s. The popularization of credit cards was supported by CAFIS, a joint credit card network system developed by the DATA Communications Bureau of NTT in 1984. CAFIS replaced previous analog credit inquiry methodologies with a digital system and made it possible for payment processing, which had previously required different terminals for each credit card provider, to be conducted using a shared terminal.

Another noteworthy NTT DATA offering was ANSER, a system that allowed for financial transactions performed at financial institutions or ATMs to be conducted online. This system continues to address social needs more than four decades since its launch by incorporating the new technologies that have emerged at such turning points as the spread of the internet and smartphones and the transition to a digital society.

Throughout our history, our predecessors have continued to respond to the social needs present at any given time, in the financial sector and throughout society, while utilizing IT to create new paradigms.

Strengths Forged through Exercise of Our Mission Statement

When established through separation from NTT in 1988, NTT DATA defined its mission statement as "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." This statement is a clear reflection of its entrepreneurial spirit of shaping the times and its DNA of contributing to more affluent societies and lives.

Since its establishment, NTT DATA has continued to create and refine new paradigms from a long-term perspective guided by its mission statement. One example of these paradigms was BeSTA, which was released in 2004. BeSTA is a standardized banking application developed by combining NTT DATA's wealth of experience and robust track record in banking system development with the insight and expertise of the regional financial institutions we serve. This application has been used to share information on operating environment changes and issues affecting clients on a daily basis while driving improvements in value. As a result, BeSTA was used by more than 60 regional financial institutions as of September 2021.

Outside of the financial sector, NTT DATA has created such offerings as the MOTAS automobile registration inspection system launched in 1970, the emergency medical information system released in 1976, and the Nippon Automated Cargo and Port Consolidated System (NACCS) for processing information related to trade and port control that we have been providing since 1978. We have years of experience in developing and operating several such information systems for supporting society in areas including taxation, employment, labor affairs, trade, transportation, and healthcare. These systems have primarily been supplied to central and municipal government agencies.

This stance toward earnestly addressing the needs of clients and society and continuously and diligently creating new value has enabled us to forge a major strength of NTT DATA, namely its Long-Term Relationships with clients.

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

ANSER — Over 40 years ago, we developed ANSER, a service that enables financial transactions, which used to be conducted over the counters of financial institutions or through ATM, at office, at home, and away from home. To meet the needs of the times, we worked with clients to add new services. Today, ANSER, a trusted and proven service, is used by over 500 financial institutions.

1981 Commencement of ANSER service
1986 Provision of PC banking service, expanded use among major companies
1997 Commencement of internet banking service that could be used without dedicated software
1999 Launch of mobility banking service offered through mobile phones
2015 Launch of banking application that allows users to check balance easily without making an internet banking contract
2017 Introduction of service for connecting external service providers possessing fintech technologies to financial institutions via API
2020 Launch of BizSOL_Square comprehensive service channel provision platform for companies and private business operators

1980 1990 2000 2010 2020

1984 Introduction of CAFIS service
2002 Incorporation of TCP IP protocol, the same protocol used by the internet, into CAFIS to improve convenience
2013 Commencement of illegal transaction detection service in conjunction with spread of e-commerce
2019 Release of solution that enables various code payment services to be processed through a single payment terminal
2020 Introduction of new pricing plans for CAFIS to further facilitate the normalization of cashless payments

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

Initiatives Rooted in Long-Term Relationships with Clients (BeSTA FinTech Base)

Launched in October 2016, the BeSTA FinTech Base* seeks to promote innovation and create unprecedented financial services. In this pursuit, the base leverages NTT DATA's Long-Term Relationships with regional financial institutions and the network of venture companies we have developed through open innovation initiatives like "From the Port of Toyosu" to combine the capacities of locally based regional banks and venture companies with cutting-edge technologies and innovative ideas.

* BeSTA FinTech Lab was renamed BeSTA FinTech Base in April 2020.
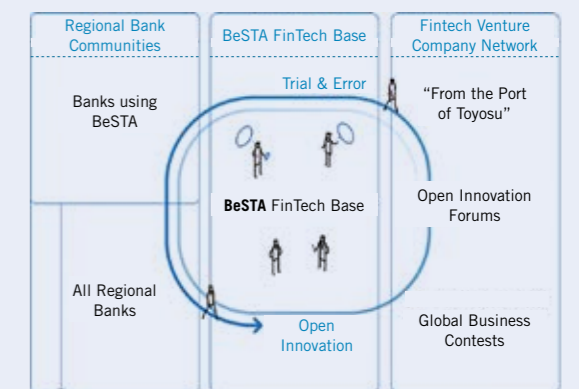
Business Model for Achieving Ongoing Improvements in Corporate Value

Calling upon the insight regarding client work processes that NTT DATA has accumulated through its Long-Term Relationships, the Company aims to provide solutions that contribute to increased efficiency and competitiveness in said processes and thereby create a virtuous cycle that will further build upon these Long-Term Relationships. This process is anticipated to help stabilize our client base while generating steady cash flows that will, effectively, enable us to adhere to our clients first principle from a long-term perspective, without feeling the need to pursue short-term profits. As a result, this approach will make it possible to take a long-term stance toward investment.

NTT DATA is committed to acting as a multi-vendor that does not solely provide certain hardware and software products or services. This commitment is based on our belief that the ability to select the latest technologies and optimal products as needed on a case-by-case basis will contribute to higher levels of client satisfaction and thereby enable us to further enhance our Long-Term Relationships. The current operating environment, which is characterized by open coordination and rapid technological processes, is conducive to

exercising the true strength of a multi-vendor. Furthermore, as a multi-vendor, we are able to concentrate investments purely on the areas and technologies in which we boast strength, helping us improve investment efficiency while reducing risks.

In this manner, the Long-Term Relationships we have fostered through a dedicated management stance based on a long-term perspective form the basis for our pursuit of ongoing improvements in corporate value. This management stance can be clearly seen in the strategies NTT DATA implemented in the 2000s.

Self-Transformation from a Long-Term Perspective

In the 2000s, the NTT DATA Group put forth a long-term, global vision for the social structure changes and social needs it envisions. All managers of NTT DATA thereafter have shared this vision as they have made steady, methodical progress in promoting the self-transformation of the Company.

In the past, NTT DATA's earnings structure was such that half of earnings came from the public sector in Japan. We therefore recognized that heightening our competitiveness in the larger private-sector market would be imperative to achieving sustainable growth. Accordingly, we proceeded to bolster our competitiveness in the private sector by concentrating the allocation of management resources on fields in which we can exhibit strength and applying the success models we have developed in the financial sector, where we boast significant competitiveness. This approach proved effective as we were able to establish a strong position in e-commerce and numerous other fields. As a result, our sales in the private-sector market, which had only been approximately ¥180.0 billion in FY1999, have risen to more than ¥590.0 billion in FY2020.

At the same time, NTT DATA also pursued transformation in terms of globalization. In the early 2000s, it had been deemed a certainty that Japan would experience falling birth rates,

population aging, and population declines in the future. This reality made NTT DATA recognize the importance of expanding its global business foundation, thus prompting it to put forth its Group Vision of becoming a "Global IT Innovator" and undertake a massive shift toward global management in 2005.

With almost non-existent operating foundations in the global market, NTT DATA defined the theme for its Global 1st Stage as "increased global coverage." Based on this theme, we ramped up offshore development and conducted M&A activities around the world, beginning with U.S.-based The Revere Group, to expand our geographic presence.

We also recognized that, if we were to receive opportunities to make proposals to overseas governments and global companies, NTT DATA would need to claim a share of at least 2% in markets of major countries and also rank among the top 10 companies in terms of sales in these countries. To guide us in achieving this position, "recognized global brand" was defined as the theme for our Global 2nd Stage, based on which we sought to grow our presence in major overseas markets. In FY2016, we acquired the former Dell Services (currently NTT DATA Services) in North America. This move enabled us to cement the foundations we would use to strengthen our presence in the world's largest IT market and thereby take a massive stride forward in developing a global brand.

In FY2018, the 13th year of our global forays, overseas sales, which had been less than ¥10.0 billion in FY2004, surpassed ¥880.0 billion, and the overseas sales ratio rose to around 40%. These figures were founded on our increased presence in eight countries that lead the world in terms of IT market scale. NTT DATA thus chose to take the next step in its global development with the unveiling of its new Group Vision of being a "Trusted Global Innovator" in May 2018.

Approach toward Technology through the Lens of End-Users and Society

Through self-transformations, NTT DATA managed to build Long-Term Relationships lasting more than a decade with numerous clients. These included private-sector clients in Japan as well as clients in the global market, mainly in North America and Europe, the Middle East, Africa, and Latin America (EMEAL). When the digitization trend emerged in the late 2010s, we responded by strengthening our digital capabilities and improving our value proposition in order to contribute to clients and societies around the world.

Today, NTT DATA is looking to enter into the Global 3rd Stage as it seeks to obtain Global Top 5 status by 2025. Our current vision for NTT DATA is to become a company relied upon by our clients and societies around the world as a "Trusted Global Innovator." The current medium-term management plan, which covers the period spanning from FY2019 to FY2021, has been positioned as the midpoint of our path toward this goal with the theme of "pursuing profitable global growth with consistent belief and courage to change."

The COVID-19 pandemic has cast light on a number of social

issues that threaten the sustainability of humanity and of our planet. These issues were seen in a wide range of fields including medicine and healthcare, water, food, education, energy, the environment, disaster preparedness, and infrastructure.

In the roughly 30 years since our founding, we have amassed strengths and capabilities through Long-Term Relationships developed on a global scale, and these strengths and capabilities have unlocked a wider range of possibilities for us to contribute to the resolution of new social issues.

Going forward, we will further build upon these Long-Term Relationships while promoting the 4D Value Cycle, our value offering model shared throughout the NTT DATA Group, to generate new value for clients and help enrich the lives of people. The NTT DATA Group remains committed to its approach of viewing technology through the lens of end-users and society, rather than focusing purely on the technologies themselves, that it has maintained since its inception, and we will continue to embrace this stance into the future.

Association between Long-Term Relationships and the 4D Value Cycle

The 4D Value Cycle is our value offering model shared throughout the NTT DATA Group comprised of the "four Ds" (Discover, Design, Develop, and Drive), which represent the steps of our approach toward new value creation.

NTT DATA is moving beyond the traditional system integrated business model, which entails developing systems based on the desires of clients, to provide value as a true partner to clients by exercising responsibility for the entirety of the IT service life cycle while interpreting future trends. This approach toward creating value is embodied in the 4D Value Cycle.

By implementing the 4D Value Cycle, we will create value that earns greater trust from clients and thereby build upon our Long-Term Relationships.

Trusted

Forecasting New technologies

Discover

Drive — 4D Value Cycle — Design

Develop

Strategic planning

Business reforms

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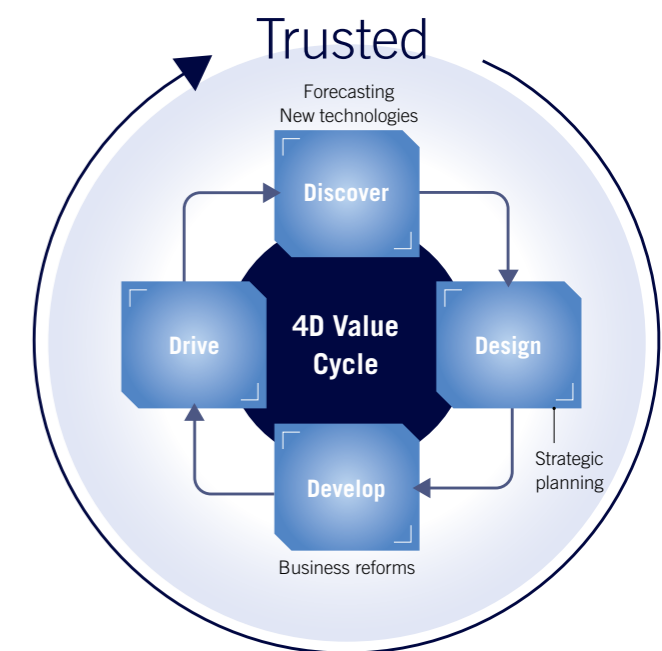
NTT DATA's Value Creation Process

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

Value Co-Innovation Model

Provision of optimal solutions by linking cutting-edge technologies from around the world to clients needs

Group Vision

Trusted Global Innovator

Values

Clients First
Foresight
Teamwork

Strengths

Long-Term Relationships

NTT DATA

Trusted

- Forecasting
- New technologies
- Discover
- Design
- Drive
- Develop
- 4D Value Cycle
- Strategic planning
- Business reforms

Clients

- Public sector
- Energy and utilities
- Telecommunications
- Healthcare and life sciences
- Banking and financial services
- Insurance
- Manufacturing
- Retail
- Service industry
- Transportation and logistics
- Education
- Media

📖 P1: Mission Statement / Group Vision / Values
P12: Value Creation and History of Self-Transformations

Capital Usage

📖 P20: Management Resources That Support NTT DATA's Growth
P22: Financial / Non-Financial Highlights
P108: Financials and Others

Input

Financial Capital

	Consolidated Operating Income	Consolidated Total Equity	D/E Ratio
FY2020	¥**139.2** billion	¥**1,126.5** billion	**0.54** times

Non-Financial Capital

Human Resources and Organizational Capabilities
- Employees: More than 139,500
- Ratio of employees working overseas: Approx. 70%
- Worldwide offshore and near-shore development personnel: More than 44,500

Technologies
- Acquisition of higher evaluations for advanced technology fields from third-party evaluation institutions

📖 P10: External Recognition

- Staff of approx. 2,250 people in seven advanced digital technology fields (Centers of Excellence)

Partners
- Frameworks for global business development through collaboration with the NTT Group
- Number of business partners[1] (excluding the NTT DATA Group): Approx. 160 companies and approx. 48,000 people
- Partnerships with worldwide IT companies (SAP, Amazon.com, Microsoft, etc.)

Client Base
- 78 clients (Number of clients with annual sales of ¥5 billion or more (Japan) or US$50 million or more (ex-Japan))

Brand
- Ranked No. 6[2] in net sales among Global IT Services Market Vendor Rank

*1 Excellent business partners, based on multifaceted evaluations of the management status of domestic subcontractors, are certified as Business Partner Companies.
*2 Source: Gartner "Market Share: IT Services, Worldwide 2020, Dean Blackmore et al., April 8, 2021"
  Within 10 major countries (United States, Japan, United Kingdom, Germany, China, France, Canada, Australia, Spain, and Italy), Japan, Spain, and Italy have the top 10 market shares.
  The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice

Outcome

Realizing a More Affluent and Harmonious Society

Resolving social issues
- Realizing a social foundation with convenience, safety, and reliability
- Creating sustainable cities and regions
- Lowering environmental burdens
- Ensuring stable and efficient energy provision
- Realizing a society of health and longevity
- Eliminating labor shortages
- Developing infrastructure to prevent disasters and respond to natural disasters
- Shaping a new society amid the COVID-19 pandemic

SUSTAINABLE DEVELOPMENT GOALS

Shaping the future society with our clients

Enhancing Corporate Value

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

📖 P34: Medium-Term Management Plan

Financial Capital			Non-Financial Capital
Consolidated Net Sales	Consolidated Operating Income Margin[3]	Overseas EBITA Margin[3]	Client Base[4]
¥**2.5** trillion	**8**%	**7**%	**80** or more

*3 Excluding temporary costs such as M&As and structural transformation
*4 Clients with annual sales of ¥5 billion or more (Japan) or US$50 million or more (ex-Japan)

Please refer to the following section for information on material ESG issues and key performance indicators (KPIs)

📖 P52: NTT DATA's ESG Management

Non-Financial Capital

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

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

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

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

Reinvestment

📖 P46: Message from the CFO

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

Management Resources That Support NTT DATA's Growth

Column Headers
- Human Resources and Organizational Capabilities
- Technologies
- Partners
- Client Base
- Brand
- Finance

Significance of Management Resources

Human Resources and Organizational Capabilities: To capture both clients' needs and technological trends and continue to produce innovations in the IT services industry with remarkable technological evolution, diverse and talented human resources are indispensable. Accumulated in people and the organization, our know-how on both clients' businesses and applications, which we have acquired from our solid client base over a long period of time, is the source of our competitiveness.

Technologies: Technology is a base from which we propose optimal solutions for our clients. It is also important for producing innovations and continuously providing competitive services. Recently, digital technologies, such as AI and IoT, particularly have rapidly evolved. Digital technology-based competitiveness must be reinforced, and there is an increased need for responding to changing business models. Enhanced digital capability is one of our significant themes.

Partners: In order to provide optimal services to our clients, we have to widely incorporate great products and technologies from our partners across the world. Good relationships with our partners enable us to build a stable and flexible delivery system. Our strong partnership with the NTT Group is also important to increase our presence in the global market.

Client Base: A solid client base, which has been created through Long-Term Relationships with our clients, is indispensable for providing our unique and high-value-added IT services that accurately reflect the clients' needs. It also enhances our business stability and enables us to stably invest in the future.

Brand: As we specialize in IT services providing intangible values of technology, including developing systems that support social infrastructure, clients see our reputation and reliability as critical. Spreading the NTT DATA brand across the world is one of our essential themes in acquiring new business opportunities. Our brand is an extremely valuable management resource for higher profitability.

Finance: In order to ensure stable operation of the information infrastructures that supports society, finance, and the economy, it is important to generate cash for business investments for profitable global growth as well as to maintain a sound financial base.

Strengths

Human Resources and Organizational Capabilities:
- Professional human resources with advanced expertise (over 139,500 professionals in 55 countries and regions)
- High employment and training capabilities (**No. 2** ranked employer for new graduates in Japan,[*1] over **27,000** global employees, excellent human resources training programs, accelerated hiring of mid-career professionals)
- High-quality approach to diversity and inclusion
  - Promotion of active participation of women (with a female employee ratio of 30% for the entire Group, selected for Nadeshiko Brand for two consecutive years, and obtained the Platinum Kurumin certification)
  - Approach to sexual minorities including LGBTQ (received **gold award in PRIDE Index** for four consecutive years)
- High employee engagement (rate of highly engaged employees of 71%[*2])

Solid human resources and organization with advanced digital technologies and expertise (2,255 CoE employees)

Technologies:
- Top-class technological and project management capabilities that facilitate development and operation of mission-critical systems supporting social infrastructure
- One of the world's best digital technology capabilities:
  - **A Leader** in NelsonHall NEAT report for **Cloud Infrastructure Brokerage, Orchestration & Management**
  - **A Leader** in NelsonHall NEAT Report for **Blockchain Services 2021**
- Ability to influence and transmit technologies used around the world
  - High rankings in 2020 OSS development contribution rankings
  - **5th for PostgreSQL, 6th for OpenJDK (Java), 7th for Apache Hadoop, and 7th for Apache Spark**
- R&D in collaboration with the NTT Group The entire NTT Group invests approximately ¥220 billion annually in research and development, including NTT Laboratories, one of the world's leading research institutes and NTT Research, Inc. NTT DATA can utilize its findings.

Partners:
- We won the SAP AWARD OF EXCELLENCE for our partnership with IT companies worldwide for **the sixth consecutive year**. We are among AWS Partner Network (APN) Premier Tier Consulting Partners.
- Strategic partnership with Microsoft involving global deployment of smart knowledge management solutions. We also promote coordination in areas of Azure-proficient human resource development and CSR.
- Acquisition of Acorio LLC to enhance capabilities through accelerated domestic and overseas collaboration with ServiceNow
- We work together with Dell Technologies on several projects including OpenCanvas in Japan and healthcare and smart city projects overseas.
- We have accumulated our unique resources and know-how through the Global Open Innovation Contest that we have hosted since 2013.
- We have a number of business partners[*3] (approx. 160 companies and approx. 48,000 people).
- We collaborate with the NTT Group in R&D in advanced areas and utilize economies of scale.

Client Base:
- Long-Term Relationships with numerous clients and our deep understanding of their operations, which we have built over a long period of time by way of constructing and stably running mega-scale systems in national projects, etc., that support social infrastructure (Client base[*4]: **78** companies)

[Examples of Long-Term Relationship]
- Zengin System boasting increased user convenience and allowing transfers 24 hour-a-day, 365 days-a-year

📖 P15: The Story of NTT DATA

- Large-scale systems in public and social infrastructure field

📖 P96: Business Strategies by Segment— Public & Social Infrastructure Segment

Brand:
- High market shares Ranked **second** in domestic net sales in the IT services market[*5] Ranked **sixth** in global net sales in the IT services market[*5]
- Achievements we have made over a long period of time by constructing and stably running mega-scale systems in national projects, etc., that support social infrastructure
- Standardization of global brand Establishment of NTT DATA EMEAL to oversee operation of NTT DATA's operations in Europe, the Middle East, Africa, and Latin America
- High client satisfaction Rate of 98% of clients stating that they want to continue transactions with NTT DATA or that we are their first choice for consultation[*6]

Finance:
- Robust financial base (D/E ratio: 0.54 times on March 31, 2021; ratings: AA (R&I), AA+ (JCR))
- Ability to generate cash that enables investment required for growth (consolidated FY2020 free cash flow: ¥178.6 billion)
- Stable shareholder returns (no dividend cut in the past, FY2021 dividend forecast of ¥19 per share)

Relevant 12 Material ESG Issues

📖 P53: 12 Material ESG Issues

Human Resources and Organizational Capabilities:
③ Secure and develop IT human resources
④ Promote diversity and inclusion
⑤ Promote workstyle innovation

Technologies:
① Offer social infrastructure and business category-specific solutions based on advanced technologies
② Build and ensure stable management / operation of IT infrastructure
⑥ Ensure information security
⑦ Protect data privacy

Partners:
⑫ Promote responsible supply chain

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

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

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

Relevant Medium-Term Management Plan Strategies

Human Resources and Organizational Capabilities:
[Medium- to Long-Term Goals]
- Develop a workplace environment that is conducive to contributions from diverse employees
- Foster all employees to become digital human resources
[Medium-Term Management Plan Strategies]
Strategy 3 Unleash our employees' potential that maximizes organizational strengths
- Unleash employees' potential
- Digitize our work environment
- Enhance our governance processes

Technologies:
[Medium-Term Management Plan Strategies]
Strategy 1 Expand global digital offerings
- Accelerate global marketing
- Create offerings through aggressive investment
- Expand Centers of Excellence (CoEs)
- Enhance coordination with the NTT Group
  - Coordinate in advanced fields

Partners:
[Medium- to Long-Term Goals]
- Enhance resources and solutions lineups by reinforcing partnerships with IT companies around the world
[Medium-Term Management Plan Strategies]
- Drive NTT Group collaboration
  - Expand business by cross-selling and provision of total services (B2B2X, etc.)
  - Leverage global solutions-based R&D as well as R&D in next-generation science
  - Drive reduced costs through NTT global procurement organization

Client Base:
[Medium-Term Management Plan Strategies]
Strategy 1 Expand global digital offerings
Strategy 2 Deliver greater value to clients based on regional needs
- Further expand client base by maximizing the value we provide to clients
  - 80 or more clients[*4]

Brand:
[Medium- to Long-Term Goals]
- Develop reputation as trusted brand
[Medium-Term Management Plan Strategies]
Strategy 1 Expand global digital offerings
Strategy 2 Deliver greater value to clients based on regional needs

Finance:
[Medium-Term Management Plan Strategies]
Strategy 1 Expand global digital offerings
Strategy 2 Deliver greater value to clients based on regional needs
(Targets)
- Consolidated net sales: ¥2.5 trillion, operating income margin[*7]: 8%, overseas EBITA margin[*7]: 7%

Efforts in FY2020

Human Resources and Organizational Capabilities:
📖 P40: Strategy 3, Unleash our employees' potential that maximizes organizational strengths
📖 P58: Human Resources

Technologies:
📖 P28: Future of Technology and Society Envisioned by NTT DATA
📖 P36: Strategy 1, Expand global digital offerings
📖 P40: Drive NTT Group collaboration

Partners:
📖 P40: Drive NTT Group collaboration

Client Base:
📖 P36: Strategy 1, Expand global digital offerings
📖 P39: Strategy 2, Deliver greater value to clients based on regional needs

Brand:
📖 P36: Strategy 1, Expand global digital offerings
📖 P39: Strategy 2, Deliver greater value to clients based on regional needs

Finance:
📖 P36: Strategy 1, Expand global digital offerings
📖 P39: Strategy 2, Deliver greater value to clients based on regional needs
📖 P46: Message from the CFO
📖 P108: Financials and Others

Financial / Non-Financial Highlights

Order Backlog / Net Sales

📖 P46: Message from the CFO, Business Performance Review

Higher net sales were posted for the 32nd consecutive fiscal year, despite the negative impacts of the COVID-19 pandemic. Order backlog remained at a high level due to the acquisition of large-scale system upgrade orders from public and financial institutions.

(Billions of yen)

2,735.1
2,318.7
139.2
6.0

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
JGAAP — IFRS

▪ Order backlog
■ Net sales

Operating Income / Operating Income Margin

📖 P46: Message from the CFO, Business Performance Review

A massive increase in operating income was achieved as reductions in unprofitable projects and higher sales counteracted the rise in expenses associated with structural transformations.

(Billions of yen) (%)

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
JGAAP — IFRS

■ Operating income (left)
— Operating income margin (right)
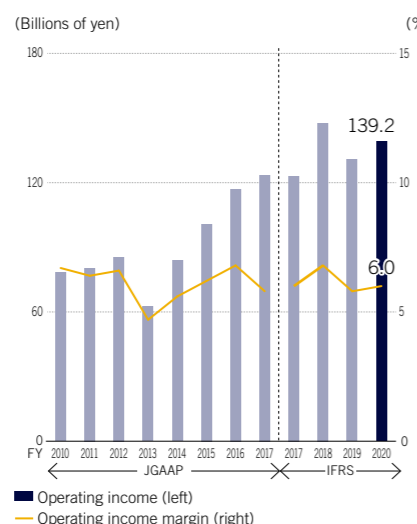
Overseas Net Sales[1] / Overseas EBITA Margin[1,2]

📖 P42: Enhanced Response to Individual Management Issues

Overseas net sales were relatively unchanged year on year as the benefits of the increased scale of M&A activities helped compensate for reductions in sales stemming from the COVID-19 pandemic. The overseas EBITA margin decreased as a result of forward-looking structural transformations implemented in the North America Segment, which counterbalanced the benefits of the FY2019 structural transformations as well as the cost reductions in the EMEA & LATAM Segment.

(Billions of yen) (%)

907.2
-0.8

FY 2014 2015 2016 2017 2018 2019 2020
JGAAP — IFRS

■ Overseas net sales (left)
— Overseas EBITA margin (right)
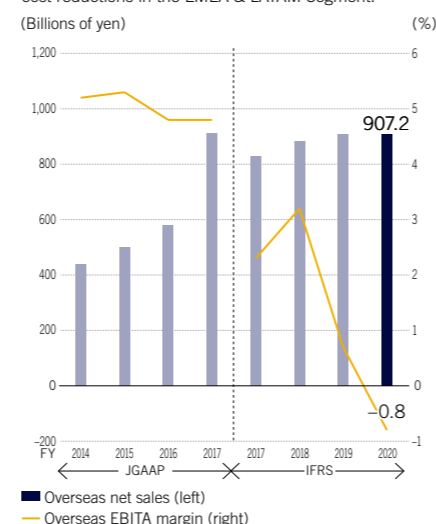
Return on Invested Capital (ROIC)[3,4] / Return on Equity (ROE)[5]

📖 P49: Message from the CFO, Improving Capital Efficiency

ROIC was unchanged year on year while ROE dropped, despite increases in operating income and net income attributable to shareholders of NTT DATA, due to a rise in equity resulted from higher prices of stocks held by the Company.

(%)

7.6
5.9

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
JGAAP — IFRS

— Return on invested capital (ROIC)
— Return on equity (ROE)
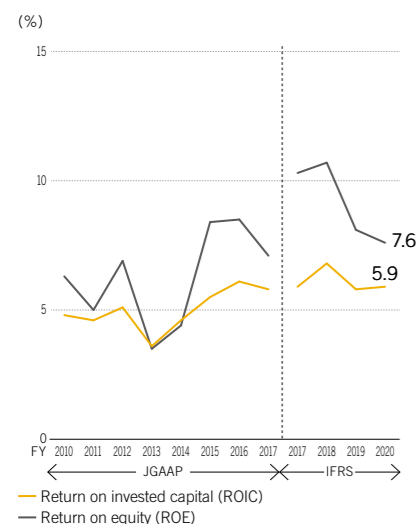
5-Year Average Consolidated Cash Flow Dividend Payout Ratio[6,7] / Annual Dividends per Share[8]

📖 P49: Message from the CFO, Shareholder Return Policy

NTT DATA's basic policy is to pay stable dividends focusing on maintaining the consolidated cash flow dividend payout ratio over the medium to long term. For the annual dividends per share for FY2020, we issued ordinary dividends of ¥18 per share, the same as in the previous fiscal year.

(%) (Yen)

18
34.0

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
JGAAP — IFRS

— 5-year average consolidated cash flow dividend payout ratio (left)
■ Annual dividends per share (right)
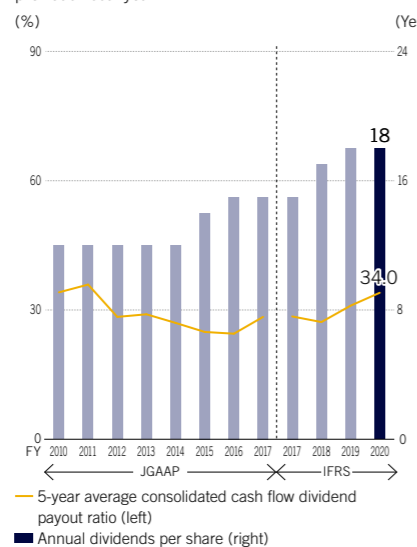
Total Shareholder Return (TSR)

📖 P49: Message from the CFO, Shareholder Return Policy

The total shareholder return (TSR) for holding the Company's shares over the last five years is 159%.

(%)

162.3
158.9

FY 2015 2016 2017 2018 2019 2020

— Total shareholder return (Holding period of 5 years)
— TOPIX (with dividend)
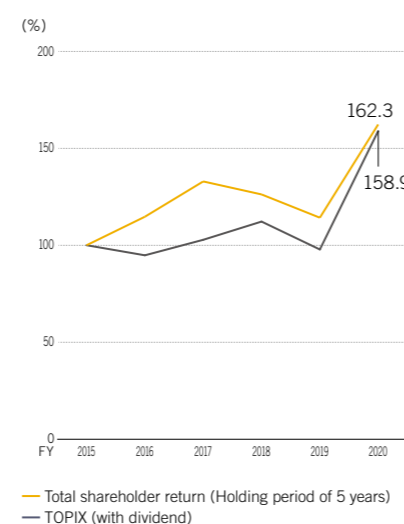
Client Base

📖 P20: Management Resources That Support NTT DATA's Growth

As a result of our efforts under the medium-term management plan, we have 8 more clients than the 70 as of the end of FY2018.

(Number of clients)

78

FY 2016 2017 2018 2019 2020

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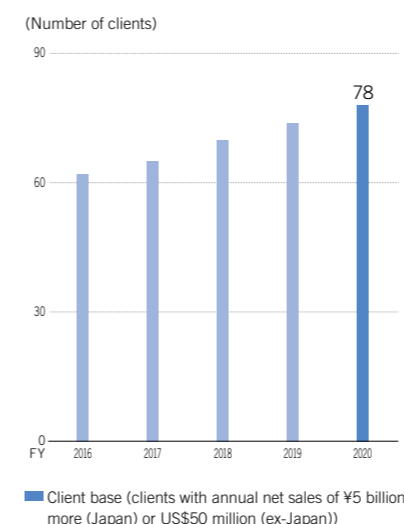
Number of Employees / Number of Overseas Employees

📖 P50: NTT DATA's M&A

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

(Employees)

139,677
99,491

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Number of employees
■ Number of overseas employees
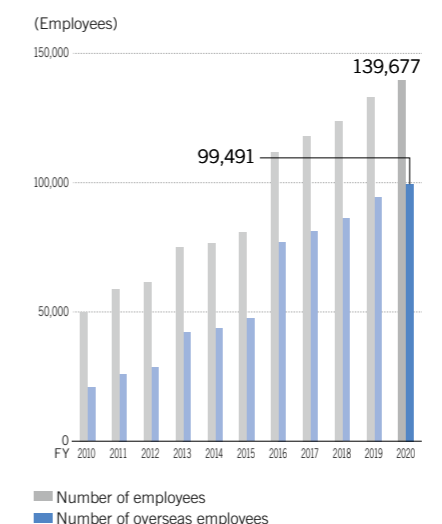
Number of Countries and Regions / Cities Overseas

📖 P50: NTT DATA's M&A

The number of overseas countries, regions, and cities we operate in increased as a result of our focusing on increasing global coverage until FY2015. In FY2016, the number significantly increased due to acquisition of the former Dell Services.

(Number of countries and regions) (Number of cities)

208
55

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Overseas countries and regions (left)
■ Overseas cities (right)
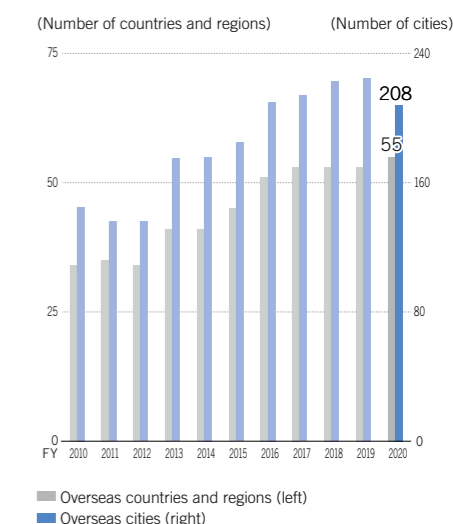
Number of Female Managers[9] ☑ [10] / Ratio of Female New Graduates Hired[9]

📖 P61: Human Resources, Active Participation of Diverse Human Resources

Considering diversity and inclusion as one of our key business strategies, we are focusing on promoting the active participation of women. As a result, the number of female managers and the ratio of female new graduates hired have been increasing in recent years.

(People) (%)

192
34.4

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Number of female managers (left)
— Ratio of female new graduates hired (right)
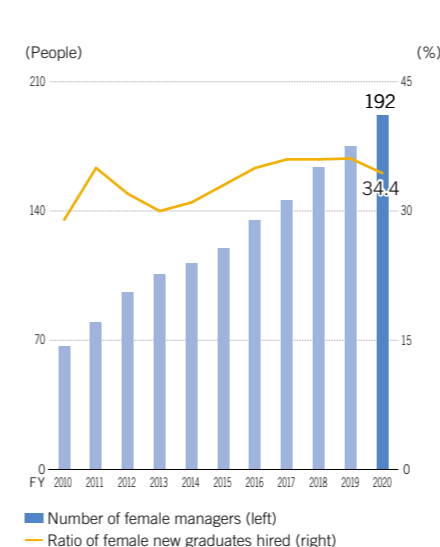
Work Hours[9]

📖 P62: Human Resources, Workstyle Innovation

NTT DATA has been working to reduce work hours as Workstyle Innovation since before the importance of such workstyle reform was widely recognized as a social issue. Work hours continued to decrease until FY2019, but increased in FY2020 as a result of the rapid operating environment changes brought about by the COVID-19 pandemic.

(Hours)

All industries in Japan 1,974
Information service industry 1,962
1,984

FY 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

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

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

Greenhouse Gas Emissions (Scope1 and 2)[11,12] ☑ [10] / Paper Usage[13]

📖 P68: Environment, Response to Climate Change Issue

The Climate Action Committee was established to promote Companywide green innovation initiatives. Two-thirds of NTT DATA's greenhouse gas emissions are from data centers, but these emissions are now decreasing as a result of our introducing cutting-edge facilities, among other efforts. Paper usage is also decreasing mainly due to the promotion of paperless meetings.

(10 Kt-CO$_2$e) (t)

24.3
328

FY 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Greenhouse gas emissions (left)
■ Paper usage (right)

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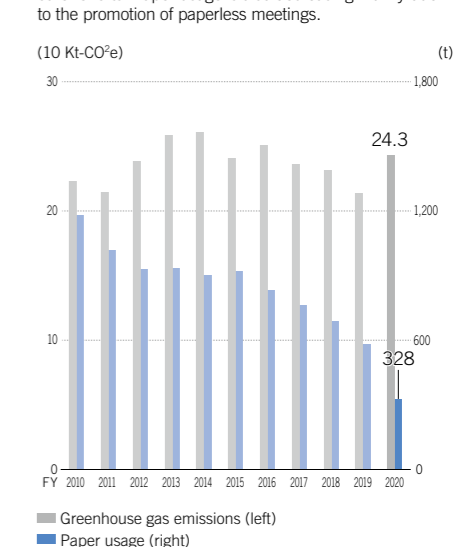
*1 Net sales to clients outside the NTT DATA Group. The figures for the periods until FY2016 are those for the former Global Segment, and from FY2017 and later, are the total of North America/EMEA & LATAM Segments and China & APAC.
*2 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others
　 EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to PPA arising from acquisition and others
*3 ROIC = (operating income × (1 – effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)
*4 Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.
*5 ROE = net income attributable to shareholders of NTT DATA / average equity during the period
*6 Total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets – capital investment; calculated excluding lease amortization expense (¥38.3 billion in FY2019, ¥42.8 billion in FY2020) from FY2019
*7 Figures for weighted average of past 5 years in IFRS. Figures based on JGAAP are used in FY2016 and earlier.
*8 In October 2013, a 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, a 5-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

*9 Figures for NTT DATA (non-consolidated)
*10 Numbers guaranteed by a third party. For details, please see P75 "Independent Practitioner's Assurance."
*11 Total of NTT DATA (non-consolidated) and the Group companies (in Japan and Overseas / FY20: 78 companies)
*12 Total of direct gas emissions by use of fuels (Scope 1) and indirect gas emissions by use of purchased electricity / heat (Scope 2) is converted to CO$_2$. The unit is CO$_2$e (CO$_2$ equivalent).
*13 Total of NTT DATA (non-consolidated) and the Group companies (in Japan only / FY20: 73 companies, FY19: 71 companies, FY18: 68 companies, FY17: 68 companies, FY16: 69 companies, FY15: 75 companies, FY14: 73 companies, FY13: 69 companies, FY12: 64 companies, FY11: 65 companies, and FY10: 61 companies)

Opportunities and Risks

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

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

■ Areas highlighted in yellow represent risks of particular importance.

	Opportunities	Risks	Actions

Technology innovations / **System development** / **System operation**	• Needs for a business model reform utilizing digital technologies
	• Needs for the improvement of efficiency of the existing operations and systems utilizing digital technologies
		• Risk that a delay in response to unexpected disruptive technology innovations could reduce competitiveness in markets and brand value
		• Risk that a project could become unprofitable
		• Risk that a failure is caused on a system in operation
			• Response to disruptive technological innovation (Technology Foresight) — P28
			• Medium-Term Management Plan
			  Strategy 1 Expand global digital offerings — P36
			  Strategy 2 Deliver greater value to clients based on regional needs — P39
			  Drive NTT Group collaboration — P40
			• Enhanced Response to Individual Management Issues, Enhancement of Efforts to Curtail Unprofitable Projects — P42

Investments / M&A	• Expand business through investments and M&As	• Risk that expected returns would not be realized • Risk of impairment of goodwill or others	• NTT DATA's M&A Strategy — P50 • Message from the CFO, Investment Management — P48
Large-scale disasters, serious outbreak of an infectious disease, etc.	• Needs for system investments to address huge earthquakes, climate change, other large-scale natural disasters, and serious outbreaks of infectious diseases, etc.	• Risk that providing services would become more difficult when a huge earthquake, climate change, other large-scale natural disasters, or serious outbreak of an infectious disease, etc., occurs • Risk that IT investments would be curtailed or postponed due to economic slowdown	• NTT DATA's Response to COVID-19 — P26 • NTT DATA's ESG Management, Disaster Risk — P74
Changes in economic situations, societies, and systems	• Needs for system investments to adapt to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, and political and economic situations in various countries	• Risk that business opportunities would diminish due to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, and political and economic situations in various countries	• Medium-Term Management Plan Strategy 2 Deliver greater value to clients based on regional needs — P39 • NTT DATA's ESG Management, Environment — P68
Climate change	• Needs for vendors with strengths in technologies and fields for contributing to green innovation amid rising concern for climate change issues among clients and the rest of society	• Risk of missed business opportunities, diminished evaluations from clients, and reduced customer engagement due to delays in initiatives and businesses in green innovation fields • Risk of additional costs due to introduction of carbon taxes if dependence on fossil fuels is high	• Enhancement of climate change initiatives Direction for next medium-term management plan (Digital & Green) — P45 • NTT DATA's ESG Management, Environment — P68
Securing human resources	• Creating new competitive services through innovations achieved by excellent IT human resources and diverse personnel	• Risk that providing services would become more difficult if excellent human resources are not secured or fostered	• Medium-Term Management Plan Strategy 3 Unleash our employees' potential that maximizes organizational strengths — P40 • NTT DATA's ESG Management, Human Resources — P58
Influence of parent companies	• Business expansion by increasing presence in the global market through collaboration with the NTT Group	• Risk that NTT would take actions that might be best for itself but not necessarily beneficial to other shareholders	• Drive NTT Group collaboration — P40 • NTT DATA's ESG Management, Corporate Governance Protection of Minority Shareholders — P88
Information security	• Needs for system investments to strengthen and sophisticate security measures	• Risk that a security incident would occur as a result of a cyberattack	• NTT DATA's ESG Management, Security — P64
Compliance	• Needs for system investments to enhance compliance	• Risk of compliance violation in Japan and overseas countries	• NTT DATA's ESG Management, Compliance — P74 • NTT DATA's ESG Management, Corporate Governance Group Governance; internal control / risk management — P89
Intellectual property	• Business expansion through solution development and platform offering	• Risk of being unable to provide certain services due to a failure to obtain a necessary license, etc. • Risk of being claimed for damages from violating other parties' intellectual property	• Medium-Term Management Plan Strategy 1 Expand global digital offerings — P36 • Establishment of an organization responsible for the promotion of intellectual property-related activities
Increased competition	—	• Increased competition due mainly to the emergence of consultant firms, active participation of platformers and start-ups in the market, and rapid growth of Indian vendors • Raised demands for lower costs mainly from clients who are more willing to adopt cloud technologies	• Medium-Term Management Plan Strategy 1 Expand global digital offerings — P36
Foreign exchange fluctuations	—	• Risk of foreign exchange fluctuations	• Measures including closing foreign exchange contracts

Pick up! Responses to System Development Risks
• Internal third-party surveys for new large-scale orders
• Regular checks for high-risk projects

Pick up! Responses to System Operation Risks
• Internal sharing of analysis results regarding causes of past system failures and reoccurrence prevention measures
• Regular inspections using checklists
• Establishing a reporting structure for the event of system failures
• System failure response drills

Pick up! Responses to Investment / M&A Risks
• Due diligence activities by specialists when making investment decisions
• Monitoring of post-merger integration (PMI) process and post-investment performance of the Group companies

Pick up! Responses to COVID-19 Pandemic Risks
• Enhancement of online infrastructure
• Protection of employee safety through workplace vaccinations, etc.
• Pursuit of optimal combination of online and offline venues

Pick up! Responses to Information Security Risks
• Formulation of NTT DATA Group Security Policy (GSP)
• Introduction of solutions for preventing and detecting cyberattacks
• Establishment of NTTDATA-CERT as a CSIRT for emergency response to incidents

Pick up! Responses to Compliance Risks
• Formulation of Global Compliance Policy as basic policy for healthy and ethical business activities
• Establishment of dedicated global compliance organization

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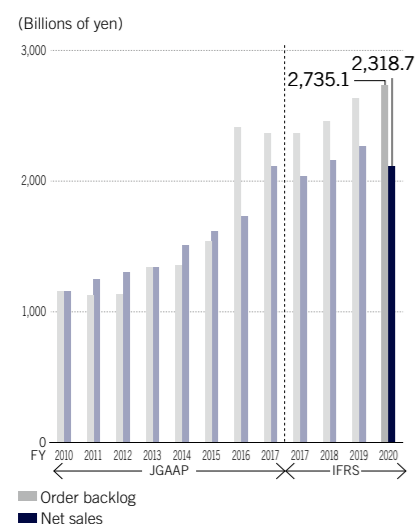Business Strategies by Segment
Financials and Others

Operating Environment Changes and the New Society Envisioned by NTT DATA

Changes in NTT DATA's Operating Environment and Acceleration of Digital Transformation

The COVID-19 pandemic has greatly changed NTT DATA's operating environment.

These changes negatively impacted NTT DATA as clients faced challenging conditions in their businesses, causing them to downsize, cancel, or postpone IT investments.

There were also some benefits among these changes, as they lent to the acceleration of businesses utilizing IT and digital technologies to create new social paradigms around the world while also casting light on various social issues. Cross-field and cross-industry coordination is being pursued to address these issues and drive society-wide DX, and this situation is creating a rise in new business opportunities through which NTT DATA can contribute.

Seeking to respond to changes in the operating environment and help shape a new society, NTT DATA is building upon the initiatives described in its medium-term management plan as it makes strong strides toward reaching its Global 3rd Stage by 2025.

Negative Impacts
Prolonged damage to economic and corporate activities
Economy — Slow recovery
Companies — Challenging operating environment / Selective prioritization of IT investment

Benefits
Creation of new society with IT and digital technologies
Society — Creation of new social paradigms
Companies — Recovery in performance / Acceleration of cross-industry coordination

Response to Operating Environment Changes and Contribution to Shaping a New Society

NTT DATA's Vision for a New Society and Initiatives for Realizing This Vision

During the COVID-19 pandemic, we saw large increases in web conferences, online education, and e-commerce as well as the spread of teleworking from the perspective of workstyles. These factors made the growing potential of online interactions clearly apparent. At the same time, we were reminded of the value of physical world interactions.

Accordingly, after the pandemic has subsided, it will be important to utilize IT and digital technologies to create new social paradigms that optimally blend the benefits of online and physical interactions.

With a constant vision for a society that transforms for the better, NTT DATA will seek to realize its vision by calling upon the strengths and digital technologies it has accumulated to date.

Physical Interactions → New Online Interactions

Society in which various forms of interaction can be practiced freely based on one's objectives = Optimal blend of the benefits of online and physical interactions

NTT DATA

Resolution of Issues through Business Activities			Self-Transformation		
New society New countries	New lifestyles Consumer behaviors	New world Corporate paradigms	Diverse workstyles	Cutting-edge work processes	Safe and secure workplace environments

Establishment of the Social Design Office

On October 29, 2020, NTT DATA established the Social Design Office.

In the future, it can be expected that the DX of government services, financial institution services, and corporate services will advance in an accelerated and intimately connected manner. NTT DATA seeks to contribute to society-wide DX through Company coordination between its operations in the financial, public, and private sectors as well as its overseas business and R&D departments. Moreover, we will dispatch our personnel, including the CDO and CTO, as well as our teams to support society while offering proactive assistance to clients in fostering their own digital human resources.

Realization of a Digital Society
- Overview of services based on overarching society perspective
- Joint development
- Enhancement of digital human resources (CDO, etc.)
- Information provision / proposal
- Consumer-oriented perspective

External Partners
- Clients
- Other industries
- Industrial peers
- Consortiums, etc.

Community building
Digital human resource recruitment / development

Companywide frameworks for promoting the DX of society as a whole
- Overseas departments
- Social Design Office
- R&D departments
- Sharing of overseas best practices
- Planning, promotion
- Digital offering provision
- Financial
- Public & Social Infrastructure
- Enterprise & Solutions
- Execution

Contributions to Society through Business Activities amid the COVID-19 Pandemic

Initiative Example 1 — Support for healthcare institutions through Tele-ICU remote ICU system

Japan currently has approximately 17,000 intensive care unit (ICU) beds on a nationwide basis, and the number of intensive care specialists is only around 2,000. As a result, healthcare institutions that lack a sufficient number of these specialists are sometimes forced to have surgical or internal medicine specialists treat ICU patients. Treating these patients requires intensive, round-the-clock medical support, and is thus a cause of long work hours and emotional stress for physicians.

With the goal of addressing these intensive care-related issues, NTT DATA partnered with Yokohama City University to develop the Tele-ICU remote ICU system, which was launched in October 2020. This system connects the ICUs of various hospitals with a support center staffed by full-time intensive care specialists while also sharing patient vital signs, real-time videos, and electronic medical records.

The intensive care data collected through this system will be used to contribute to future medical research ventures.

Overview of Tele-ICU

ICU / High Care Unit — Support Center — ICU / High Care Unit

Support Center
Web Conferences Smooth communication	Patient Video Constant remote monitoring
Severity Scoring Tracking of trends in patient condition	Electronic Medical Records Comprehensive diagnosis information

Anticipated Benefits
- Improved healthcare quality
- Reduced burden on physicians
- Fewer instances of contact
- Alleviation of regional healthcare disparities

Initiative Example 2 — Contributed to care of infected people and maintained the IT systems during the COVID-19 pandemic (provided frontline IT support together with the University Hospitals of Leicester in the UK)

NTT DATA UK continues to support medical institutions and local communities in this challenging time of COVID-19.

The subsidiary provided IT support in cooperation with the University Hospitals of Leicester(UHL) in the United Kingdom in the following three areas during the spread of COVID-19:

● Care for Infected Patients

Provided mobile device environment for infected patients in quarantine to communicate with their families.

● Developed Telecommuting Environment

Installed new PCs and mobile devices to enable hospital staff to work from home. Installed an innovative prototype using Formula 1 technology that made communication among medical staff easier and safer while wearing personal protective equipment (PPE).

● System Migration to Other Hospital Wards

Migrated critical systems to other hospital wards that had no infected patients.

Background of the Above Initiatives

NTT DATA UK Limited (NTT DATA UK), a subsidiary of NTT DATA Corporation, was selected as an IT services partner of the UHL, one of the largest National Health Service trusts in the UK*, and signed a contract in December 2020 for a seven-year term totaling approximately £53 million (GBP).

The contract was awarded in recognition of NTT DATA UK's track record in providing high-quality services for UHL and its trusted relationship, as well as its quick provision of the latest technologies, including AI and robotic process automation (RPA), supporting UHL's emergency medical services in the midst of the COVID-19 pandemic.

NTT DATA UK has been providing UHL with infrastructure services, IT service management, service desk operations, and other services for seven years. In addition to these services, NTT DATA UK will be responsible for application development and management as a prime contractor under this contract.

* An organizational unit within the National Health Service in England and Wales

Future of Technology and Society — Envisioned by NTT DATA

Six months to 10 years later
Six months to one year later
Two to five years later
Three to 10 years later

Every year, NTT DATA publishes NTT DATA Technology Foresight to provide information on technological trends likely to change the future. This publication features the information society trends that cover ongoing research into cutting-edge technologies and social trends, as well as predictions of how information technology will change society, as well as the technological trends that predict how the future will look with cutting-edge information technology, painting a path forward into the future.

In its 10th year, the FY2021 edition of this report talks about three information society trends and six technological trends. We hope it will be used as a source of information and starting point for discussions at a variety of events.

Through this initiative to present information about the latest technologies, which are becoming increasingly sophisticated, and to create a compass for guiding us into the future, NTT DATA is proud to broadly disseminate its foresight and technological capabilities to customers, in a bid to gain and strengthen their confidence in NTT DATA while co-creating innovation.

NTT DATA Technology Foresight

Information Society Trends

01 Growth of a Seamless World

IT will become deeply ingrained in our daily lifestyles. Online activities will have the same value as real-life activities, and the digital economy will become intertwined with brick-and-mortar businesses, while AI is driving scientific technologies.

We cannot delay in responding to the rapidly advancing and new forms of fusion between online and offline worlds, such as IT-led business restructuring, IT-driven science like vaccines, and the use of IT concepts in manufacturing, like fast-forwarding improvements.

02 Individual-Centered Design

The pursuit of the individual through IT is a two-sided coin, with deeper insight into individuals and the need to address risks. Personalization will be the foundation for various services, provides insights into the needs of people, and can be transformed into an exchangeable value.

Pursuit of the individual will bring criticism of invasions of privacy rights from AI-driven analysis, and this will hasten the need to find ways to create technologies that protect personal information while facilitating the tailoring of services.

03 Forge New Norms

The rapid speed of innovation and proliferation of IT means that rules for co-existing with society cannot keep pace. Meanwhile, the problems caused by IT have only worsened, such as the uptick in world-spanning cybercrimes and growing disadvantages spawn by the digital divide.

The rapidly expanding presence of IT has become a driver of change in society. People savvy in IT will continue to be heavily involved in the writing of new rules and help solve the many issues we all face.

Technological Trends

01 The Transformative Power of AI

The continuing growth of AI has led to advancements in increased model size and performance. These innovations are being applied to commodity AI research. Technologies supporting new AI uses will emerge, including efforts to improve learning data preparation. AI will evolve from a purpose-built tool to a broader exploratory technology.
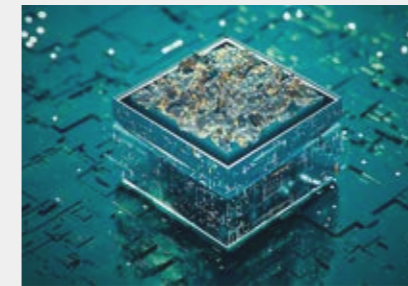
02 The Complication of IT Infrastructures

As AI dramatically increases hardware and network performance requirements, it is driving innovations in miniaturization, new materials, and processing methods—and a move to purpose-built, software-specific hardware designs. In supporting these challenging innovations, cloud service providers will develop expertise and lead the way on best practices.

03 Software-Driven Evolution

Competition among service providers will focus on delivering differentiated customer experiences through software. Manufacturers will rely on software to increase product value and accelerate deployment. Accordingly, companies will seek AI tools to increase productivity and new organizational structures to drive continuous improvement.

04 The Growth of Consolidated Data

Data collection and analysis are essential for effective planning and decision-making in an increasingly data-driven society. As this trend accelerates, technologies that integrate data and perform cross-sectional analysis will improve, as will technological countermeasures to protect privacy.

05 Simulation Takes on New Challenges

IT-based simulation has become increasingly accurate, expanding its application in automobile design, drug development, and other fields. AI will make it easier for simulations to mimic reality while helping reduce calculations. Finally, by supporting the discovery of new materials and proteins, AI will enable new paths in R&D.

06 Distance Accelerates Automation

Technologies that capture human work and automate those tasks are proven to increase productivity for remote workers. By enabling AI to learn as an apprentice does by observing a master–and eliminating the need for step-by-step programming–these technologies are bringing AI to new applications and automation opportunities.

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

R&D at NTT DATA

	Six months to 10 years later
Six months to one year later	
Two to five years later	
	Three to 10 years later

R&D at NTT DATA consists of seeds R&D that eyes the future (R&D to plant the seeds for growth 2–5 years in the future) and needs R&D that helps companies take advantage of business opportunities.

We are stepping up efforts in seeds R&D that align with the trends outlined in NTT DATA Technology Foresight 2021, and preparing to tap into growing business opportunities over the medium and long terms.

Seeds R&D

Acquire new technological strengths for future (2-5 years)

Prepare for future growth opportunities and threats, and offer solutions for emerging needs

Start from potential business concepts

Identify future market opportunities

- Discover promising future technologies
- Technology incubation * Help create and find new businesses
- Proof of concept in society
- Offer solutions for emerging needs

Examples of Specific Initiatives — Initiatives in quantum computing

Utilizing the theories of quantum physics, quantum computers are computers that hold promise to perform calculations at far faster speeds than conventional computers do today.

Quantum computing might be deployed to solve diverse problems in wide-ranging industries, such as calculating optimal routes to alleviate traffic jams in the automobile industry, optimizing asset portfolios and call center operation schedules in the financial sector, and optimizing production processes at factories.

NTT DATA is undertaking various initiatives to increase market awareness of quantum computing and introduce it in business. In January 2019, the Company began to provide viability verification services for customer operations using quantum annealing / ising machines. Through this service, NTT DATA assists customers in fields where it is likely to be used with deployment proposals based on the characteristics of the machines, and with verification assistance based on operational requirements.

In January 2021, the Company published the NTT DATA Quantum Computing Guidelines for Quantum Annealing / Ising Machines as a compendium of information needed by regular programmers and engineers to verify the practical utility of quantum annealing / ising machines.

In addition to publishing the Quantum Computing Guidelines, NTT DATA will lay the groundwork for developing practical systems and rolling out services for various fields by leveraging the computing capabilities of quantum computing and next-generation architectures.

Example of Transportation Route Optimization

Quantum computing can efficiently solve complex problems, such as route optimization for many delivery trucks.

Quick calculation of routes for multiple delivery trucks
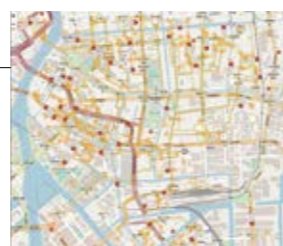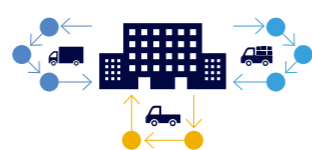
Examples of Specific Initiatives — Initiatives in AI governance

AI can make various services more convenient, but there are problems specific to AI that can cause issues with ensuring accuracy and quality. Effective AI governance will be essential to creating reliable AI systems.

At NTT DATA, we strive to provide reliable AI systems throughout the AI life cycle of development, deployment, and utilization, by preparing the AI Guidelines, AI Development Process, and the AI Advisory Board with the aim of realizing a more affluent and harmonious society where people and AI coexist together, while referring to the latest trends in AI governance by participating in government meetings and the like.

More specifically, NTT DATA has launched a project for applying AI Development Methodologies (process and deliverables format) in order to enable development based on the AI Guidelines. In a bid to improve AI quality, we systematically develop technologies needed for the proper use of AI, and have readied AI Quality Assessment Tools that can check in an interview sheet format whether AI quality characteristics and risks are being properly assessed.

In addition, the AI Advisory Board, which consists of outside experts, holds study sessions four times a year for managers of internal AI systems, covering topics such as legal systems and known issues related to the latest AI. It also strives to increase the literacy of employees in AI governance topics from a diverse array of perspectives based on AI business requirements.

We plan to create internal deployment rules and structures for AI governance in 2022.

Needs R&D

Identify focus technology fields that contribute to current businesses (6–12 months later)

Enhance leverage of offerings with proof-of-concept* (PoC) testing

- Gain a technological edge earlier than other companies
- Proposal for new and highly demanded technology based on PoC testing

- Discover technologies first
- PoC, process and estimate methodologies
- Clients Markets

* Proof of concept (PoC): Verification of new ideas to demonstrate their feasibility

Focused Technology Fields

ADM
Application Development and Management (ADM): Waterfall and Agile bi-modal supported from upstream process

Cloud
Support hybrid / multi-cloud

Security
Focus on high-growth market fields including zero-trust

Service Management
Strengthen consolidated IT deployment centered on ServiceNow

Data Analytics
Fusion of data and AI
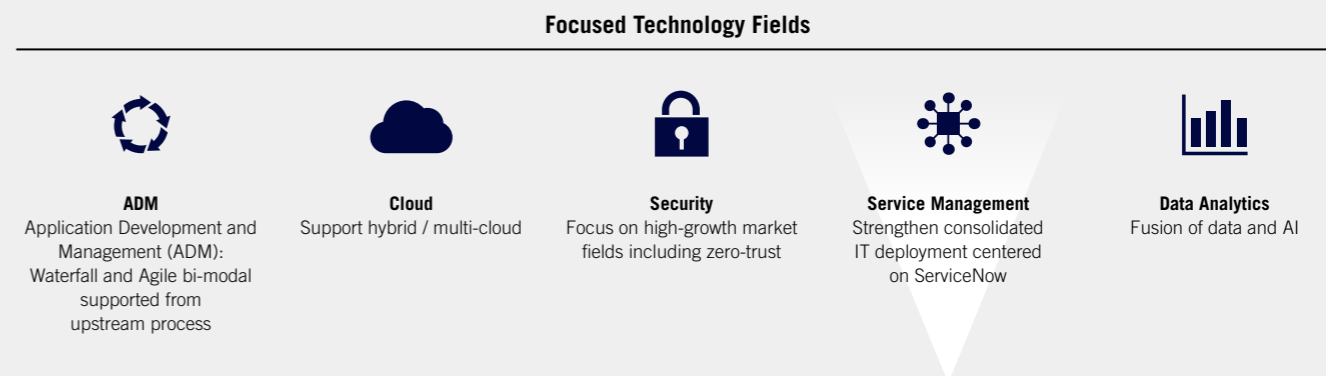
Example — Initiatives to modify system deployment amid new normal: ServiceNow

In systems management, clients are moving to digitalize their operations and consolidate individually managed systems, as more IT infrastructure moves into the cloud, IT personnel are in short supply, and remote work is needed during the COVID-19 pandemic.

NTT DATA helps clients with their DX projects by combining the latest digital technologies in its cloud-based digital platform ServiceNow with services tailored to specific industries, relying on its operational know-how and IT deployment experience accumulated over many years. Inquiries about ServiceNow have grown at a faster pace with each passing year. We received nearly 300 inquiries in FY2020.

Example of Reforms for On-Site Systems Management
On October 1, 2020, redefining how systems are managed in this new normal, NTT DATA commenced operations of service-managed solutions based on ServiceNow at more than 100 of NTT DATA's systems operations sites.

As we start to implement this initiative Companywide, we aim to roll out service-managed solutions for 100 in-house projects within three years, in a bid to solve operational problems that have emerged as a result of internal studies during the pandemic. At the same time, we aim to reduce cost of sales by 30%.

By applying service-managed solutions, we are able to enable new styles of working, including remote work that is required during this new normal.

Establishment of ServiceNow Business Strategy Office
In January 2021, the ServiceNow Business Strategy Office was set up as an entity specializing in ServiceNow-related business.

This office is an organization dedicated to leading the development of businesses related to ServiceNow, driven by a unified team of 150 consultants with industry-specific knowledge and top engineers in Japan, in activities centered on deploying ServiceNow for IT operations and management.

Awarded as a ServiceNow Partner
We received the Creator Workflow Award at the 2021 ServiceNow's APJ Partner Summit & Awards Ceremony.

NTT DATA supports the creation of new value and the transformation of business at its clients by deploying ServiceNow technologies as a digital innovation partner for clients, leveraging its strengths and abundant industry knowledge.

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

Stages

Global 1st Stage	Global 2nd Stage	Global 3rd Stage	Trusted Global Innovator
Increased Global Coverage	Recognized Global Brand	Reputation as Trusted Brand	Aiming to become a company trusted by clients worldwide with **Global Top 5** status
FY2012–2015	FY2016–2018	FY2019–2021 / FY2022–	FY2025

Changes in the Medium-Term Management Plan

Two Previous Medium-Term Management Plans	Previous Medium-Term Management Plan	Medium-Term Management Plan	Directives for the Next Medium-Term Management Plan
Evolving into a corporate group that can efficiently provide diverse IT services worldwide	**NTT DATA : ASCEND** Rise and grow our global brand	**—Midpoint to Global 3rd Stage—** Pursuing profitable global growth with **consistent belief and courage to change** 📖 P34: Medium-Term Management Plan	**—Digital & Green—** Shaping a new society. Needs to evolve the current medium-term management plan in response to operating environment changes to contribute to shape a new society.

Management Targets

Two Previous Medium-Term Management Plans

Net Sales — Over ¥ **1.5** trillion — *Achieved*

EPS — ¥ **200** — *Achieved*

Previous Medium-Term Management Plan

Net Sales — Over ¥ **2** trillion — *Achieved*

Adjusted Operating Income — **+50** %[1] (Operating Income: ¥142 billion) — *Achieved*
[1] Compared to FY2015 (adjusted item: incremental investment in new areas)

Medium-Term Management Plan

Growth
Net Sales ¥ **2.5** trillion
Client Base[2] **80** or more
[2] Clients with annual sales of ¥5 billion or more (Japan) or US$50 million or more (ex-Japan)

Earnings
Operating Income Margin[3] **8** %
Overseas EBITA[3] margin **7** %
[3] Excluding temporary costs such as M&As and structural transformation

Directives for the Next Medium-Term Management Plan

Operating Environment Changes Affecting NTT DATA
- Acceleration of DX spurred by the COVID-19 pandemic
- Global decarbonization trend

📖 P44, 45: Directives for the Next Medium-Term Management Plan

Strategy Overview and Major Achievements

Two Previous Medium-Term Management Plans

Expansion of new business fields and reinforcement of product competitiveness
- We used game-changing approaches to increase our share of existing markets (client base[2]: 50 companies) and successfully enter new business fields.

Expansion, enhancement, and reinforcement of global business
- We achieved an overseas sales ratio of more than 30%, and overseas sales exceeded ¥500.0 billion.

Pursuit of overall optimization
- By introducing shared service centers, we reduced management expenses by more than ¥10.0 billion compared with FY2011.

Previous Medium-Term Management Plan

Strengthen local presence
- In the IT services market, we increased our presence in 8 of 10 countries.

Game-changing approach
- We built a stronger client base and established a stable business foundation (client base[2]: 70 companies).

Breakthrough technology
- We reduced costs through standardization, automation, and other production technology innovations, and formed globally consistent R&D facilities to support client digitalization initiatives.

COURAGE TO CHANGE — Maximize Value for Clients

Strategy 1: Expand global digital offerings
- Create offerings we can roll out globally and strategically approach global accounts

Strategy 2: Deliver greater value to clients based on regional needs
- Provision of digital offerings created through Strategy 1 and further enhance the value provided to clients by continuing to utilize the 4D Value Cycle, taking into account market characteristics that differ by region and leveraging the Company's strengths

Strategy 3: Unleash our employees' potential that maximizes organizational strengths
- Unleash our employees' potential that maximizes organizational strengths to support Strategy 1 and Strategy 2

Drive NTT Group collaboration
- Maintain original management and brand and enhance collaboration with the NTT Group to increase presence in the global market

CONSISTENT BELIEF — Shape the Future Society with Our Clients

- Contribute toward achieving the Sustainable Development Goals (SDGs) and cultivate ongoing increases in corporate value by creating value based on Long-Term Relationships with clients

Issues

Two Previous Medium-Term Management Plans

Prevent unprofitable projects
- The Company has introduced a variety of measures to curtail unprofitable projects, including the establishment of the Project Review Committee in FY2013. However, we recognize the need for further curtailment efforts, as a large amount of loss from unprofitable projects occurred in FY2015.

Previous Medium-Term Management Plan

Maximize value for our clients
- To maximize value for our clients, we recognize the need to further accelerate DX and maximize global synergy.

Prevent unprofitable projects
- With the exception of a specific project, we succeeded in reducing the number below our target level[4] through such methods as establishing the Project Review Committee. Due in particular to increasingly complex technologies, we need to further step up curtailment efforts.

Improve profitability of overseas businesses
- Although net sales grew significantly, profitability remains low, so substantial improvement is necessary.

[4] 0.3%–0.5% of consolidated net sales

📖 P42: Enhanced Response to Individual Management Issues

Medium-Term Management Plan (FY2019–2021)

—Midpoint to Global 3rd Stage—

Pursuing profitable global growth with consistent belief and courage to change

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

Overview of the Medium-Term Management Plan

Profitable Global Growth: FY2021 Business Goals

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

COURAGE TO CHANGE — Maximize Value for Our Clients

Transformation & **S**ynergy

Strategy 1	Strategy 2	Drive NTT Group collaboration
Expand global digital offerings	Deliver greater value to clients based on regional needs	
Strategy 3		
Unleash our employees' potential that maximizes organizational strengths		

CONSISTENT BELIEF — Shape the Future Society with Our Clients

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CONSISTENT BELIEF

Shape the Future Society with Our Clients

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

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

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

Clients — Value creation based on Long-Term Relationships — NTT DATA

Constant increase in corporate value

NTT DATA'S ESG based MANAGEMENT

SUSTAINABLE DEVELOPMENT GOALS

Contribution to society through business

📖 P52: NTT DATA's ESG Management
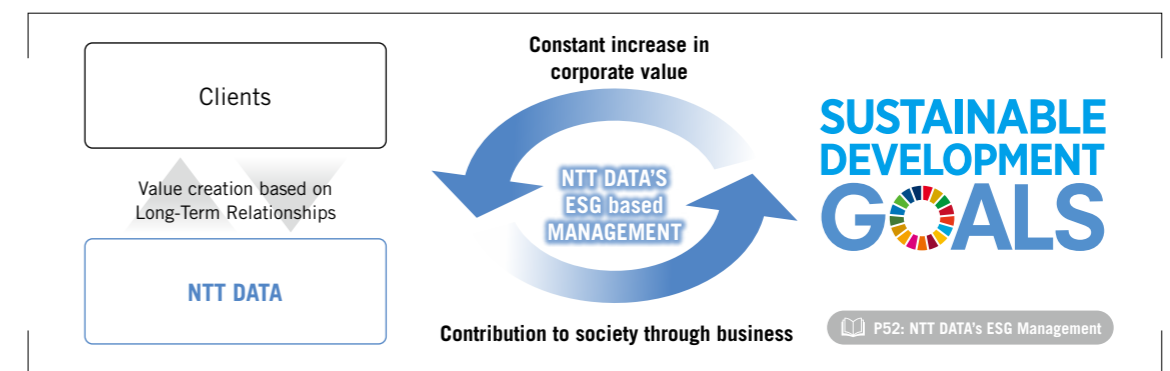
COURAGE TO CHANGE

Strategies for Maximizing Value for Our Clients

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

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

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

–FY2018	Medium-Term Management Plan (FY2019–2021)

Strategy 1 — Expand global digital offerings
We will create offerings we can roll out globally and strategically approach global accounts. At the same time, we will bolster our global strengths overall by using our CoEs to provide support for the offerings we have created and deploying the offerings into individual regions.

Business Operation Based on Strategies Tailored to the Characteristics of Individual Regions

Japan	Region strategy
North America	Region strategy
EMEA & LATAM	Region strategy
China & APAC	Region strategy

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

Japan	Region strategy
North America	Region strategy
EMEA & LATAM	Region strategy
China & APAC	Region strategy

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

Collaboration with NTT — Drive NTT Group collaboration

Strategy 3 — Unleash our employees' potential that maximizes organizational strengths
We will unleash our employees' potential that maximizes organizational strengths to support Strategy 1 and Strategy 2.

Medium-Term Management Plan (FY2019–2021)

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

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

Strategy 1 | Expand global digital offerings

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

The previous medium-term management plan concentrated on increasing our local presence, and under this plan we operated businesses on the basis of strategies tailored to individual regions. However, to achieve the further growth necessary to reach the Global 3rd Stage, we recognize the need to create globally consistent strengths. For this reason, the current medium-term

management plan defines global industry and technology focus areas. We will make strategic investments and consolidate our resources around the world to provide sophisticated services to global clients.

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

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

Integrated Initiatives for Global Marketing and the Development of Offerings

1 Accelerate Global Marketing
- Enhance client loyalty program and accelerate collaboration throughout focus industries
- Improve external relation activities (such as public relations and analyst relations)
- Leverage digital success stories

Provide feedback on client needs

Roll out global offerings

2 Develop Digital Offerings
- Formulate offering strategy based on our industry expertise
- Drive collaboration with clients and create offerings with open innovation initiatives

Drive Agile Development and Provide Support on Better Utilization

3 Expand CoEs
- Accelerate the utilization of assets by aggregating knowledge and assets around advanced technologies such as blockchain and AI
- Expand the CoE network to include 5,000 people by March 31, 2022

Blockchain CoE (300 people in 24 countries) — Cybersecurity
Digital Design CoE (585 people in 10 countries) — Customer Experience
Agile / DevOps CoE (330 people in 8 countries) — IT Optimization
AI CoE (800 people in 8 countries) — Data & Intelligence

New CoEs established in June 2020 to bolster the CoE network

IoT CoE (20 people in 9 countries) — Internet of Things
Intelligent Automation CoE (20 people in 8 countries) — Intelligent Automation
Software Engineering Automation CoE (200 people in 7 countries) — Intelligent Automation / IT Optimization

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1 Accelerate Global Marketing
Globally Accelerate Intra-Industry Synergies and Strategically Approach Global Accounts

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

Global Coordination in Focus Industries

Focus Industry: Global Industries & Accounts
Automotive, Banking, Insurance, Healthcare, Telecommunications, Retail

Coordination: Global One Team
NTT DATA EMEAL, NTT DATA CHINA, NTT DATA Services, NTT DATA APAC, NTT DATA
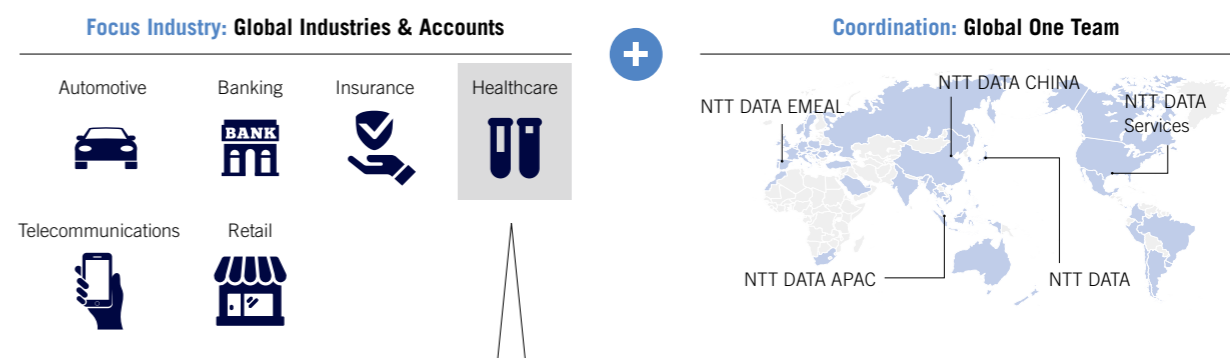
Case Study | Healthcare initiatives

Subsidiary NTT DATA Services has developed an AI solution that can make early predictions of patients at-risk of certain chronic diseases. This solution has been shaped using 13 million health insurance datasets from more than 5 million patients with type 2 diabetes and other serious chronic diseases along with data on the pharmaceuticals they use and clinical and inspection data.

This solution is anticipated to see use by health insurance companies, which will be able to utilize this solution to assign chronic disease risk scores to general insurance users easily with no need for the intensive examinations required previously. This solution will thus make it easier for such scores to be supplied to users.

NTT DATA is deploying this solution on a global scale, and we have already received new orders and been invited to participate in PoC tests from health insurance companies in North and South America.

NTT DATA Services

Development — Solution Deployment

AI Disease Prediction Solution

Input Data	AI Learning Model	Output Data
Health condition	Analyses of personal dataset to predict disease risks and necessary healthcare expenses	Disease risks
Treatments undergone		Necessary healthcare expenses
Treatment results		Support for choosing ideal health insurance for each individual
Payments		

Each overseas Group company supports solution deployment and development

FY2020 Order Acquisition 🇺🇸
FY2020 PoC Test 🇧🇷

Medium-Term Management Plan (FY2019–2021)

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

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

2 Develop Digital Offerings

Concentrated Investment in Seven Fields to Create Tools to Compete at the Global Level

The Digital Strategy Office is conducting concentrated investment in fields that represent areas of strength and in which it can utilize its digital technologies to create standardized tools to be used in competing at the global level.

For FY2021, we have defined seven fields for concentrated investment based on the scale of the markets for the respective fields and technologies and NTT DATA's presence therein.

Future Projections
- Market trends
- Technology trends

NTT DATA Technology Foresight

Healthcare*1 | Banking | Insurance*1 | Automobile

7 Strategy Fields

Telecommunications | Retail | Disruptive Social Change*1

Areas of Strength
- Market shares by industry
- Major customers / business models
- Digital focus area

*1 The healthcare and insurance fields include the prior automation field and the disruptive social change field includes the prior information application field.

Data & Intelligence	Intelligent Automation	Customer Experience	Internet of Things	IT Optimization	Cybersecurity
AI, machine learning, other technologies	RPA, robotics, other technologies	Digital design, VR / AR, other technologies	Sensing technology, edge computing, other technologies	Agile / DevOps, legacy modernization, other technologies	Blockchain, advanced cyberthreat detection, other technologies

Contributions to the Acquisition of Digital Projects by Bringing 15 Global Offerings to the Service Provision Stage through PoC Tests and Joint Development

Commercialized global offerings **15**

- Cloud-based telemedicine solution for healthcare institutions
- Global platform for health insurance companies (GIDP)
- Data management enhancement and utilization solutions (ABLER, etc.)

ehCOS by everis health
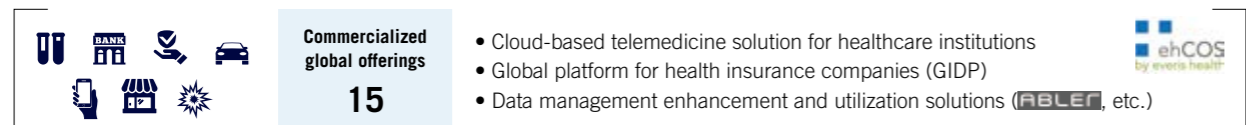
Case Study | Commercialization of global offerings

GIDP (Global Offering for Insurance Companies)

The long periods of low interest rates and tighter capital restrictions have stimulated a rise in closed-block transactions.*2 It can therefore be expected that the market for business process outsourcing (BPO) services for the life insurance industry will grow while these transactions spread from early adopting markets like the United States and the United Kingdom into mainland Europe.

In North America, NTT DATA has more than 30 years of experience in the third-party administrator field, a BPO field that entails use of specialized insurance knowledge, and we provide services to more than 20 clients in this field. GIDP is an NTT DATA global offering that combines the life insurance BPO service expertise we have gained through our track record in the North American market with a digital platform comprised of Company and third-party assets. This end-to-end offering encompasses everything from the implementation of digital business process as a service (BPaaS) solutions to the operation of these solutions.

After first being launched in the North American market, the GIDP service will be expanded into the European market before eventually being deployed on a global scale. Over the two-year period encompassing FY2019 and FY2020, this service has helped us acquire orders amounting to approximately ¥10.0 billion. Our GIDP-related initiatives have been highly evaluated by analysts, resulting in NTT DATA being named as Leader in the NelsonHall 2020 NEAT Report for Salesforce Services.

*2 Life insurance transactions through which value, and consequently profit, is improved by acquiring and consolidating ownership contracts for products for which insurance companies have ceased sales (closed blocks)

GIDP
Global Offering for Insurance Companies Encompassing Everything from

Introduction and Transition Consulting	Digital Platform	BPO Transaction / Operation

Value Provided by GIDP

Improved Customer and Employee Experience	Process Automation	Cost Reductions
Legacy System Modernization	Data Analytics	Transition Risk Mitigation
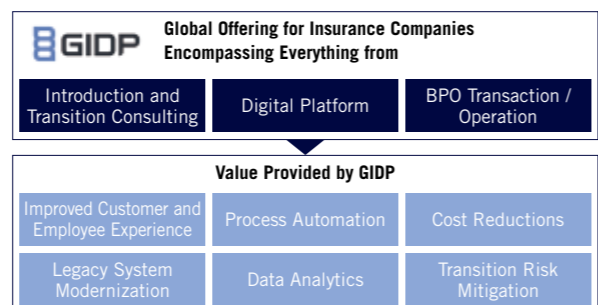
3 Expand CoEs

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

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

Through its CoE activities, NTT DATA hopes to accomplish the following targets by March 31, 2022.
- Expand staff of human resources with advanced digital technology skills to approximately 5,000 in seven fields on a global basis
- Achieve aggregate order contributions totaling ¥100.0 billion in seven fields on a global basis

Human resources with advanced digital technology skills	Aggregate order contributions
Approx. **5,000**	Approx. **¥100.0 billion**

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

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

Value Offering Model

Trusted

Forecasting New technologies

Discover

4D Value Cycle

Drive | Design

Strategic planning

Develop

Business reforms

Regional Strategies

Japan
Leverage strengths in existing areas to create new value
P96: Public & Social Infrastructure Segment   P98: Financial Segment
P100: Enterprise & Solutions Segment

China & APAC
Capitalize on market growth to dramatically expand business

North America
Expand our focused service portfolio and secure high-potential customers
P102: North America Segment

EMEA & LATAM
Enhance value for clients through unification
P104: EMEA & LATAM Segment
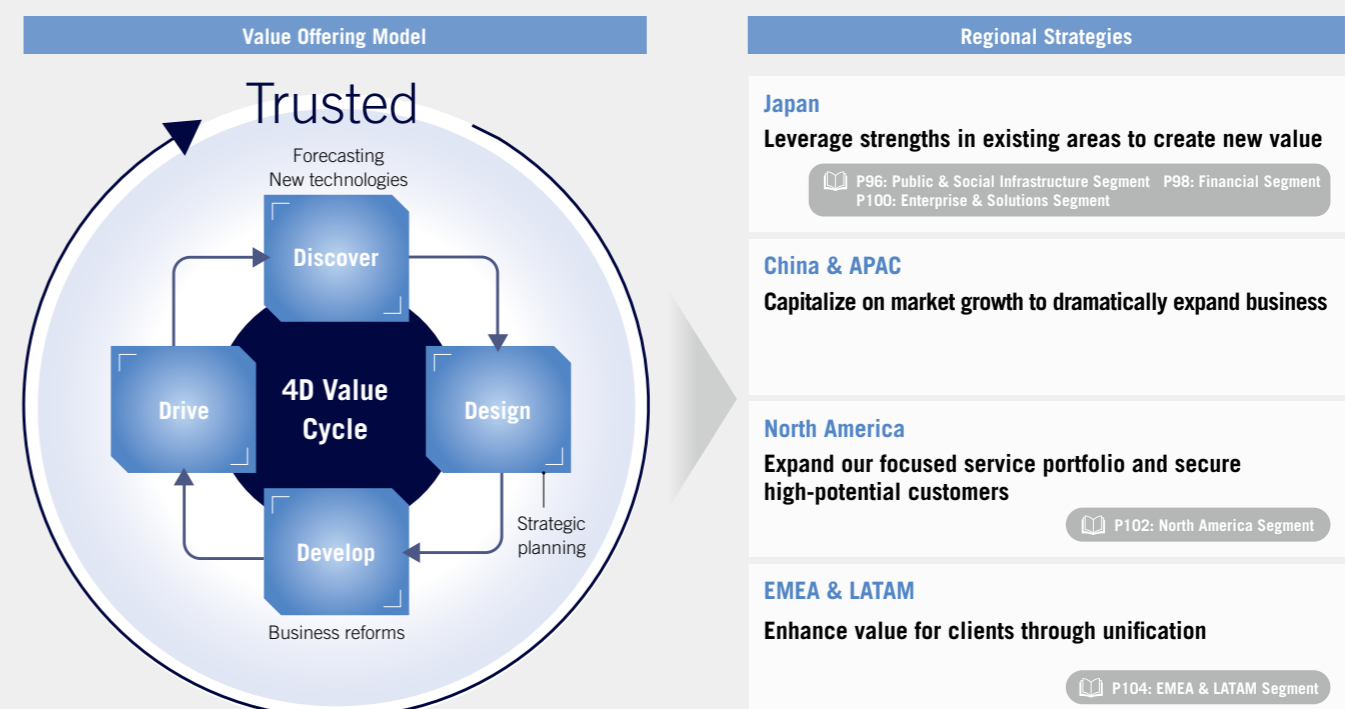
- Common model to further enhance the value we provide to clients
- Providing the value at all four Ds (Discover, Design, Develop, and Drive) stages
- Continuing to utilize the 4D Value Cycle = Long-Term Relationships with clients
▶ **This will result in NTT DATA's differentiation from competitors and increased competitive advantage.**

Courage to change

Strategy 1	Strategy 2	Collaboration with NTT
	Strategy 3	

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

To support the implementation of Strategy 1 and Strategy 2, we will promote collaboration based on common values (clients first, foresight, and teamwork) and enhance organizational strengths to maximize global employee potential.

Unleash Employee Potential
- Enhance digital capabilities
- Ensure our workplace enhances the diversity of our professionals
- Improve employee engagement

Status of Initiatives **P58: Human Resources**

Digitize Our Work Environment
- Share knowledge, promote collaboration, and transform business processes leveraging digital technologies
- Transform the system development process through next-generation production technology

Status of Initiatives **P58: Human Resources**

Enhance Our Governance Processes
- Enhance risk management
- Advance project management

Status of Initiatives
P42: Enhancement of Efforts to Curtail Unprofitable Projects
P78: Corporate Governance

Drive NTT Group collaboration

Positioning of NTT DATA within the NTT Group

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

NTT Group

Total assets	¥22,965.5 billion
Consolidated operating income	¥1,671.4 billion
Employees	324,667
Subsidiaries	964
Affiliates	137

Note: Figures are as of March 31, 2021.

Formulation of management strategies for the entire NTT Group and promotion of basic research and development

NTT, Inc. (Global Holding Company)

NTT

B2B IT Service

Long Distance and International Communications Business
Managed ICT / Data Center Network

NTT Ltd.
(Global Communications Company)

NTT   **NTT Communications**

Data Communications Business
Software (Application Layers)

NTT DATA   NTT Group's comprehensive IT service provider

Mobile Communications Business

docomo

Regional Communications Business

NTT EAST
NTT WEST

Other domestic and overseas subsidiaries and affiliates

Drive NTT Group Collaboration

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

Maintain original management and brand and enhance collaboration with the NTT Group to increase presence in the global market

Collaboration in advanced fields

Expand business by cross-selling and provision of total services (B2B2X, etc.)

NTT Communications
NTT Ltd.

NTT Group

Collaboration in advanced fields

Leverage global solution-based R&D[1] as well as R&D in next-generation science[2]

NTT
NTT Research, Inc.

Collaboration utilizing economy of scale

Drive reduced costs through NTT global procurement organization

NTT Global Sourcing, Inc.

[1] **Basic research and development**
AI for automated driving
Automobile security
Edge computing

[2] **Next-generation research and development**
Quantum computing science
Cryptography information theory
Biological information processing

Collaboration in Advanced Fields

In advanced fields, we leverage the results of basic research conducted by NTT Research, Inc. and NTT Laboratories and take charge of efforts to transform those results into businesses. R&D expenses at NTT DATA total approximately ¥23.0 billion* on an annual basis. In comparison, the annual budget for the entire NTT Group, which includes such world-leading research institutions as NTT Research, Inc. and NTT Laboratories, is roughly ¥230.0 billion.[3] The privilege to utilize the results of the efforts of these research institutions is a major benefit of belonging to the NTT Group.

*3 FY2020

Basic research	Applied research	Business application

NTT Research, Inc.   NTT Laboratories

NTT DATA Group

NTT DATA Notable examples of applications

"Monone"	Smart city solutions	Toyota Motor PoC testing of a connected car
Abnormal sound detection	AI technologies (corevo)	Edge computing technology

Contributions to the Realization of a Digital Society—Establishment of the IOWN Promotion Office

In January 2021, NTT DATA established the IOWN Promotion Office as a dedicated organization pertaining to the Innovative Optical and Wireless Network (IOWN) concept advocated by the NTT Group.

The office plays a role in connecting NTT Laboratories, which advances research and development on underlying technologies, with the NTT DATA organizations that commercialize research results to be supplied to customers.

Going forward, IOWN-related research successes will be applied to smart city, smart mobility, smart healthcare, and other fields in order to contribute to the realization of a super smart society based on the Society 5.0 concept.

Society 5.0
Client & Society

Smart Factories | Smart Agriculture | Smart Healthcare | Smart Mobility | Smart Cities | Smart Sports

Digital Social Transformation through the IOWN Concept

Digital Social Transformation Concept	Contributions to Sustainnovation	Response to Environmental Issues (Greening)

NTT DATA

NTT (NTT Laboratories)

IOWN Technologies, New Technologies, Intellectual Properties

Future social issues and client needs, current business issues and needs

IOWN

APN — High-speed, high-capacity communications
CF — Optimal resource distribution

IOWN Design Office
1. Establishment of technology strategies for promoting digital social transformation
2. Co-creative R&D with social transformation partners
3. Enhanced coordination with NTT Laboratories

Social Design Office
Establishment of Digital Society Vision
Cross-Industry Business Creation

Business Fields

DTC — New services and applications

Enhanced Response to Individual Management Issues

Enhancement of Efforts to Curtail Unprofitable Projects

We fully recognize the importance of curtailing unprofitable projects. However, as we take on new, ambitious projects, we cannot completely eliminate the risk of such projects turning out to be unprofitable. Accordingly, if the annual amount of losses from unprofitable projects is between 0.3% and 0.5% of consolidated net sales, we believe management can be judged to be effectively controlling risks.

After establishing the Project Review Committee in October 2013, we have assessed an aggregate total of 90 project plans (11 plans assessed in FY2020), thereby succeeding in limiting the impacts of unprofitable projects on income.

Impacts of Unprofitable Projects on Income

(Billions of yen)

Establishment of the Project Review Committee

Measures for Curtailing Unprofitable Projects since FY2019
- Respond promptly to risks
- Strengthen on-site capabilities
- Enhance management process
- Further accumulate and leverage knowledge

Ratio of Net Sales Accounted for by Unprofitable Projects

2.34% · 1.03% · 0.78% · 0.45% · 0.3% · 0.06%

FY 2013 2014 ... 2018 2019 2020

Note: Between 0.3% and 0.5% defined as management standard for effectively controlling risks

FY	2013	2014	2015	2016	2017	2018	2019	2020
	31.5	15.5	15.9	7.4	9.9	16.9	10.3	1.4

Project Review Committee Initiatives

- For challenging projects with highly technical requirements, proactive measures are taken including obtaining a feasibility assessment from a specialist when a proposal request is received from a client.
- Standards and processes regarding the receipt of orders for challenging or high-risk projects are reviewed and implemented.
- To prevent the occurrence of unprofitable projects, assessment items are reviewed or added as necessary for systems development projects requiring functions to be detached from legacy systems for which processes and programs have become overly complex so that these functions can be redeveloped while maintaining compatibility with the prior system.

Order Acquisition | Post-Order Receipt

Large ← Project Scale → Small

Corporate Management Committee, Board of Directors
- Judgment on individual order basis
- Confirmation of high-risk projects

Corporate Organizations
- Project Review Committee (Support for projects at proposal preparation phase)
- Post-order follow-up

Field-Specific Organizations
- Verification of appropriateness of project plans (Utilization of insight of the Project Review Committee)
- Project support and monitoring

Report / Instruction | Report / Instruction

Business Sector and Other Organizations
Project execution

Improvement of Profitability of Overseas Businesses

With the goal of becoming a Global Top 5 company by 2025, NTT DATA is pursuing profitable global growth under the current medium-term management plan. However, the overseas EBITA margin remains at its previously low level, indicating that the improvement of profitability is an important task for management. Structural transformation was undertaken in FY2019 and FY2020 to facilitate improvements with this regard.

(Billions of yen) / (%)

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019	2020	2021 (Forecast)
Overseas net sales	231.3	298.7	449.0	504.4	586.3	911.1	831.3	881.1	906.7	907.2	906.0
Overseas EBITA margin	4.7	3.2	5.2	5.3	4.8	4.8	2.3	3.2	0.7	-0.8	7.0

← JGAAP → | ← IFRS →

(4.6 shown near 2021)

■ Overseas net sales (left)
— Overseas EBITA margin (right)
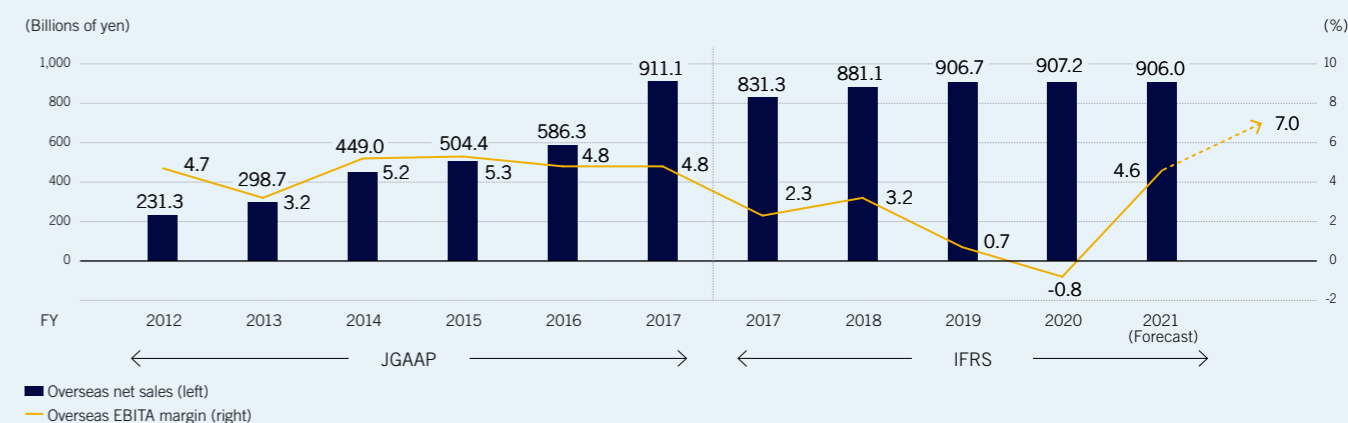
Structural Transformation Initiatives

	North America Segment	EMEA & LATAM Segment
Overview	In the North America Segment, structural transformation was completed ahead of schedule, in FY2020, in an attempt to the respond to the acceleration of DX that stemmed from the COVID-19 pandemic. We thereby undertook an early shift in our business domain to focus on digital technologies. Having completed these transformations, we will target an **EBITA margin of 7% in FY2021** in this segment.	In the EMEA & LATAM Segment, benefits of the structural transformation undertaken in FY2019 has begun appearing, resulting in an accelerated acquisition of digital technology projects. We will begin standardizing our global brand and practicing integrated management of operating companies in FY2021 with the aim of achieving an **EBITA margin of 7% in FY2023** in this segment.
	📖 P102: Business Strategies by Segment (North America Segment)	📖 P104: Business Strategies by Segment (EMEA & LATAM Segment)
FY2020 Measures	Enhancing and Reskilling Digital Talent / Simplifying & Optimizing Operations / Consolidating Offices and Data Centers	Response to new business opportunities based on FY2019 successes — FY2019 Initiatives: • Reshaping / Reskilling Digital Talent • Strengthen Vertical Digital Skills • Human Resource Optimization (Early Retirement Program) • Review Businesses with Low Profitability / Ongoing structural transformation in pursuit of new business opportunities → Enhancement of digital service provision capabilities to match offerings
Progress / Results	• Transition to robust business structure through expansion of digital technology staff and optimization of cost structures • Improvement of operating income margin and business earnings through massive expansion of orders in digital technology-related businesses	• Acquisition of greater numbers of digital technology projects through expansion of digital technology staff • Development of road map for improvement of profitability through review of human resource portfolio and low-profitability businesses

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

Directives for the Next Medium-Term Management Plan (FY2022–)

FY2021 is the final year of the current medium-term term management plan. However, performance in this fiscal year is forecast to fall short of the plan's initial targets* for all items as the impacts of the COVID-19 pandemic restricted growth in FY2020 in comparison to the original expectations of the plan. Regardless, NTT DATA will continue to march toward its goal of entering the Global 3rd Stage, its vision for becoming a Global Top 5 IT company relied upon by clients around the world as a "Trusted Global Innovator," by 2025.

The next medium-term management plan, which is scheduled to begin with FY2022, will evolve the strategies of the current plan while promoting increased coordination from the three perspectives of domestic strategies, overseas strategies, and global strategies. Moreover this plan will be shaped based on changes such as the acceleration of DX spurred by the pandemic and the global decarbonization trend.

* Initial targets for FY2021: Consolidated net sales of ¥2.5 trillion, consolidated operating income margin of 8%, and overseas EBITA margin of 7%

Strategic Directives for the Next Medium-Term Management Plan

Under the next medium-term management plan, NTT DATA will evolve prior strategies while promoting increased coordination from the three perspectives of domestic strategies, overseas strategies, and global strategies.

Domestic Strategies
Acceleration of cross-industry coordination for realizing a digital society

- Public
- Financial
- Enterprise

Overseas Strategies
Promotion of digital shift and unification of the NTT DATA Group

- itelligence
- everis
- NTT DATA
- NTT DATA EMEA
- NTT DATA Services

Global Strategies
Deployment of offerings centered on advanced technologies as a united NTT Group through domestic and overseas collaboration with the NTT Group

IOWN
- DTC
- O-RAN
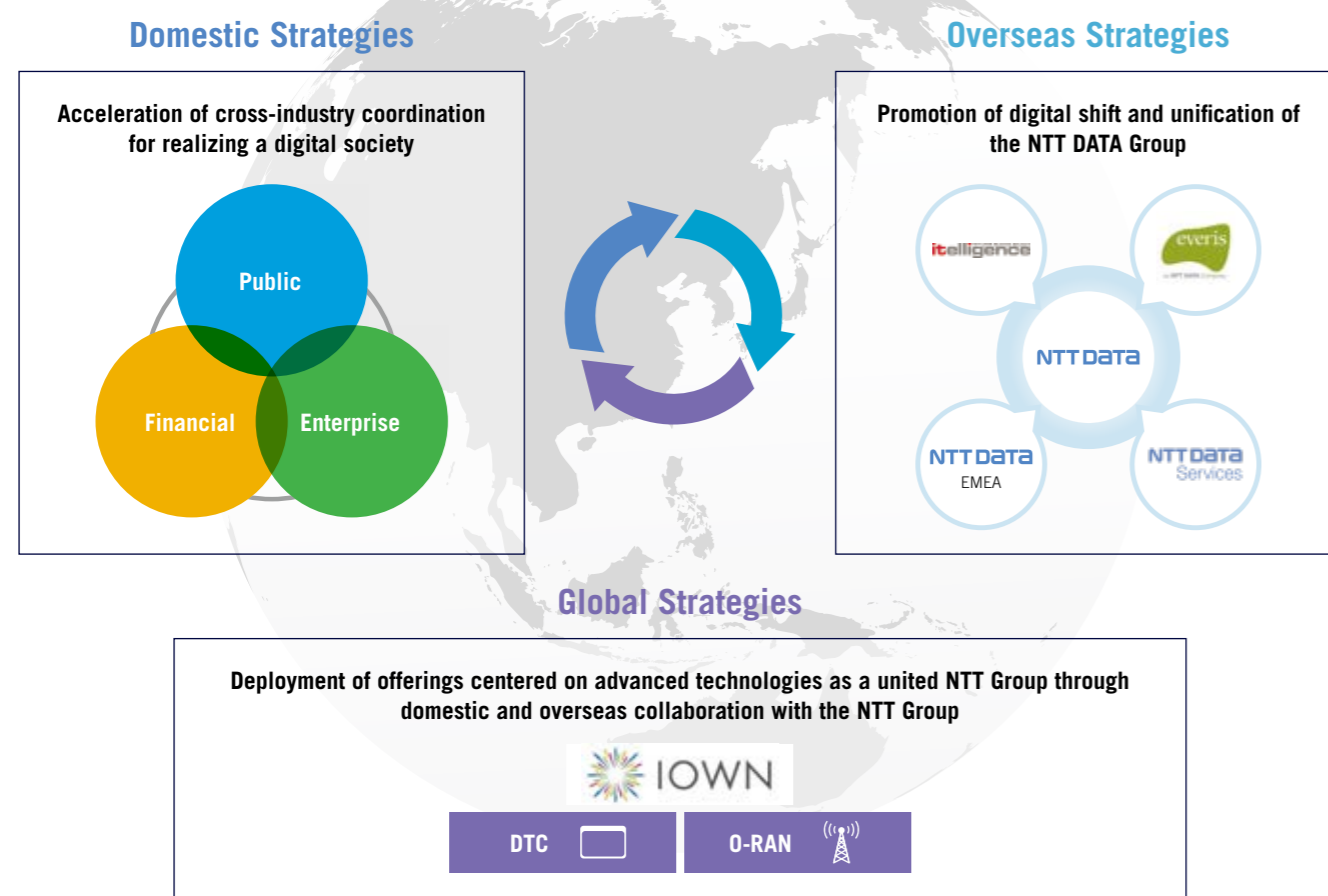
Operating Environment Changes and NTT DATA's Vision

Operating Environment Changes

Advancing toward the Global 3rd Stage amid the acceleration of DX spurred by the COVID-19 pandemic and the global decarbonization trend will require NTT DATA to evolve the strategies of the current medium-term management plan based on these changes.

In the digital field, this will entail realizing DX throughout society by accelerating cross-industry collaboration. In the green field, this will involve promoting green innovation with IT and a value co-creation model.

NTT DATA's Vision

By leveraging the strengths of its technologies and Long-Term Relationships, NTT DATA will aspire to help shape a new Digital & Green society.

Digital & Green
Shaping a new society

- Connected Industry
- Society 5.0
- Carbon Neutral

Value

Realizing DX throughout society by accelerating cross-industry collaboration
Turning the digital society concept into reality through cross-industry collaboration

Realizing green innovation with IT and a value co-creation model
Reducing environmental impacts by leveraging advanced technologies and through co-creation with clients

Technology × **Long-Term Relationships**

Digital

Looking ahead, it can be expected that DX will be pursued throughout society in a manner that exceeds the boundaries of fields and industries. This will occur as the DX of government agencies, aimed at improving the rationality and efficiency of government agencies and enhancing the services they provide, takes place alongside conventional DX seen within companies. It is therefore anticipated that government procedures will become increasingly digital and that government and corporate services will be further coordinated. The Social Design Office will spearhead accelerated companywide initiatives in response to this society-wide trend.

Green

Through the use of digital technologies and co-creation with clients, NTT DATA is promoting Green Innovation by IT through which it strives to contribute to the pursuit of carbon neutrality by customers and society as a whole and to increases in resilience toward abnormal weather events and other impacts of climate change. The Company will also advance Green Innovation of IT to achieve carbon neutrality itself. Through these two approaches toward green innovation, we aim to help shape a new society that can adapt to climate change.

Message from the CFO (Business Performance Review, Financial and Capital Strategy)

Business Performance Review

FY2020 Performance	**Higher net sales for 32nd consecutive fiscal year and increased operating income, despite negative impacts of the COVID-19 pandemic**
FY2021 Forecast	**Higher net sales for 33rd consecutive fiscal year and massive increase in operating income due to benefits of structural transformations and expense reductions**

New Orders Received
(Billions of yen)

FY	2019	2020	2021 (Forecast)
	2,275.2	2,223.3	2,200.0

Net Sales
(Billions of yen)

FY	2019	2020	2021 (Forecast)
	2,266.8	2,318.7	2,360.0

Operating Income
(Billions of yen)

FY	2019	2020	2021 (Forecast)
	130.9	139.2	180.0

Overview of FY2020

In FY2020, many clients curtailed IT investments and discontinued or scaled back projects in response to the COVID-19 pandemic. By working to operate our business in a manner that appropriately accommodated this environment, we were able to limit the negative impacts of this situation to a greater degree than anticipated when announcing performance forecasts in August 2020, thereby achieving strong financial results. I believe that this strong performance was a reflection of NTT DATA's ability to exhibit resilience in a challenging operating environment.

New orders received were down year on year in FY2020 as a result of the negative impacts of the pandemic as well as the absence of large-scale orders received in overseas businesses in FY2019. Regardless, we were able to achieve our 32nd consecutive year of higher net sales since the Company's founding, a feat that was in part attributable to growth centered on domestic businesses.

Moreover, net sales exceeded our forecasts. This was a result of us, amid a challenging environment, steadily converting orders received in previous fiscal years into sales and acquiring orders that could be converted into sales within the fiscal year.

An increase was also achieved in operating income, despite the execution of structural transformations overseas, as a result of sales growth and our efforts to limit unprofitable projects in domestic businesses. The structural transformations entailed expenditures of approximately ¥16.0 billion in North America and ¥4.0 billion in EMEA and Latin America, through which we sought to bolster our digital capabilities and to improve profitability. Impairment losses were incurred in EMEA and Latin America 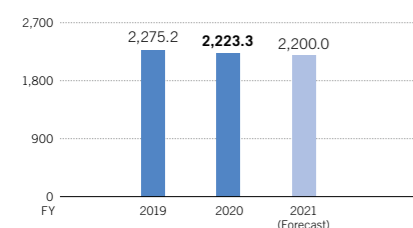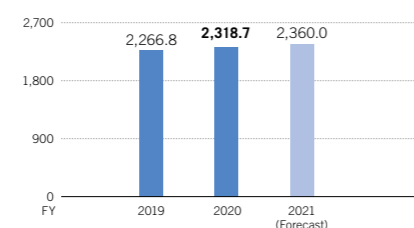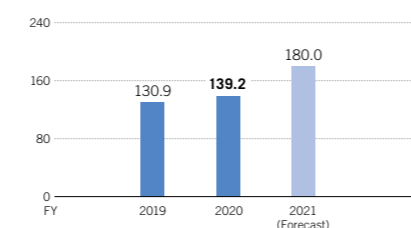as a result of an additional review of underperforming businesses, but we were still able to achieve operating income that greatly exceeded forecasts thanks to net sales growth.

Forecasts for FY2021

We cannot deny that the COVID-19 pandemic has triggered great change in NTT DATA's operating environment, and the damages caused by the pandemic to the economy and to corporate activities are persisting. At the same time, however, we are seeing a gradual movement toward shaping a new society founded on IT and digital technologies.

Given this backdrop, we are projecting consolidated net sales of ¥2,360.0 billion, an operating income margin of 7.6%, and an overseas EBITA margin of 6% in FY2021, the final year of the medium-term management plan. In addition, we look to grow our client base to be comprised of more than 80 companies. The pandemic is a factor that was not projected when formulating the medium-term management plan, and this factor has made it unfeasible to achieve the plan's initial targets. Nevertheless, we are committed to completing the strategies we have been implementing thus far with the goal of achieving the initial target of consolidated net sales of ¥2,500.0 billion in FY2023 and the initial target of an overseas EBITA ratio of 7% in FY2021 in the North America Segment and in FY2023 in the EMEA & LATAM Segment.

I would now like to talk about our forecasts for FY2021 on a by-item basis.

Overall new orders received are expected to show a slight decrease due to the absence of large-scale financial sector orders received in FY2020.

Meanwhile, we are projecting our 33rd consecutive year of higher net sales, which are anticipated to reach ¥2,360.0 billion. Sales in North America are expected to undergo a temporary decline as a result of the sale of certain businesses planned to be carried out for the purpose of shifting toward more profitable operations. However, we expect to compensate for this decline with growth in operations in Japan and in EMEA and Latin America.

As for operating income, we forecast a large increase of ¥40.8 billion year on year, making for total operating income of ¥180.0 billion. Steady income growth is anticipated in the three fields of domestic operations while the North America Segment is expected to achieve an EBITA margin of 7% due to profitability improvements stemming from the benefits of structural transformations. In the EMEA & LATAM Segment, meanwhile, we will seek to achieve a 7% EBITA margin in FY2023 by investing in the integration of operating companies for purposes such as standardizing NTT DATA's brand on a global basis. Regardless, higher income is projected in this segment due to the profitability-boosting benefits of prior structural transformations and a decline in the one-time expenses associated with the reorganization of underperforming businesses undertaken in FY2020.

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

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We will improve corporate value through investments aimed at achieving profitable global growth while maintaining a sound financial base.

Senior Executive Vice President and Representative Director
Toshi Fujiwara

Financial and Capital Strategy

NTT DATA is currently moving ahead with the strategies delineated in the medium-term management plan to further it on its journey to reach the Global 3rd Stage. As we are still in a growth stage, our financial and capital strategy remains fundamentally unchanged.

Our policy regarding the use of funds is to prioritize business investments and M&A activities necessary for enhancing digital capabilities and achieving profitable global growth. The goal of these activities will be to move us toward the Global 3rd Stage, and the maintenance of a sound financial base will be an underlying principle of this approach.

Our shareholder return policy is to enhance returns over the medium to long term while considering an overall balance between the need to maintain a sound financial base and the business investments necessary for growth. We aim to raise capital efficiency by expanding profit rather than reducing invested capital.

Maintaining a Sound Financial Base

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

We believe the FY2020 D/E ratio of 0.54 times is within an appropriate range, and we have also maintained our credit ratings (AA [R&I] and AA+ [JCR]). While remaining aware of the credit ratings, if the D/E ratio rises due to M&A or other activities, we will prioritize management activities targeting a healthier balance sheet.

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

D/E Ratio[*1, 2]
(Times)

Amount invested to acquire the former Dell Services
Approx. ¥350.0 billion

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019	2020
	0.58	0.61	0.58	0.55	0.81	0.71	0.71	0.65	0.64	0.54
			JGAAP						IFRS	
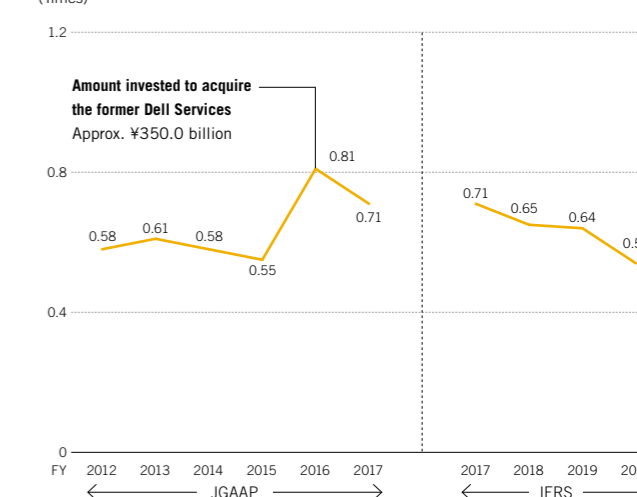
*1 D/E ratio = interest-bearing liabilities / (net assets – non-controlling interests)
*2 Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.

Essential Business Investment Targeting Growth

Cash flows generated through business activities will be allocated on a priority basis to investments for creating digital offerings, investments for improving overseas profitability, and M&A activities and other investments necessary for growth. Should we encounter large-scale M&A opportunities that serve our strategies, we may raise the necessary extra funding by temporarily incurring interest-bearing debt while continuing to give due consideration to maintaining a sound financial base.

In FY2020, NTT DATA proceeded to conduct the investments necessary for growth, but was still able to secure a positive free cash flow of ¥178.6 billion. This accomplishment was due in part to improvements in working capital efficiency and one-time tax refunds associated with the COVID-19 pandemic. We plan to make further growth investments in FY2021 while monitoring the health of our financial base.

Free Cash Flow
(Billions of yen)

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019	2020
	46.2	44.8	26.7	44.0	−189.8	24.2	30.7	55.1	22.8	178.6

Amount invested to acquire the former Dell Services Approx. ¥350.0 billion

← JGAAP → ← IFRS →

Investment Management

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

To mitigate the above risks, we base M&A decisions on factors such as investment effectiveness assessments using indicators including return on investment (ROI) and third-party evaluations of the Company's financial health. To address risks that the Group may be unable to effectively control, and that may thereby impede the smooth operation of our business, we require investment decisions to be made after practicing due diligence looking at business factors and incorporating the opinions of internal business divisions as well as external experts such as financial advisors, accountants, and lawyers. We also require due diligence from a compliance perspective based on the country risk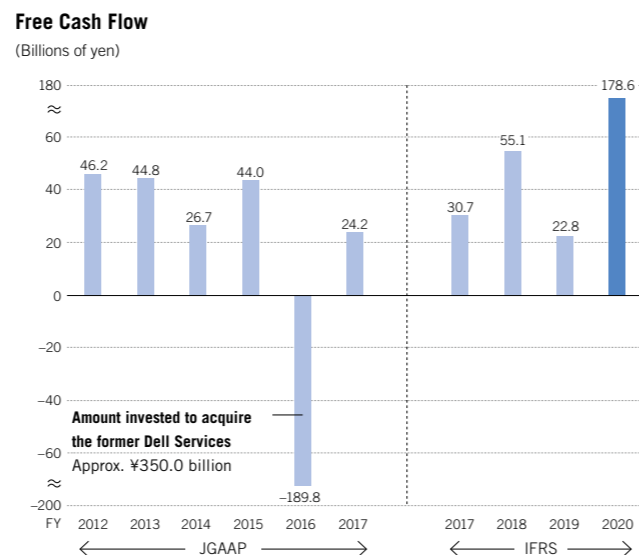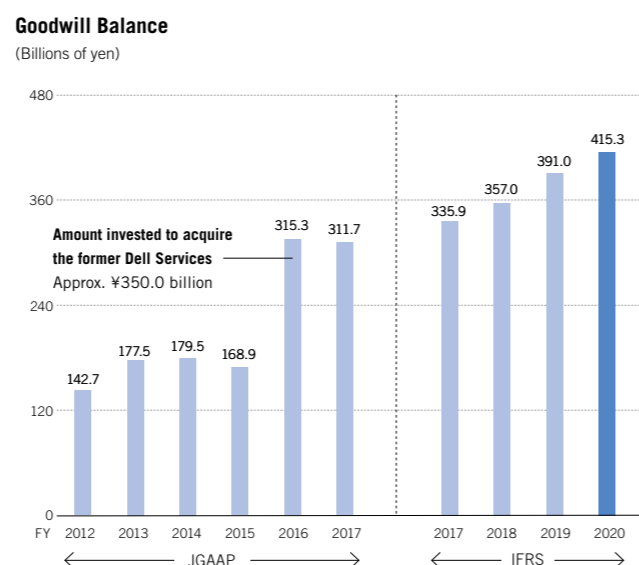s of investees. With these provisions in place, we seek to mitigate risks by making decisions based on verification of and countermeasures against the identified risks. For risks that expected return is not realized, for example, net sales or operating income are much lower than expected due to a lack of synergy with the NTT DATA Group, we focus on the continuous growth of acquired companies by creating synergy with the Group and using long-term incentives (compensation for a predetermined period of service), earnout (payment of acquisition price in installments), etc., depending on the project scale and contents. We also formulate post-merger integration (PMI) plans when making decisions. Thus, we strive to reduce risks by starting the integration process at an early stage

to maximize M&A effects.

For appropriate management after the acquisition, we intensively monitor synergy with the NTT DATA Group and PMI's progress, including the integration plan for a certain period. If any of the above risks becomes explicit after the acquisition and the acquired company records poorer business results or reviews its business plan, which conflicts with a predetermined standard, we draw out a management improvement plan for the individual company, seek companywide approval, and conduct focused monitoring.

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

Goodwill Balance
(Billions of yen)

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019	2020
	142.7	177.5	179.5	168.9	315.3	311.7	335.9	357.0	391.0	415.3

Amount invested to acquire the former Dell Services Approx. ¥350.0 billion

← JGAAP → ← IFRS →

Shareholder Return Policy

Due to our policy of allotting cash for the business investment necessary for growth, we are not currently considering share buy-backs. For the foreseeable future, we will conduct a shareholder return primarily through the consistent issuance of dividends.
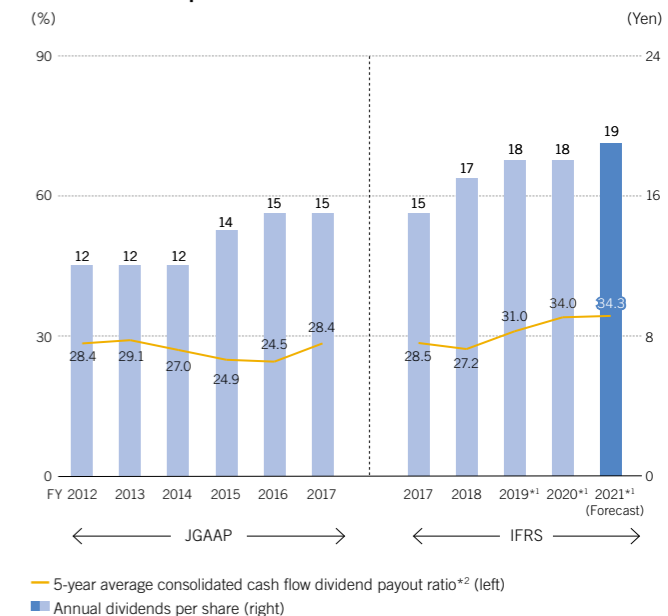
We intend to provide stable dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance between business investments, technological developments, and the maintenance and strengthening of our financial structure.

When determining the dividend amount, we emphasize maintaining the medium- to long-term consolidated cash flow dividend payout ratio.[1] In FY2021, we plan to issue a dividend of ¥19 per share, an increase of ¥1 per share above the previous fiscal year's dividend.

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

[1] Consolidated cash flow payout ratio = total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets −capital investment)
Figures for FY2019 and onward were calculated excluding the lease amortization (¥38.3 billion as actual result of FY2019, ¥42.8 billion as actual result of FY2020 and ¥35.0 billion (estimate) as a forecast of FY2021).
[2] Figures for weighted average of past 5 years in IFRS. Figures based on JGAAP are used in FY2016 and earlier.
[3] In October 2013, a 100-for-1 stock split of common shares was conducted, and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, a 5-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

5-Year Average Consolidated Cash Flow Dividend Payout Ratio[2] / Annual Dividends per Share[3]
(%) (Yen)

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019[1]	2020[1]	2021[1] (Forecast)
Payout ratio	28.4	29.1	27.0	24.9	24.5	28.4	28.5	27.2	31.0	34.0	34.3
Dividends	12	12	12	14	15	15	15	17	18	18	19

— 5-year average consolidated cash flow dividend payout ratio[2] (left)
■ Annual dividends per share (right)

← JGAAP → ← IFRS →

Improving Capital Efficiency

We are facing higher demand for management conscious of capital efficiency due to revisions made to the Corporate Governance Code. Our policy concerning ROIC[4, 5] is to ensure a level that exceeds WACC over the medium to long term.

In terms of improving capital efficiency, we are currently in a growth stage and will allocate cash to the business investment necessary for achieving growth as we move forward, in principle. For this reason, we will improve capital efficiency by expanding profit (the numerator in the ROIC equation) through the achievement of growth that accompanies quality, rather than by decreasing invested capital (the denominator in the ROIC equation).

We are maintaining an awareness regarding profitability improvement under the current medium-term management plan and have thus set targets for the operating income margin. Over the medium to long term, we aim to achieve a consolidated operating income margin[6] of 8% and an overseas EBITA margin[6] of 7%.[7]

[4] ROIC = (operating income) x (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)
[5] Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.
[6] Excluding temporary costs such as M&As and structural transformation
[7] Overseas EBITA margin of 7% to be achieved in FY2021 in the North America Segment and in FY2023 in the EMEA & LATAM Segment

ROIC
(%)

FY	2012	2013	2014	2015	2016	2017	2017	2018	2019	2020
	5.1	3.6	4.6	5.5	6.1	5.8	5.9	6.8	5.8	5.9

← JGAAP → ← IFRS →
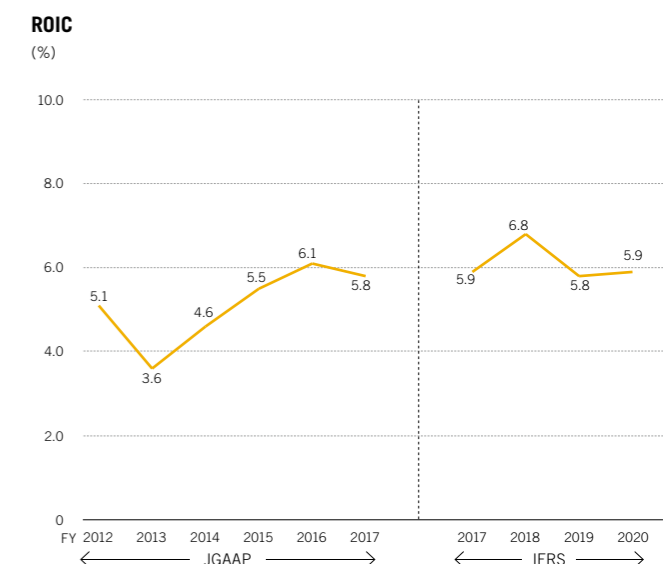
NTT DATA's M&A

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

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

Focus Points

Geography (Priority regions)

Expanding coverage and increasing local presence
- Regions where IT services have a large market scale
- Regions in which our market share is less than 2%

Offering (Service provision capability)

Reinforcing capabilities that are lacking
- Reinforcing consulting capability
- Reinforcing ability to offer digital service
- Expanding client base in focused industries

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

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

Example of Acquisition Scheme

Earnout
Paid additionally in the event that the company to be acquired meets business performance targets after the acquisition
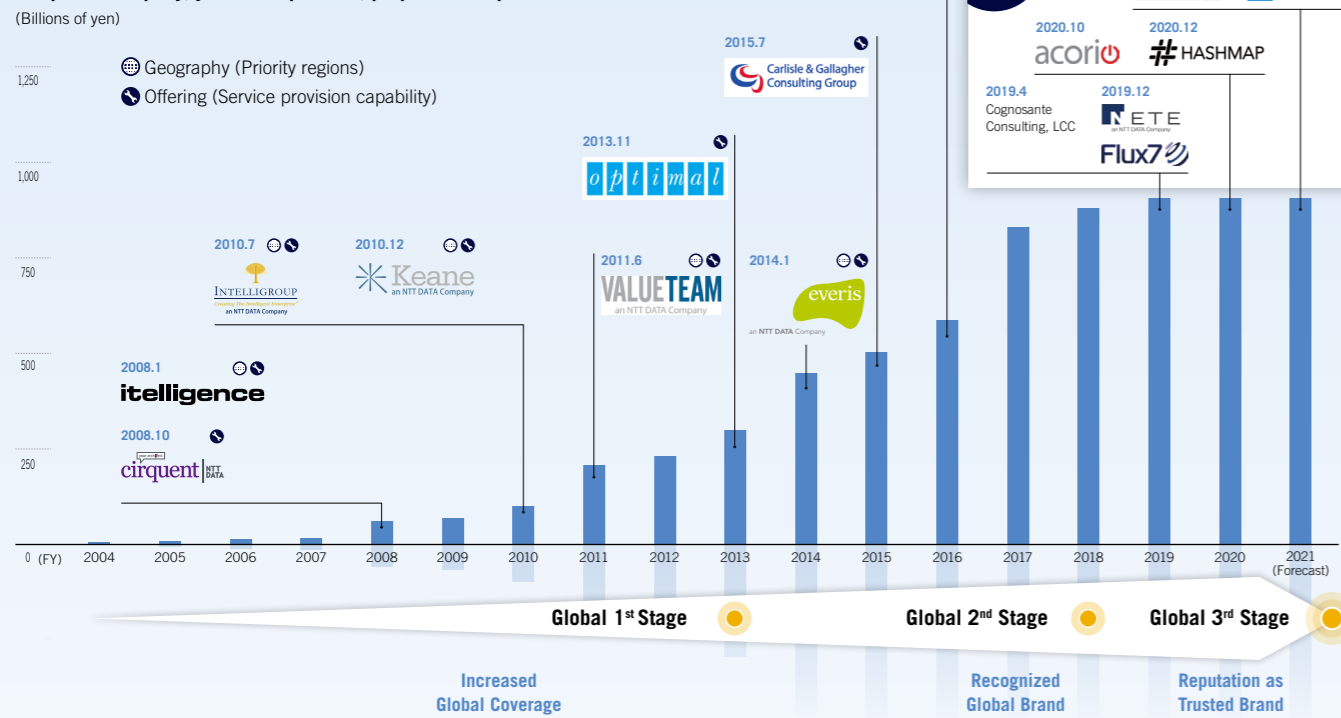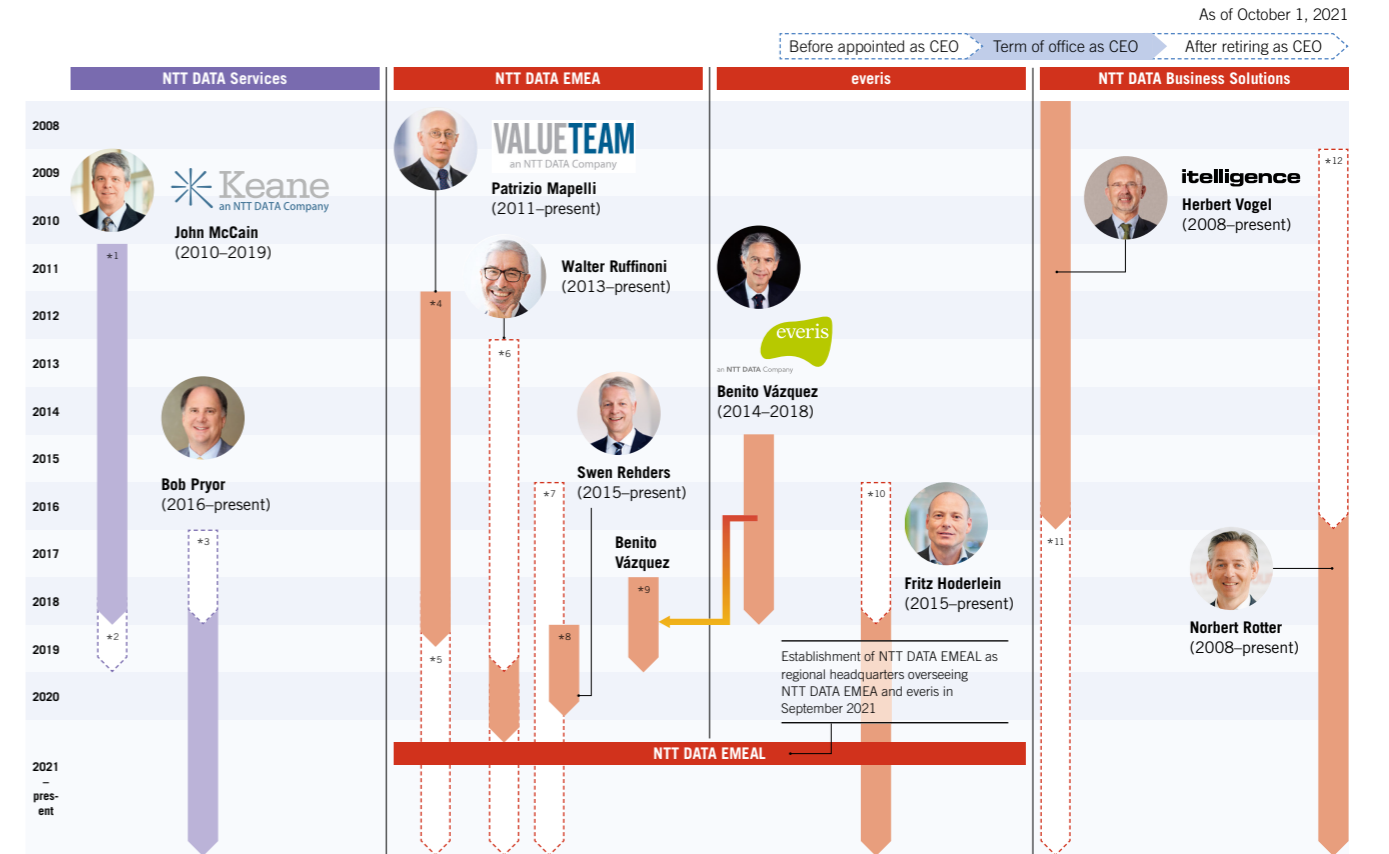
Initial payment amount
Paid at the time of acquisition

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

⊕ Geography (Priority regions)
🔧 Offering (Service provision capability)

Global 1st Stage — Increased Global Coverage
Global 2nd Stage — Recognized Global Brand
Global 3rd Stage — Reputation as Trusted Brand

Transition of CEOs at Companies Acquired through M&As

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

Retaining top management of acquired companies for a certain period of time at the NTT DATA Group helps enhance competitiveness as one group.
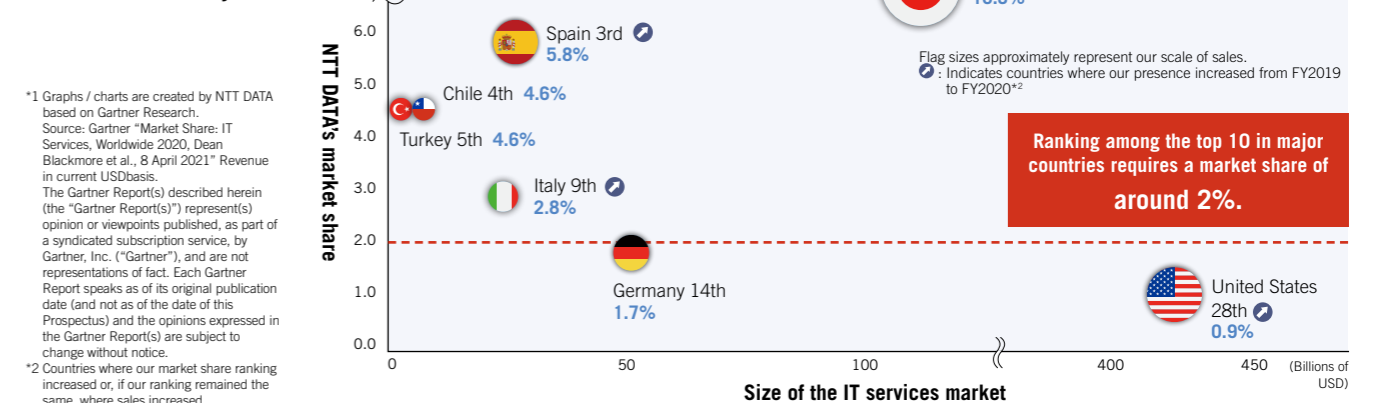
As of October 1, 2021

Before appointed as CEO | Term of office as CEO | After retiring as CEO

NTT DATA Services
- John McCain (2010–2019) *1
- Bob Pryor (2016–present) *3 *2

NTT DATA EMEA
- Patrizio Mapelli (2011–present) *4
- Walter Ruffinoni (2013–present) *6
- Swen Rehders (2015–present) *7
- Benito Vázquez (2014–2018) *9
- Benito Vázquez *8 *5

everis
- Fritz Hoderlein (2015–present) *10 *11

NTT DATA Business Solutions
- Herbert Vogel (2008–present) *12
- Norbert Rotter (2008–present)

Establishment of NTT DATA EMEAL as regional headquarters overseeing NTT DATA EMEA and everis in September 2021

NTT DATA EMEAL

*1 2012–2018 Senior Vice President of NTT DATA / 2018–2019 Director of NTT DATA
*2 2018–2019 Executive Chairman of the Board of NTT DATA Services
*3 2016–2018 Chief Operating Officer of NTT DATA Services / Chief Integration Officer of NTT DATA Services
*4 2011–2013 Chief Executive Officer of ValueTeam
*5 2018–2020 Senior Advisor of NTT DATA EMEA, Chairman of the Board of NTT DATA Italy / 2020–present Director of NTT DATA, Director of the Board of NTT DATA EMEA
*6 2013–present Chief Executive Officer of NTT DATA Italy
*7 2015–2020 Chief Executive Officer of NTT DATA Deutschland GmbH / 2020–present Managing Director of NTT DATA Deutschland GmbH
*8 2019–2020 Acting CEO of NTT DATA EMEA / 2020 Co-CEO of NTT DATA EMEA
*9 2018–2019 Senior Vice President of NTT DATA
*10 2015–2018 Chief Executive Officer of everis Europe Region
*11 2016–present Chairman of the supervisory board of NTT DATA Deutschland
*12 2008–2016 Chief Financial Officer of intelligence

Strengthen Local Presence

Increasing Our Presence in Major Countries in the IT Services Market

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

FY2020 Market Scale and Market Share in Each Country*1

NTT DATA's market share (%)

- Japan 2nd 10.3%
- Spain 3rd 5.8%
- Chile 4th 4.6%
- Turkey 5th 4.6%
- Italy 9th 2.8%
- Germany 14th 1.7%
- United States 28th 0.9%

Flag sizes approximately represent our scale of sales.
🔧: Indicates countries where our presence increased from FY2019 to FY2020*2

Ranking among the top 10 in major countries requires a market share of around 2%.

Size of the IT services market (Billions of USD)

*1 Graphs / charts are created by NTT DATA based on Gartner Research.
Source: Gartner "Market Share: IT Services, Worldwide 2020, Dean Blackmore et al., 8 April 2021" Revenue in current USDbasis.
The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.
*2 Countries where our market share ranking increased or, if our ranking remained the same, where sales increased

NTT DATA's ESG Management

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

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

Bearing this in mind, we have clarified our stance on ESG under the title "NTT DATA's ESG MANAGEMENT" and incorporated it into the management strategy of our new medium-term management plan (FY2019–2021). Based on our consistent belief and our basic concept of "shape the future society with our clients," we will provide solutions for the sustainable development of our clients and society, while contributing to the resolution of social issues through our corporate activities, which take into account cultivating IT talent, implementing workstyle innovation, and respecting diversity, etc., and sustainably increasing our corporate value.

"Shape the future society with our clients"

Clients

Value creation based on Long-Term Relationships

NTT DATA

Constant increase in corporate value

NTT DATA'S ESG-based MANAGEMENT

SUSTAINABLE DEVELOPMENT GOALS

Contribution to society through business and corporate activities
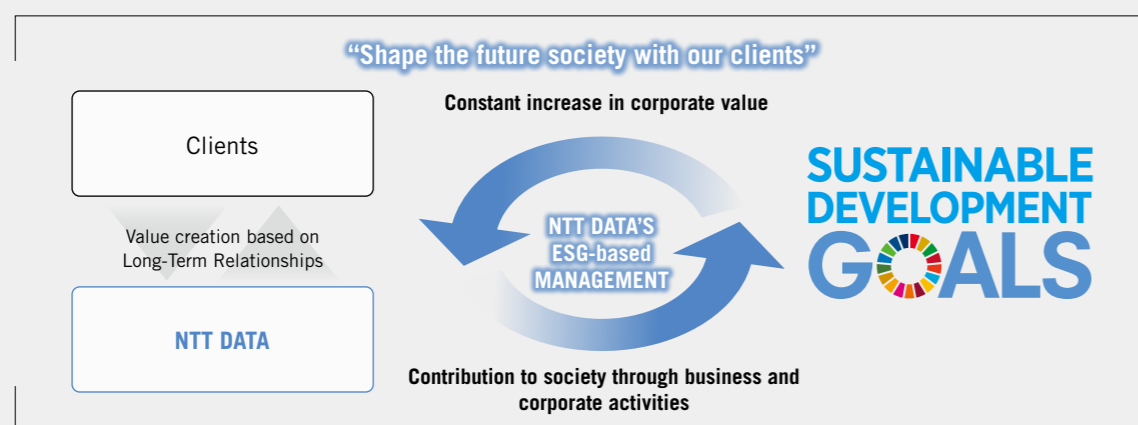
Points

- Although we promote ESG management from both business and corporate activities, **we specifically focus on social contribution and enhancement of corporate value through business**.
- **We established 12 Material ESG Issues after discussions at the Board of Directors' meeting** in FY2019.
- In FY2020, **we set KPIs for the 12 Material ESG Issues**.
- In FY2021, **we assessed the level of progress toward KPI targets for FY2020 and set new KPI targets for FY2021 accordingly**.

Concepts of ESG Management

Contributing to society and increasing corporate value through "business"

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

Contributing to society and increasing corporate value through "corporate activities"

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

Reinforce corporate governance

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

Material ESG Issues Identification Process

We investigate advanced technologies and social trends that will hugely impact society and business in the next three to 10 years to publish the NTT DATA Technology Foresight that predicts future changes every year. In setting the Material ESG Issues in FY2019, we used the NTT DATA Technology Foresight as input and set 12 new Material ESG Issues based on the client satisfaction survey, the employee satisfaction survey, individual hearings with shareholders, ESG institutional investors, and experts from NPOs, taking into account socially important issues and expectations toward us, after discussions at the Board of Directors' meetings.
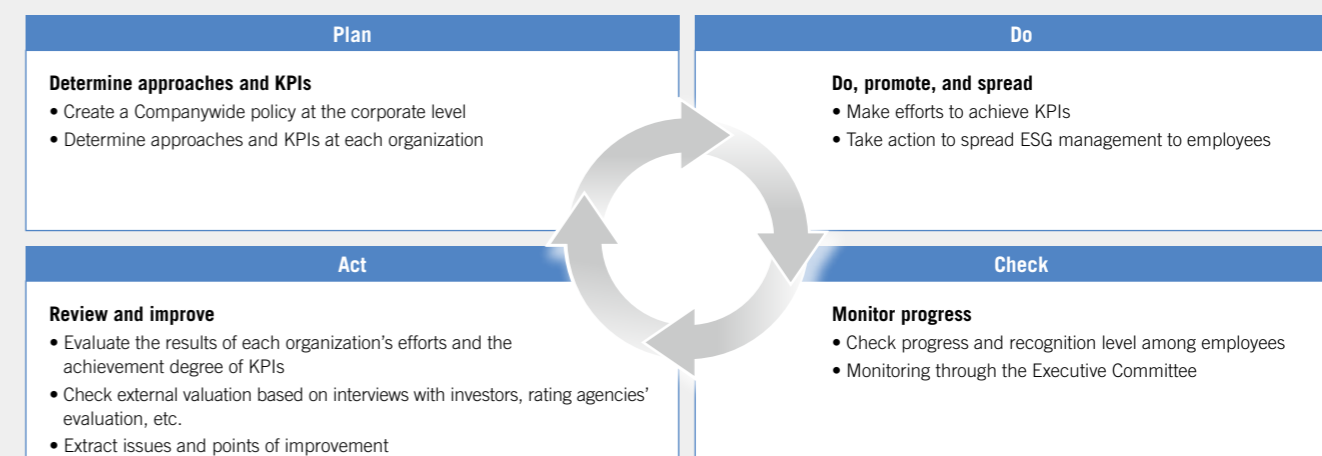
Step 1 Set issues 60 — Set the NTT DATA Technology Foresight 2019 (important issues that will change the world) as social issues.

Step 2 Select issues 15 — Examine materiality from the following two axes—"social significance" and "corporate significance"—then select issues relevant to NTT DATA and prioritize them

Step 3 Determine issues 12 — Discuss appropriateness of the identified issues at the Board of Directors' meetings to determine the issues to be prioritized

12 Material ESG Issues

Category		Material ESG Issues
Business (Innovation)	P56	❶ Offer social infrastructure and business category-specific solutions based on advanced technologies ❷ Build and ensure stable management / operation of IT infrastructure
Human Resources	P58	❸ Secure and develop IT human resources ❹ Promote diversity and inclusion ❺ Promote workstyle innovation
Security	P64	❻ Ensure information security ❼ Protect data privacy
Environment	P68	❽ Respond to climate change
Community	P74	❾ Promote IT education
Disaster Risk	P74	❿ Respond to disaster risks
Compliance	P74	⓫ Ensure compliance
Supply Chain	P74	⓬ Promote responsible supply chain

Promotion of ESG Management

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

Plan

Determine approaches and KPIs
- Create a Companywide policy at the corporate level
- Determine approaches and KPIs at each organization

Do

Do, promote, and spread
- Make efforts to achieve KPIs
- Take action to spread ESG management to employees

Act

Review and improve
- Evaluate the results of each organization's efforts and the achievement degree of KPIs
- Check external valuation based on interviews with investors, rating agencies' evaluation, etc.
- Extract issues and points of improvement

Check

Monitor progress
- Check progress and recognition level among employees
- Monitoring through the Executive Committee

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

NTT DATA's ESG Management

Initiatives for Material ESG Issues in Each Business Sector and Unit

Plan

Establishment of Policies and KPI Targets in Each Business Sector and Unit

Instead of a corporate top-down method, each business sector or unit sets its own social contribution policy and targets based on the Companywide policy. We specifically focus on social contribution and enhancement of corporate value through business. In FY2021, every business sector has set KPI targets for social contribution and enhancement of corporate value through business.

Create a Companywide policy (Corporate)	Create a policy and targets (Business sectors and units)	Check and approve (Corporate)
Consider the entire NTT DATA Group's ESG management philosophy, policy, and management evaluation rules	In light of the Companywide policy, social issues beyond clients, and the organization's strategies, create a social contribution policy and targets	Policies and targets established by business sectors are checked in terms of "consistency with strategies," "adequacy of indices," and "adequacy of targets" and approved by the Senior Executive Vice President and Representative Director.

The percentage of organizations that have set KPIs for social contribution and enhancement of corporate value through business*
* The percentage of profit center organizations such as business sectors

FY2020 **87**%　➡　FY2021 **100**%

Do

Implementation and Progress Monitoring of Initiatives for Accomplishing KPI Targets

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

Messages from the CEO and top management	• Top management or heads of organizations communicate policies and case studies at internal events such as the commencement of a business plan • Internally communicate excellent case studies that contribute to society through business
Messages from each organization	Each organization creates an ESG management-conscious social contribution policy in light of business strategies to take measures for spreading it at the organization's events

Check

Check the recognition level among employees	Check the recognition level among employees in the form of a questionnaire (A certain level of the organizational policy's recognition among employees is regarded as a management evaluation index)
Progress monitoring	The Executive Committee regularly monitors progress toward KPI targets in each business sector and unit

Act

Initiative Result Reviews and Improvements

NTT DATA conducts internal assessments of the level of accomplishment of the KPI targets in each business sector and unit and revises annual targets based on external feedback in order to guide ongoing efforts for social contribution and enhancement of corporate value through business.

Internal assessment of results	Evaluate the results of each business sector and unit's efforts and the level of achievement of KPIs at the Management Committee and provide feedback to each organization
Feedback from external evaluations	Identify issues and areas for improvement based on interviews with investors, and opinions and evaluations by rating agencies, etc.

Establishment of new social contribution policies and targets for FY2021 at the organization level based on FY2020 results and assessments

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FY2020 KPI Results and FY2021 KPIs

In general, NTT DATA accomplished its KPI targets set by each organization for FY2020 related to the material ESG issues. We also exercised our policy that encourages all employees to contribute to society through efforts to achieve KPI targets in their organizations. In FY2021, we will continue to pursue KPI targets set by each organization based on our concepts, "Contributing to society and increasing corporate value through business" and "Contributing to society and increasing corporate value through corporate activities," to accelerate ESG management.

Category	Material ESG Issues	FY2020 KPIs	FY2020 KPI Results	FY2021 KPIs
Business (Innovation)	❶ Offer social infrastructure and business category-specific solutions based on advanced technologies	• The number of new or extended businesses created, originating in social issues • The number of proposed solutions, new orders received and their amounts, and launched services that contribute to resolving social issues	· Target accomplished[*1] · Target surpassed[*1]	• The number of new consumer-oriented business proposals and projects • The number and amounts of digital business orders • Sales of technology offerings
	❷ Build and ensure stable management / operation of IT infrastructure	• The number of improved operation and maintenance processes • The rate of systems in operation	· Target surpassed[*1] · Target surpassed[*1]	• The number of efficiency improvement measures implemented digital tools in existing businesses • Application rate of standardization solutions to critical projects
Human Resources	❸ Secure and develop IT human resources	• The number of digital human resources • The number of mid-career hires • Improvement of the human resources system • The ratio of career interviews conducted • The number of digital training programs (that thematize advanced technologies) offered • The number of hours spent on self-innovation	· Accomplished target for the number of digital human resources,[*1] 328 mid-career hires (target: 300), introduced FG system · Target accomplished · Target accomplished · Companywide average of 91 hours per employee (target: 50 hours per employee)	• The number of specialized human resources capable of leading frontline operations • The number of hours spent on self-innovation • The number of seminars based on themes for addressing material ESG issues • Establish and increase in usage of training platforms for promoting autonomous learning • The number of specified skilled workers hired
	❹ Promote diversity and inclusion	• The number of measures taken, contributing to "active participation of diverse human resources" • Increase in the number of female executives and managers • Improved scores of One Voice (the employee engagement survey)	· Target accomplished[*1] · 12 female executives, more than 200 female managers (as of March 31, 2021)[*2] · Target generally accomplished	• Improvement in scores of One Voice (employee engagement survey) • Increase the ratio of female employee to 30% or more, the number of female executives to at least 15, the ratio of female managers to 10%, and the ratio of male employees taking childcare leave to 30% by March 31, 2026
	❺ Promote workstyle innovation	• The number of proposed projects and new orders received that contribute to the clients' workstyle innovation • The number of measures taken for workstyle innovation and improved organizational capabilities • The ratio of Digital Work Place utilization	· Target surpassed[*1] · Target surpassed[*1] · Target not accomplished (Companywide average 3.2/5)	• The number of orders received for projects that contribute to workstyle innovation for clients (promote remote working, etc.) • Improvement in workstyles via teleworking • The number of ESG initiative examples announced to employees via Digital Work Place
Security	❻ Ensure information security	• The number of new orders received that contribute to clients' reinforced security • The number of secure public cloud services provided • The number of measures for enhanced internal security level	· Target accomplished[*1] · Target surpassed[*1] · Target accomplished[*1]	• The number of individuals undergoing cybersecurity human resource training • Expansion of coverage of information security audits
	❼ Protect data privacy			
Environment	❽ Respond to climate change	• The number of new orders received contributing to resolving the clients' environmental issues • Efforts to reduce greenhouse gas emissions based on SBT[*3] and approach to TCFD[*4] recommendations	· Target accomplished[*1] (Implemented all initiatives scheduled for FY2020) · Target accomplished	• Social decarbonization initiatives (tracking and prediction of electricity consumption volumes) • The number of online webinar programs to expand green businesses • The number of initiatives conducted in FY2021 based on climate change action plan for 2030
Community	❾ Promote IT education	• The number of contributory activities through IT education opportunities created and realized in local communities • Creation of IT opportunities for primary education through NTT DATA Academia (the total number of participants and the number of sessions held)	· Target surpassed (38 in FY2020, target: 16) · Target surpassed (83 in FY2020, 3,048 participants) Note: Including those held by domestic Group companies	• The number of external IT workshops held and IT workshop instructors cultivated through NTT DATA Academia program • External information provision activities by core digital human resources
Disaster Risks	❿ Respond to disaster risk	• The number of new orders received for business continuity plan (BCP)- related solutions • Upgrading the business continuity plan (BCP) to mitigate disaster risk	· Target surpassed[*1] · Target accomplished (Implemented all initiatives scheduled for FY2020)	• The number of business ideas proposed for addressing climate change issues or disaster risks • BCP drills held based on work environment centered on teleworking
Compliance	⓫ Ensure compliance	• Implementing measures to enhance global compliance	· Target accomplished (Implemented all initiatives scheduled for FY2020)	• The number of cases utilizing insights and know-how (digital audits, online audits, etc.)
Supply Chain	⓬ Promote responsible supply chain	• Expanded procurement coverage from partners who give a pledge on the NTT DATA Guidelines for CSR in Supply Chain	· Target accomplished (achieved target for coverage rate in FY2020)	• Ratio of Group companies implementing bribery risk assessment based on the NTT Group Third-Party Due Diligence Policy
Common to ❶ – ⓬		• The recognition level of the social contribution policy among employees	· Target accomplished (Companywide recognition level of 90%)	N/A (target accomplished in FY2020)

◎ Target surpassed (rate of accomplishment: 100% or more)　○ Target accomplished / Target generally accomplished (rate of accomplishment: 80%–100%)
△ Target not accomplished (rate of accomplishment: 0%–79%)

*1 Figures not disclosed
*2 Targets that are not organization-specific KPI targets, but are established and disclosed in a general employer action plan to promote women's active participation

*3 SBT (science-based targets): Corporate targets for reducing the effect of greenhouse gas emissions in compliance with the Paris Agreement
*4 TCFD: Task Force on Climate-related Financial Disclosures

Business (Innovation)

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

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

▌Material ESG Issues

1 Offer social infrastructure and business category-specific solutions based on advanced technologies

2 Build and ensure stable management / operation of IT infrastructure

▌Social Values Provided

Contributing to society through business

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

▌Opportunities

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

▌Risks

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

▌KPIs (FY2021)

Contributing to society through business

- The number of new consumer-oriented business proposals and projects
- The number and amounts of digital business orders
- Sales of technology offerings
- The number of efficiency improvement measures implemented digital tools in existing businesses
- Application rate of standardization solutions to critical projects

▌Relevant Medium-Term Management Plan Strategies

Strategy 1 Expand global digital offerings — **P36**

Strategy 2 Deliver greater value to clients based on regional needs — **P39**

▌Relevant Management Resources

- Human Resources and Organizational Capabilities
- Technologies
- Partners
- Client Base
- Brand
- Finance
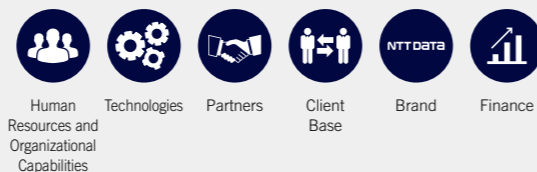
Example of NTT DATA Group's Contributions in Resolving Social Issues Using IT

Realizing a More Affluent and Harmonious Society

- GIDP (Global Offering for Insurance Companies) — **P38**
- OpenCanvas for Government — **P67**
- Case Studies for Workstyle Innovation Utilizing Digital Technology — **P63**
- Initiatives in quantum computing — **P30**
- everis is the only Spanish Company leading a consortium for Green Cities Action Plan — **P73**
- TradeWaltz (Realization of new eco-friendly systems) — **P72**

Realizing a social foundation with convenience, safety, and reliability

Creating sustainable cities and regions

Lowering environmental burdens

Ensuring stable and efficient energy provision

Realizing a society of health and longevity

Eliminating labor shortages

Shaping a new society amid the COVID-19 pandemic

- Healthcare initiatives (AI Disease Prediction Solution) — **P37**
- Support for healthcare institutions through Tele-ICU remote ICU system — **P27**
- Contributed to care of infected people and maintained IT systems during the COVID-19 pandemic — **P27**
- Initiatives to modify system development and the new normal: ServiceNow — **P31**
- Regional Bank Integrated Services Center (Contribution to greening of clients) — **P72**

Human Resources

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

Against this background, the medium-term management plan that started in FY2019 recognizes "unleash our employees' potential that maximizes organizational strengths" as one of our growth strategies. To maximize the professionalism of employees, we are mainly working to enhance digital capabilities, design framework to accommodate diverse human resources, and improve employee engagement, as well as strengthen our global capabilities and implement workstyle innovation.

◼ Material ESG Issues

Overview **P53: 12 Material ESG Issues**

3 Secure and develop IT human resources
4 Promote diversity and inclusion

5 Promote workstyle innovation

◼ Social Values Provided

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

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

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

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

◼ KPIs (FY2021)

Contributing to society through corporate activities

Secure and develop IT human resources
- The number of specialized human resources capable of leading frontline operations
- The number of seminars based on themes for addressing material ESG issues
- Establish and increase in usage of training platforms for promoting autonomous learning
- The number of specified skilled workers hired
- The number of hours spent on self-innovation

Promote diversity and inclusion
- Increase the ratio of female employee to 30% or more, the

number of female executives to at least 15, the ratio of female managers to 10%, and the ratio of male employees taking child-care leave to 30% by March 31, 2026
- Improvement in scores of One Voice (employee engagement survey)

Promote workstyle innovation
- Improvement in workstyles via teleworking
- The number of ESG initiative examples announced to employees via Digital Work Place

Contributing to society through business

Promote workstyle innovation
- The number of orders received for projects that contribute to workstyle innovation for clients (promote remote working, etc.)

◼ Relevant Medium-Term Management Plan Strategy

Strategy 3 Unleash our employees' potential that maximizes organizational strengths

P40

◼ Relevant Management Resources

Human Resources and Organizational Capabilities | Technologies | Brand | Finance

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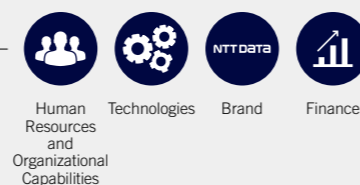
Recruit Diverse Human Resources

Achievements in Global Recruitment
- Over 27,000 hires globally in FY2020
- Need to continuously attract and recruit highly professional human resources necessary for business growth as IT workforce is highly mobile
- Implemented consistent global NTT DATA recruitment branding through local recruitment sites tailored to the market and a global career site that integrates the local sites
- Increased our followers by continuously posting about NTT DATA's global business and talent with social recruiting tools to prepare for cross-border competition in IT hiring
- Reliable recruitment of new graduates through ongoing alliances with local universities in Japan, the United States, Spain, Italy, India, and other countries
- Enhancement of processes for recruiting and cultivating human resources capable of working with cloud-native apps and agile development through M&A activities in North America

Number of recruitments in FY2020
Over **2,700**

Non-consolidated · Domestic Group · Overseas Group
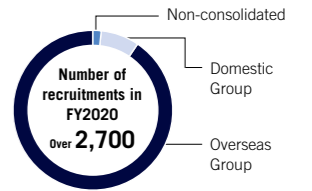
NTT DATA's Non-Consolidated Achievements in Recruiting

Overall rankings in recruitment of new graduates by Rakuten Minshu
No. 2
(Top 3 for three consecutive years)

- No. 2 in overall rankings of the most popular employers among individuals graduating from university in 2022 by Rakuten Minshu, a word-of-mouth job-finding site (maintaining the top 3 for three consecutive years). We remain No. 1 in the IT industry rankings for the 12th consecutive year
- Strengthened digital talent recruitment by having specialists conduct interviews to confirm candidates qualifications
- Strengthened recruitment of human resources with high global aptitude through overseas career forums (in London and Boston)

Mid-career hires 199
(FY2019)
▼
325
(FY2020)

- Accelerated recruitment of mid-career professionals to facilitate contributions from diverse human resources, resulting in similar rates of mid-career hires and new graduate hires among managers, which indicate that employees with diverse careers are active on the front lines of operations
- Received Special Talent award, presented to companies efficiently recruiting human resources with high market value, in Japan Referral Recruiting Award 2021 in reflection of aggressive promotion of referral hiring
- Proactive communication of recruiting information for mid-career professionals through owned media UpToData and external media venues

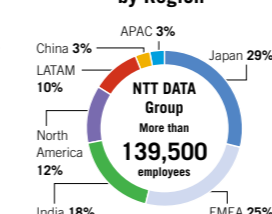|	FY2016	FY2017	FY2018	FY2019	FY2020
Number of new graduate hires	378	385	418	430	477
Number of mid-career hires	15	26	96	199	325

Retention of Diverse Human Resources

Global
NTT DATA believes that human resources are its valuable asset. Particularly in overseas markets with higher labor mobility, we are actively working to make human resources acquired through mid-career recruitment or M&As settle early and retain employees. We hold on-boarding sessions as appropriate in various places for mid-career hires. We also provide diverse opportunities where all employees can interact with one another on equal footing across the world beyond the border of a single organization through our efforts, including Values Week workshops and NTT DATA Awards. With regard to M&A activities, forums for engagement between senior management and employees are arranged to resolve employees' anxiety at an early stage, thus promoting the creation of better workplaces.

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

* Once-a-year event for discussing and thereby entrenching the NTT DATA Group's values

NTT DATA (Non-Consolidated)
Labor mobility among IT human resources has been increasing. Even in Japan, we see so much interest in not just conventional membership-type employment but also job-type employment. More and more workers are oriented toward a workstyle that allows them to actively use their skills anywhere and anytime. We also believe that our employees can use their diverse skills better if we adopt a mechanism for better matching people with jobs. This belief led us to establish the Advanced Professional (ADP) system in December 2018, enabling us to recruit industry-ready human resources with outstanding expertise who can lead new business from outside. In October 2019, we established the Technical Grade system to realize a career path for specialists. In July 2020, we also set up the Flexible Grade system for adequately appointing and compensating diverse business contributors, including those with management skills, and employees certified through this system are active in an increasingly wide range of areas.

By organizing such human resources systems, we enable our employees to exercise and heighten their skills, which in turn helps us retain human resources. But this is not all. By maximizing our employees' professionalism, we aim to maximize value provided to our clients.

Employee Composition by Region

China 3% | APAC 3% | Japan 29%
LATAM 10% | **NTT DATA Group** More than **139,500 employees** |
North America 12% | India 18% | EMEA 25%

NTT DATA's ESG Management

Employee Skills Development

We are working to develop employee skills by enhancing digital capabilities and global capabilities, the two components of the medium-term management plan. Overseas and domestic Group companies also offer specialized skills improvement and other human resource development programs similar to the programs offered by NTT DATA.

Employee Skills Development and Continuous Improvement / Relearning of Skills

Hours of Training per Person
91 hours
(FY2020)

We offer a system of educational programs to support employee skills development. Each employee receives training for 91 hours annually.

Since FY2019, we have implemented self-innovation time that allows employees to strengthen their skills and share knowledge with other organizations as part of their working hours, targeting continuous improvement and relearning of their skills. We are working to encourage the self-driven growth of all employees and to foster Groupwide collaboration.

Enhance Digital Capabilities

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

Definition of NTT DATA's Digital Human Resources and Their Development

Core digital human resources	Lead R&D in advanced digital technologies
Digital specialists	Design and develop digitally enabled services with high expertise on digital technology
Human resources that utilize digital technology	Create new value through knowledge of business and utilization of digital technologies

- **Launched the Digital Acceleration Program**
  Since FY2019, we have implemented a series of development programs that combine off-the-job training in advanced areas with actual experience in diverse advanced projects to enhance the skills of the human resources that lead digital businesses on a Companywide basis.
  As of June 30, 2021, a total of 84 employees had taken part in these programs, and the experience they gained through participation is being put to use in actual operations.
- **Training Programs such as Digital Boot Camp**
  We have developed a skills system and methodologies to develop digital human resources and offer training programs designed to enable employees to acquire digital technology skills.
  Over the period from FY2017 to FY2020, we held training sessions and other programs for a total of approximately 32,000 employees in the areas of design, AI, Agile, IoT, cloud, IT architecture, and security.
- **Centers of Excellence (CoEs)**
  We have established CoEs (in the following seven areas: blockchain, digital design, Agile / DevOps, AI, IoT, intelligent automation, and software engineering automation) as sites for accumulating expertise on state-of-the-art technologies across the globe as part of global digital strategic activities, which form the backbone of the medium-term management plan.
  We intend to hire approximately 5,000 human resources with advanced digital technology skills throughout the entire CoE through our CoE activities by the end of FY2021.
- **Gitohon Academy**
  Enlisting trainees Companywide, the academy educates next-generation top engineers who are directly taught by top engineers that represent NTT DATA. In FY2021, this program

will be deployed on a Groupwide basis to cultivate top technicians across the Group.

Lecture

Unique Digital Human Resources Development Program

We have implemented our unique human resources development program, Professional Career Development Program (CDP), across the entire Group. In FY2020, roughly 19,300 employees were newly certified in Japan and overseas, making for a total of approximately 72,000 employees certified on a Groupwide basis.

In the Professional CDP, we have established phased human resource types matched to business requirements, and these levels have been adjusted to changes in technology and business. "Business Developers" and "Data Scientists" were added as human resource types in FY2019, and "Cloud" was recently added as IT specialists' area of expertise in FY2020. In FY2021, the "Digital Business Manager" type, which refers to human resources capable of driving digital technology businesses, was introduced along with the new "Agile" category under the "Project Managers" type.

Human Resource Types at NTT DATA

System development and operation	Project Managers
	Application Specialists
	IT Service Managers
Technology	IT Architects
	IT Specialists
	R&D Specialists
	Data Scientists — Added in FY2019
Sales	Clients Sales
	Solution Sales
	Consultants
	Business Developers — Added in FY2019
	Digital Business Manager — Added in FY2021
	Staff

Note: The Professional CDP uses this name at domestic Group companies, but is implemented under the name of NTT DATA Learning Certification Institute (NLCI) at overseas Group companies. The number of certified employees represents a total of both domestic and overseas programs.

Services Supporting Clients' Digital Human Resources Development

The Digital Talent Service was launched in 2020. Based on the NTT DATA Group's experience with human resources and organization development programs, this service supports clients in cultivating digital human resources, formulating human resources programs, and fostering corporate cultures conducive to the utilization of digital technologies. Through the Digital Talent Service, we will help clients cultivate digital human resources while enhancing the digital capabilities of our own human resources.

Diagram: DX Maturity Assessment → Human Resources → DX Implementation; 1. DX Human Resources Strategies; 2. Recruitment Support; 3. Individual Skill Development (Assessments, Training); 4. Workplace Environment Development (System / Rule Establishment, Corporate Culture Fostering); 5. Information Management, Data Utilization; 6. DX Plans; 7. DX Execution

Enhance Global Capabilities

In order to cultivate global human resources, we provide opportunities for international business exchanges targeting employees ranging from management to junior employees. A cumulative total of 841 employees have participated in the Global Leadership Program, a discussion forum for executive trainees from around the world. In addition, we provide a wealth of growth opportunities, including the Readiness Drive Program that is intended to nurture global response capabilities for young and mid-level employees and deployment to overseas subsidiaries for training.

Expanding the Circle of Globalization Drivers

We aim to increase the number of human resources within the Company (on a non-consolidated basis) with long-term experience in global business to 1,000 in FY2021.

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

Design Framework to Accommodate Diverse Human Resources (Diversity and Inclusion)

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

High Evaluations from External Parties

Eruboshi Certification · Platinum Kurumin Certification · Nadeshiko Brand · Diversity Management Selection 100 Prime · Nikkei Smart Work Management Survey · work with Pride Gold award
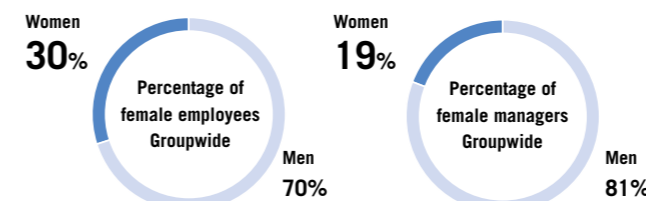
Active Participation of Diverse Human Resources

Accelerating Promotion of Diversity Worldwide

NTT DATA has become a signatory to the Women's Empowerment Principles in March 2019.

Based on the Diversity and Inclusion Statement—Bloom the Power of Diversity, which was put forth as our shared worldwide diversity and inclusion declaration in March 2021, we are proactively promoting diversity and inclusion on a global scale.

Women 30% — Percentage of female employees Groupwide — **Men 70%**

Women 19% — Percentage of female managers Groupwide — **Men 81%**

* As of March 31, 2021, including overseas Group companies

building in light of employees' need. Thus, we are actively working to create an environment where diverse human resources can exercise their abilities to the fullest and continue to play an active role.

Goals for Promoting Active Participation of Women

Following the implementation of the Act on the Promotion of Female Participation and Career Advancement in the Workplace, NTT DATA has created an action plan to prepare a fuller environment to promote the active participation of women in the workplace in addition to its existing programs. In FY2020, we were able to accomplish all of the goals of this action plan, which was established in FY2016, as a result of our concerted Companywide effort.

Today, we have a nearly 100% rate of female employees returning from childcare leave while the rate of male employees acquiring childcare leave has been rising each year (rate of 18.8% in FY2020). A new action plan was established in FY2021 to guide future initiatives for promoting the active participation of women.

Initiatives for Active Participation of Diverse Human Resources

We have continuously promoted initiatives for gender minorities such as members of the LGBTQ community through human rights awareness-raising activities, seminars for employees, participation in Tokyo Rainbow Pride events, and the development of internal systems that accommodate such minorities. Since April 2018, we have applied, in principle, all spouse-related systems to same-sex partners recognized as equivalent to a spouse. As a result of these initiatives, we have been presented with a gold award in the PRIDE Index from work with Pride for four consecutive years beginning with 2017.

In December 2019, we set up a prayer space in the headquarters

NTT DATA (Non-Consolidated) General Employer Action Plan (Announced in March 2021)

Plan period: April 1, 2021–March 31, 2026

Goal 1	Female employment rate of over 30% maintained until March 31, 2026
Goal 2	Ratio of female managers of 10% to be achieved by March 31, 2026
Goal 3	15 or more female managers (officers, organization heads, etc.) by March 31, 2026
Goal 4	Rate of childcare leave acquisition by male employees of 30% to be achieved by March 31, 2026

NTT DATA's ESG Management

Workstyle Innovation

Workstyle Innovation Utilizing Digital Technology

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

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

• Work Anywhere

We enable employees to work at the office, on the go, or at home by using thin-client terminals (BizXaaS Office, etc.) and cloud-based development environments (extended application of the integrated development cloud in and out of Japan). In addition, we have a system and internal infrastructure environment in place so that all employees can utilize telework.

Furthermore, we are pursuing greater improvements in productivity in preparation for the upcoming new normal by promoting remote workstyles to create safer workplace environments and facilitate cutting-edge workstyles. Specifically, in October 2020 we established a remote work allowance system, changed commuting allowances to reflect actual commuting costs, and introduced the super flex-time system.

• Effective Workstyle

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

• Digital Knowledge Sharing

We have implemented a digital system for sharing expertise and know-how across the globe to promote collaboration and innovate business processes.

We share about 30,299* pieces of know-how and 11,336 employees'* Know-who content globally, which has proven effective in numerous proposal activities.

* As of June 28, 2021

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

Digital Work Place	Shared Contents

Global Knowledge — Know-how 30,299 / Know-who 11,336 people

Effective in many proposal activities

- Company information
- Offering
- Capability
- Achieved projects

Digital Knowledge Sharing

Benefits of Workstyle Innovation

• Extended White 500 Certification to the Entire Group

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

• Improving Employee Engagement

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

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

Organization-level results reports are prepared to provide each organization with an accurate understanding of the circumstances surrounding employees as gleaned, which is used to formulate action plans and take action for future improvement. This approach is anticipated to help improve engagement and create a better workplace.

Percentage of engagement in FY2020
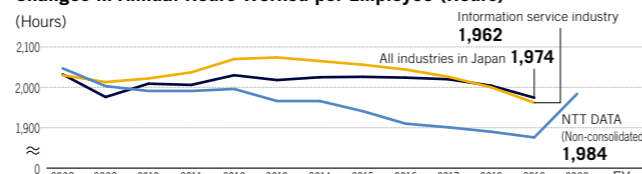Low 29%
High **71**%
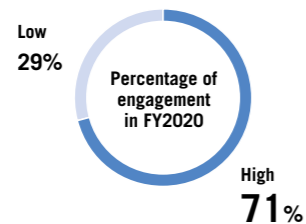
• Initiatives for Ensuring Appropriate Workhours

Through the aforementioned digital technology-driven workstyle innovation and other productivity improvement initiatives, annual hours worked per employee continued to decline on a yearly basis up until FY2019.

However, our operating environment is ongoing massive changes. These changes can be seen in clients' shift to online operations in response to the COVID-19 pandemic. As a result, annual hours worked per employee climbed to 1,984 hours in FY2020. Although this figure increased over previous fiscal years, we are continuing with initiatives for improving productivity and other efforts for ensuing appropriate workhours.

Changes in Annual Hours Worked per Employee (Hours)

(Hours)

- Information service industry 1,962
- All industries in Japan 1,974
- NTT DATA (Non-consolidated) 1,984

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 FY

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

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Case Studies for Workstyle Innovation Utilizing Digital Technology

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

Solution Case 1 — BizXaas Office

NTT DATA provides the BizXaas Office service available anywhere, in and out of the office, by providing an office environment required for basic operations on the cloud. This service allows the user to work anywhere and activate communications between teams and the organization through web meetings. It also ensures security at the same level as the office environment and can be used from any equipment safely. For these reasons, it has acquired over 160 corporate clients (as of July 31, 2021).

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

Solution Case 2 — WinActor / WinDirector

WinActor / WinDirector are software robots that automate operations performed using Windows applications.

These tools can handle a wide variety of tasks ranging from those related to Excel and browsers to workflows and other business systems, making it easy to create scenarios without modifying the entire system.

Besides resolving human resource shortage as a social issue, it can contribute to labor-saving routine work and improved work efficiency and quality in a variety of industries and sectors. It has been highly appreciated by many clients as a means for optimally deploying human resources to value-added work. Since it is easy to implement and is stably usable after being implemented, it is used by over 3,500 corporate clients (as of June 30, 2021).

Solution Case 3 — knowler

The recent rapid digitization trend has created a need for cross-organizational and cross-industry use of knowledge when creating new businesses and reforming processes.

However, as operations have become increasingly global and teleworking has become commonplace, opportunities to connect with people on a face-to-face basis have decreased, making it difficult to gather and share information through the interpersonal connections that were previously the primary venue for these activities. This situation has led to a rise of cases of employees not knowing who to ask when they have a question or the information necessary to perform one's job not being shared. The resulting inability to identify or use effective in-house resources threatens to cause delays in responses to clients or lost business opportunities. To address these issues, we launched support services for introducing the knowler knowledge management solution together with subsidiaries NTT DATA INTELLILINK Corporation and QUNIE CORPORATION in May 2021.

The knowler solution can be linked with a variety of data (text, documents, expert and personal network information, know-how, etc.) stored through Microsoft 365 and other venues to categorize and define this information automatically using ontology* and AI methodologies. This solution thereby supports the efficient location of information from among massive quantities of content and human resource information. Moreover, the user interface is linked to Microsoft Teams to allow for seamless sharing of information via communication platforms.

Also used in NTT DATA's Digital Work Place, knowler has been extended to roughly 10,000 headquarters employees, thereby contributing to increased speed and efficiency in sharing internal information and facilitating initiatives for utilizing knowledge and methodologies in a manner that spreads beyond the boundaries of prior frameworks. The insight acquired through this process is being utilized to provide guidance on how to introduce and use this solution of clients and to offer communication support. At the same time, we are promoting connections between people and information in order to reform workstyles and create value in a manner that is matched to the current speed-demanding digital era.

* Oncology refers to models that systematize concepts by structuring and organizing a variety of knowledge and information.

anytime, anywhere — いつでも どこでも
- Compatibility with multiple devices
- Multiple languages

anything, anyone — なんでも だれでも
AI-powered collection, categorization, and definition of various types of data (documents, expert and personal network information, etc.) and one-source provision

find, connect — みつかる つながる
Coordination of Microsoft Teams and other communication tools to support seamless connections

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

Security

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

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

Accordingly, we view security as an important aspect of systems and are working to improve quality with this regard. In addition, we provide security-related solutions to help address clients' and social security issues in pursuit of ongoing improvements in corporate value.

Material ESG Issues

6 Ensure information security

7 Protect data privacy

Social Values Provided

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

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

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

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

KPIs (FY2021)

Contributing to society through corporate activities
- The number of employees that have undergone cybersecurity training
- Expansion of coverage of information security audits

Relevant Medium-Term Management Plan Strategies

Strategy 1 Expand global digital offerings P36

Strategy 2 Deliver greater value to clients based on regional needs P39

Strategy 3 Unleash our employees' potential that maximizes organizational strengths P40

Relevant Management Resources

Human Resources and Organizational Capabilities | Technologies | Client Base | Brand | Finance


Basic Approach Regarding Information Security

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

The objective of GSP, ensuring both the safety of information and active use and sharing of information, is essential as a partner that supports clients' efforts to create new businesses. To realize these objectives, we are promoting initiatives including managerial countermeasures covering the formulation of rules and provision of training and other educational activities related to information security, and technological countermeasures such as introduction

of a solution to prevent information leakage as well as the introduction of secure fat- and thin-client PCs.

**Safe Groupwide Application of Knowledge**
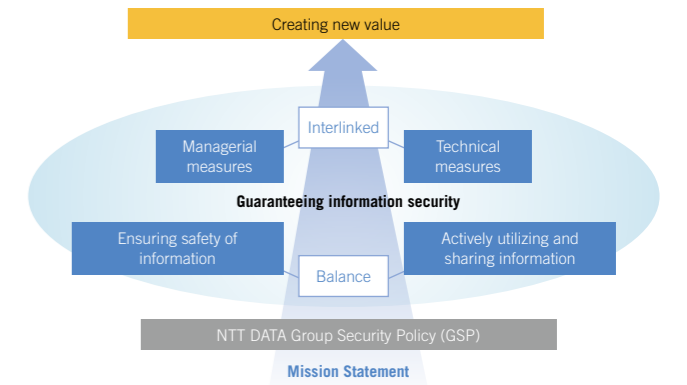
Security Management System

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

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

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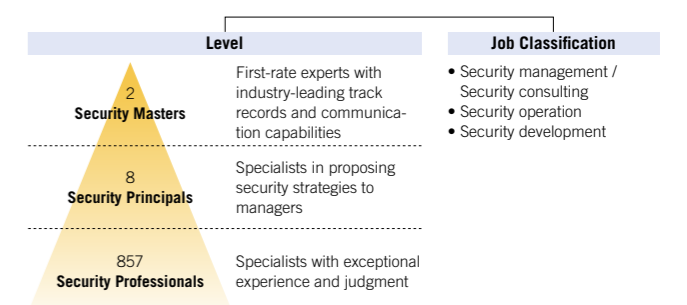- Head Office conducts quarterly monitoring of control status at overseas regional headquarters

Structure of Information Security Governance
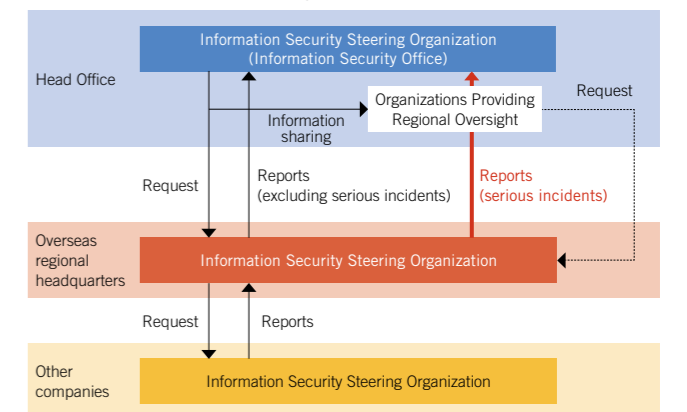
[1] The term information security incidents refers to the actualization of events that pose security threats to information management and system operation, such as computer malware infection, unauthorized access, and information leakage.
[2] A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies, and vulnerabilities, and conduct activities including implementing effective countermeasures and training.
[3] FIRST is a global community consisting of 592 (as of July 2021) CSIRTs from government agencies, educational institutions, companies, and other organizations.

Security Experts

With information security threats getting more diverse and sophisticated, there are concerns about the shortage of human resources with the information security expertise required. Against this backdrop, the NTT DATA Group develops security experts and improves their skills actively. As of April 2021, 867 experts, an increase of 102 year on year, with the "Security Expert Qualification" offered internally by the NTT Group were active in Japan and overseas.

Level		Job Classification
2 Security Masters	First-rate experts with industry-leading track records and communication capabilities	Security management / Security consulting Security operation Security development
8 Security Principals	Specialists in proposing security strategies to managers	
857 Security Professionals	Specialists with exceptional experience and judgment	

NTT DATA's ESG Management

Initiatives Aimed at Strengthening Security

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

Managerial Countermeasures

Policy Development and Implementation

NTT DATA has established the Group Security Policy (GSP) and the aforementioned information security management system, based on which it practices global-level control centered on overseas regional headquarters. Furthermore, the Group has been entrenching countermeasures standards related to access to NTT DATA Group networks as well as incident response standards to protect against information leaks and other issues resulting from cyberattacks via the internet and malware, which are becoming increasingly more frequent around the world in recent years.

Education and Awareness-Raising Activities

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

At NTT DATA, information security and personal information protection IBT is conducted for all employees. In addition, we conduct trainings each year to confirm that all employees are able to correctly identify and respond to targeted and distributed email attacks.
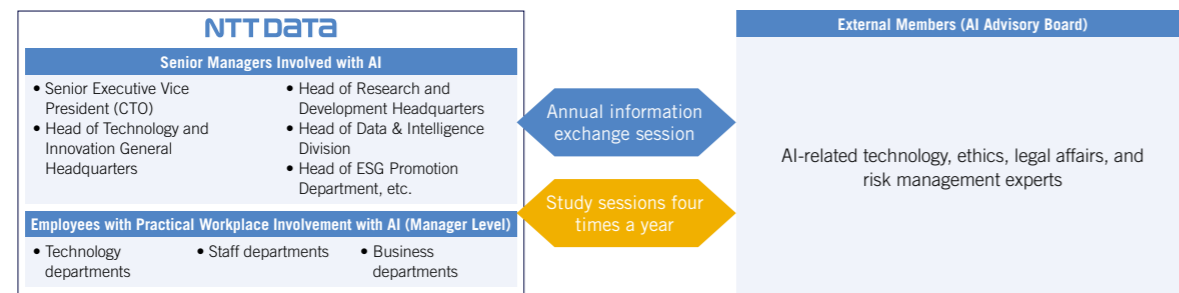
Establishment of NTT DATA's AI Guidelines and AI Governance Activities

We established NTT DATA's AI Guidelines in May 2019 to indicate our stance toward contributing to the realization of a more affluent and harmonious society in which people coexist alongside AI (an "AI-infused society"). This move was followed by the formulation of an AI Development Process in July 2020 and the trial introduction of an AI Quality Assessment Service. These are just some of our ongoing and increasingly more extensive AI governance activities.

In April 2021, we augmented these activities through the establishment of an AI Advisory Board comprised of external expertise with the goal of furnishing an appropriate, preemptive response to changes in the operating environment. This board is tasked with sharing information with senior managers at NTT DATA involved with AI (once a year) and holding study sessions for employees who have practical workplace involvement with AI (four times a year).

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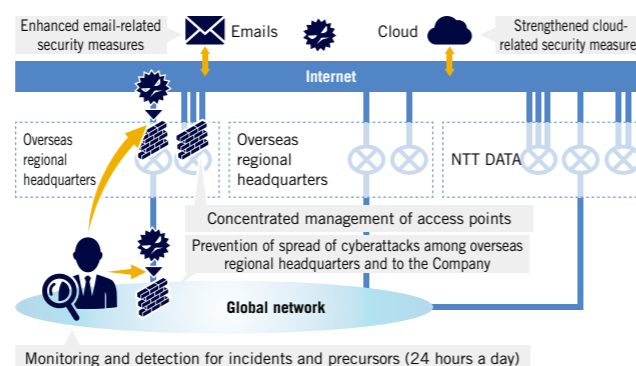

NTT DATA

Senior Managers Involved with AI
- Senior Executive Vice President (CTO)
- Head of Technology and Innovation General Headquarters
- Head of Research and Development Headquarters
- Head of Data & Intelligence Division
- Head of ESG Promotion Department, etc.

Employees with Practical Workplace Involvement with AI (Manager Level)
- Technology departments
- Staff departments
- Business departments

Annual information exchange session

Study sessions four times a year

External Members (AI Advisory Board)

AI-related technology, ethics, legal affairs, and risk management experts

Technological Countermeasures

Development of IT Platforms

In FY2020, NTT DATA implemented measures for increasing security with regard to email and cloud systems (zero-trust security), and thereby received a global top-class maturity rating from a third-party ratings institution. Moreover, we are consolidating the logs of global bases and automating analyses to swiftly detect incidents and the precursors of incidents.

Enhanced email-related security measures · Emails · Cloud · Strengthened cloud-related security measures

Internet

Overseas regional headquarters · Overseas regional headquarters · NTT DATA

Concentrated management of access points
Prevention of spread of cyberattacks among overseas regional headquarters and to the Company

Global network

Monitoring and detection for incidents and precursors (24 hours a day)

Business Conditions and Security Quality Improvement Initiatives

Security Business Conditions and Security Quality Improvement Initiatives

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

Initiatives for Improving Security Quality
- Analyze status and risks of upstream system processes and incorporate expert insight
- Enhance system for globally coordinated responses in preparation for incidents to combat increasingly more diverse and insidious cyberattacks
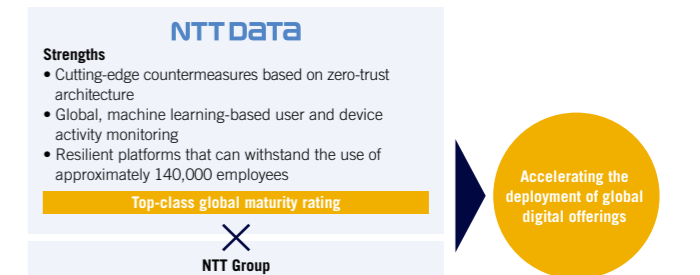- Cultivate and develop skills of security personnel

NTT DATA's Strengths

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

In order to strengthen governance, we adopted the cutting edge of countermeasures based on zero-trust architecture in the infrastructure used by our approximately 140,000 global employees. In addition, we will accelerate our digital offerings globally by collaborating with the NTT Group on the strength of our track record of implementing security platforms that have achieved a top-class global maturity rating in third-party evaluations.

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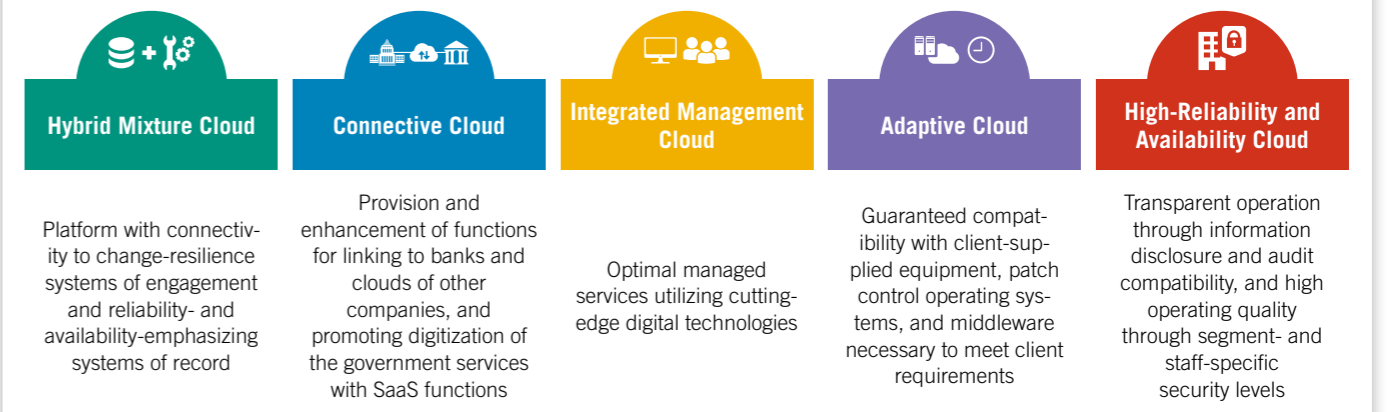

NTT DATA

Strengths
- Cutting-edge countermeasures based on zero-trust architecture
- Global, machine learning-based user and device activity monitoring
- Resilient platforms that can withstand the use of approximately 140,000 employees

Top-class global maturity rating

× NTT Group

Accelerating the deployment of global digital offerings

Case Study — **OpenCanvas for Government**

In February 2021, NTT DATA released OpenCanvas for Government, a community cloud service for government agencies based on its OpenCanvas cloud service, which delivers the high levels of reliability and security expected by financial institutions. OpenCanvas for Government is designed to encourage the use of cloud services for government information systems.

OpenCanvas for Government is able to accommodate projects with a wide scope of requirements, ranging from those needing lower costs, increased flexibility, and scalability that are core characteristics of cloud services to those requiring high-reliability and availability. These features make OpenCanvas for Government a community service capable of delivering the optimal platform for customers.

Service Concepts

Hybrid Mixture Cloud	Connective Cloud	Integrated Management Cloud	Adaptive Cloud	High-Reliability and Availability Cloud
Platform with connectivity to change-resilience systems of engagement and reliability- and availability-emphasizing systems of record	Provision and enhancement of functions for linking to banks and clouds of other companies, and promoting digitization of the government services with SaaS functions	Optimal managed services utilizing cutting-edge digital technologies	Guaranteed compatibility with client-supplied equipment, patch control operating systems, and middleware necessary to meet client requirements	Transparent operation through information disclosure and audit compatibility, and high operating quality through segment- and staff-specific security levels

Environment

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

In addition to "Greening the Group," an approach giving due consideration to the natural environment in every aspect of its corporate activities, the Group is continuing to promote progressive initiatives in the "Greening of Clients and Society" through its products and services. It contributes to resolving various environmental issues and sustainably enhances its corporate value.

Material ESG Issue

Overview **P53: 12 Material ESG Issues**

8 Respond to climate change

Social Values Provided

Contributing to society through corporate activities
- Advance Greening the Group, use renewable energy, and actually reduce environmental burden to contribute to the creation of a sustainable society

Contributing to society through business
- Provide environmental solutions that contribute to reduced environmental burden or minimize the impact of environmental issues to contribute to resolving issues of both clients and society through IT

Opportunities
- Expand business opportunities in which clients recognize IT costs of addressing environmental issues, such as climate change, as an investment
- Expand business opportunities to respond to reinforced laws and regulations, social demand, etc., pertaining to environmental issues
- Expand business opportunities by becoming an acclaimed IT company that takes great environmental measures for its own activities and has excellent environmental solutions

Risks
- Loss of business opportunities in failing to proactively respond to decarbonization in which society and clients take an increasing interest
- Loss of business opportunities due to increased running costs in light of reinforced environmental laws and regulations or the delayed use of renewable energy
- As the average temperature rises and abnormal weather increases, disaster costs will increase to maintain assets such as data centers or loss may be incurred
- NTT DATA may destroy its credibility as an IT company if it fails to address environmental issues sufficiently or take due measures in rolling out solutions

KPIs (FY2021)

Contributing to society through corporate activities
- Social decarbonization initiatives (tracking and prediction of electricity consumption volumes)
- The number of online webinar programs to expand green businesses
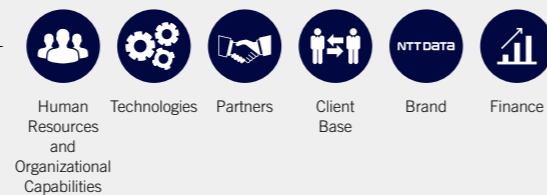
Contributing to society through business
- The number of initiatives conducted in FY2021 based on climate action plan for 2030

Relevant Medium-Term Management Plan Strategy

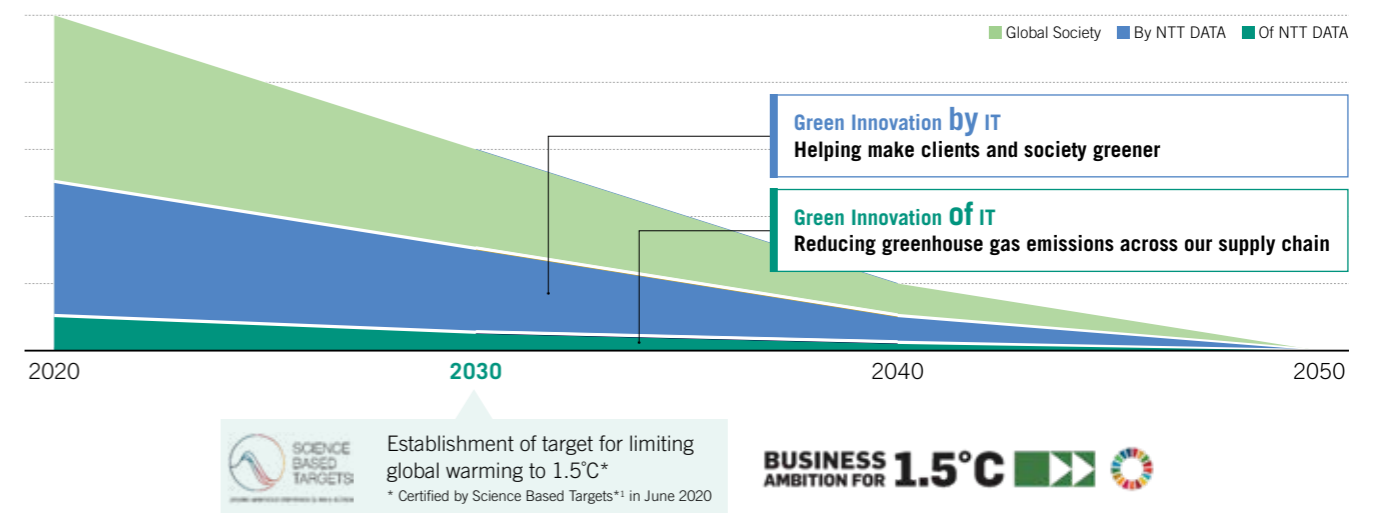**Strategy 2** Deliver greater value to clients based on regional needs P39

Relevant Management Resources

Human Resources and Organizational Capabilities | Technologies | Partners | Client Base | Brand | Finance

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Based on its Environmental Policies and environmental targets, NTT DATA has established its new NTT DATA Carbon-neutral Vision 2050 for achieving carbon neutrality by 2050, and actions are being taken in accordance with this vision. We also have declared our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Business Ambition for 1.5°C initiative.
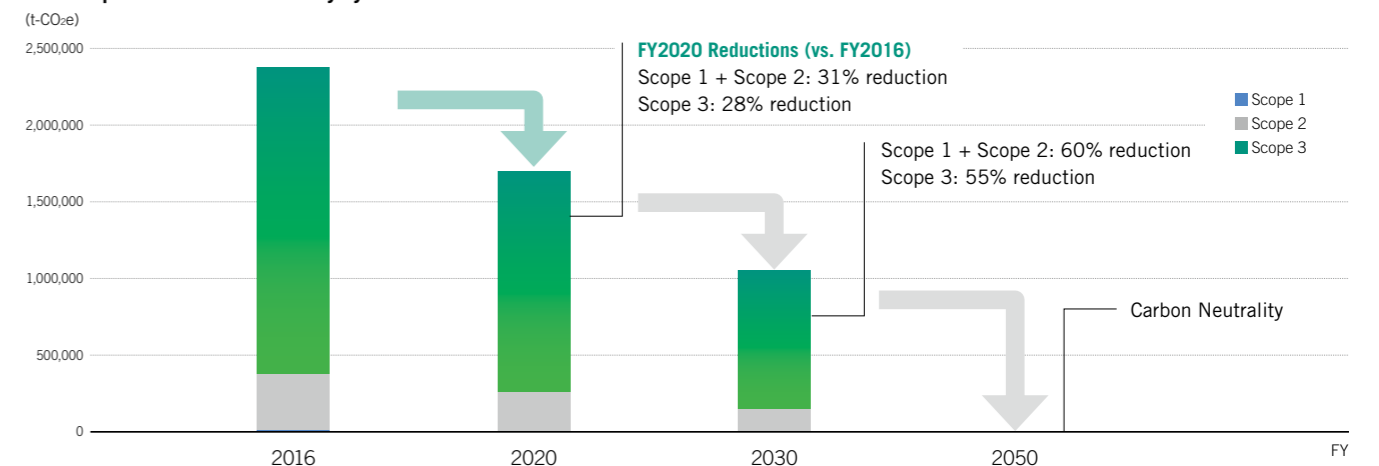
NTT DATA Carbon-neutral Vision 2050

NTT DATA is promoting green innovation to reduce greenhouse gas emissions across its supply chain and to help make clients and society greener in order to contribute to the realization of carbon-neutral society by 2050.

Global Society | By NTT DATA | Of NTT DATA

Green Innovation by IT
Helping make clients and society greener

Green Innovation of IT
Reducing greenhouse gas emissions across our supply chain

2020 — 2030 — 2040 — 2050

SCIENCE BASED TARGETS
Establishment of target for limiting global warming to 1.5°C*
* Certified by Science Based Targets*1 in June 2020

BUSINESS AMBITION FOR 1.5°C

The NTT DATA Group's Greenhouse Gas Emissions Reduction Targets

Scope 1 and Scope 2 emissions reduction target for FY2030: 60% reduction from FY2016
31% reduction achieved in FY2020

Scope 3 emissions reduction target for FY2030: 55% reduction from FY2016
28% reduction achieved in FY2020

Road Map toward Carbon Neutrality by 2050

(t-CO₂e)

FY2020 Reductions (vs. FY2016)
Scope 1 + Scope 2: 31% reduction
Scope 3: 28% reduction

Scope 1 + Scope 2: 60% reduction
Scope 3: 55% reduction

Scope 1 | Scope 2 | Scope 3

2,500,000
2,000,000
1,500,000
1,000,000
500,000
0

2016 — 2020 — 2030 — 2050

Carbon Neutrality

FY

*1 Organization encouraging companies to set greenhouse gas emissions reduction targets in line with the Paris Agreement
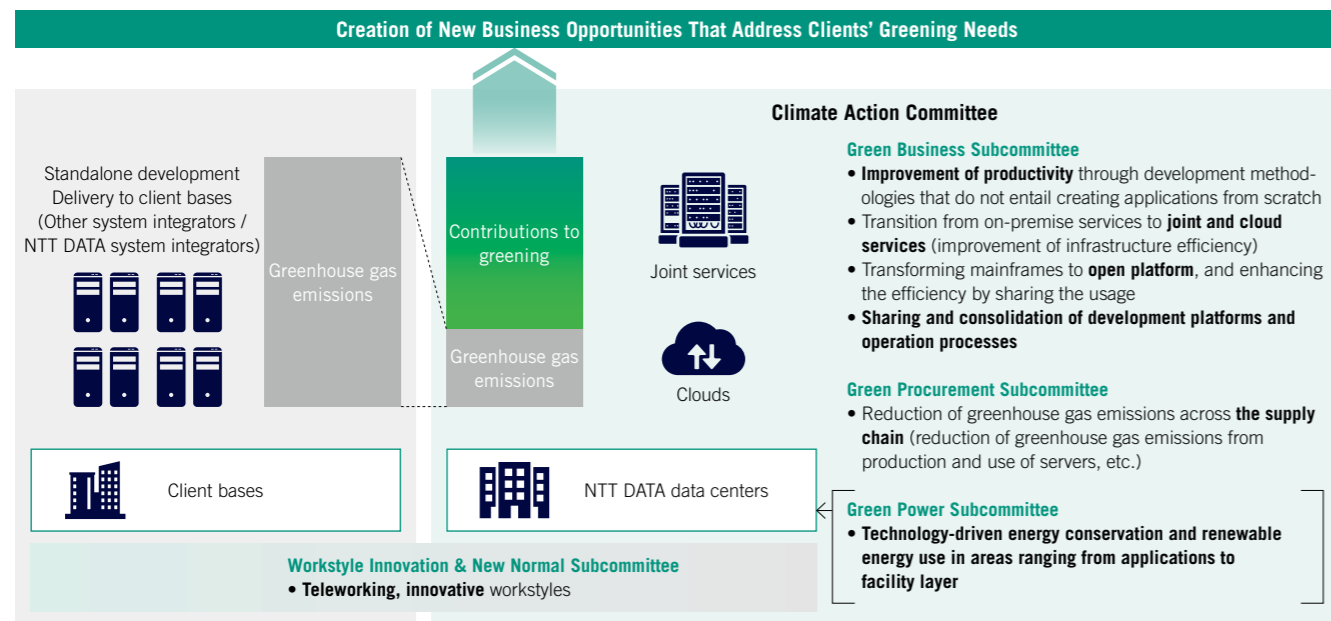
NTT DATA's ESG Management

Management System

Established in November 2020, the Groupwide Climate Action Committee is promoting initiatives through four subcommittees: the Green Business Subcommittee, the Green Power Subcommittee, the Green Procurement Subcommittee, and the Workstyle Innovation & New Normal Subcommittee.

Overview of Climate Action Committee Initiatives

Initiatives for creating new business opportunities that address clients' greening needs are being advanced through the four subcommittees of the Climate Action Committee.

Creation of New Business Opportunities That Address Clients' Greening Needs

Standalone development
Delivery to client bases
(Other system integrators / NTT DATA system integrators)

Greenhouse gas emissions

Client bases

Contributions to greening

Greenhouse gas emissions

Joint services

Clouds

NTT DATA data centers

Climate Action Committee

Green Business Subcommittee
- **Improvement of productivity** through development methodologies that do not entail creating applications from scratch
- Transition from on-premise services to **joint and cloud services** (improvement of infrastructure efficiency)
- Transforming mainframes to **open platform**, and enhancing the efficiency by sharing the usage
- **Sharing and consolidation of development platforms and operation processes**

Green Procurement Subcommittee
- Reduction of greenhouse gas emissions across **the supply chain** (reduction of greenhouse gas emissions from production and use of servers, etc.)

Green Power Subcommittee
- **Technology-driven energy conservation and renewable energy use in areas ranging from applications to facility layer**

Workstyle Innovation & New Normal Subcommittee
- **Teleworking, innovative** workstyles

Climate Action Committee Themes

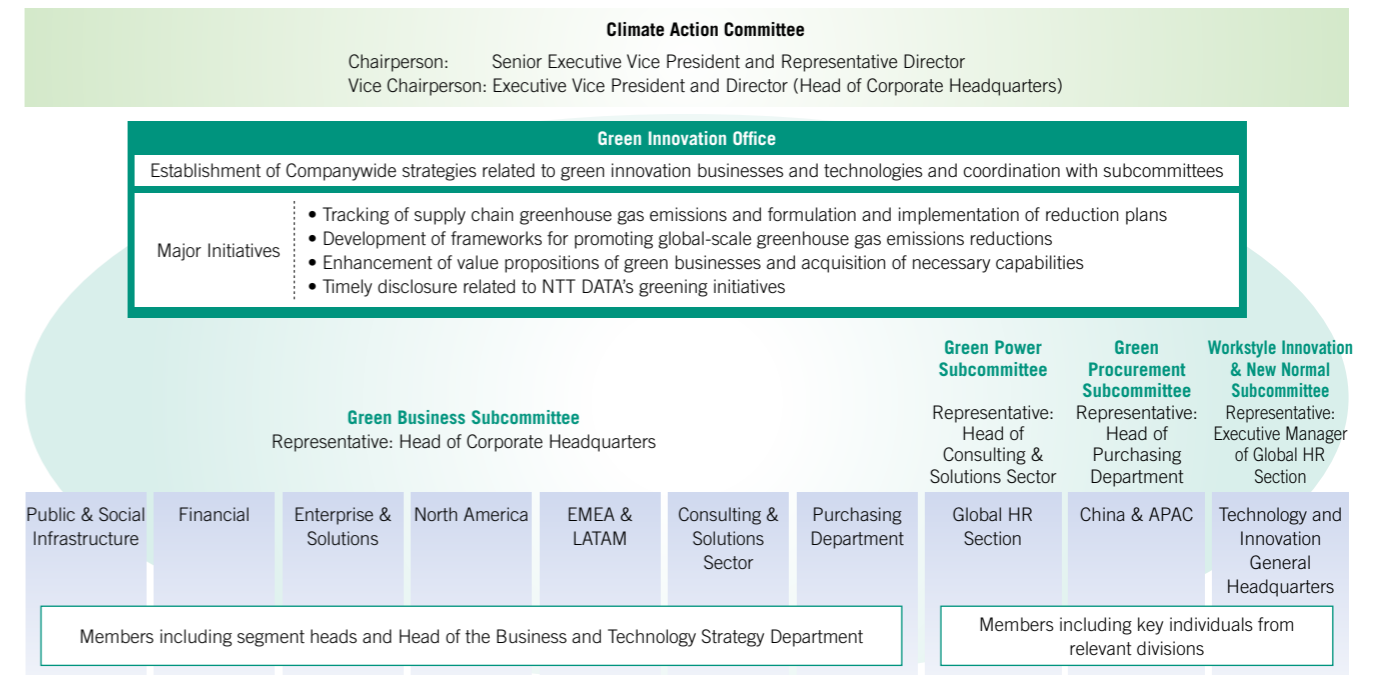| Subcommittees	Green Innovation of IT Reducing greenhouse gas emissions across our supply chain	Green Innovation by IT Helping make clients and society greener Contributing to reduce greenhouse gas emissions of society and clients through utilization of IT
Green Business Subcommittee Contribution to decarbonization of / by clients and society, and heightening NTT DATA's presence in the field of green innovation	✓	✓
Green Power Subcommittee Creation of new businesses that utilize renewable energy	✓	
Green Procurement Subcommittee Reduction of greenhouse gas emissions across the supply chain	✓	
Workstyle Innovation & New Normal Subcommittee Innovation of workstyles, promotion of teleworking, and improvement of productivity	✓	

Climate Action Committee Structure

The Climate Action Committee is chaired by the Senior Executive Vice President and Representative Director while an Executive Vice President and Director (Head of Corporate Headquarters) serves as the vice chair.

The Green Business Subcommittee is overseen by the Head of Corporate Headquarters and includes members such as segment heads and the Head of the Business and Technology Strategy Department. Meanwhile, the Green Power Subcommittee, the Green Procurement Subcommittee, and the Workstyle Innovation & New Normal Subcommittee are membered by key individuals from relevant divisions.

Furthermore, the Green Innovation Office was set up on October 1, 2021, to lead the Climate Action Committee in advancing Companywide decarbonization initiatives as a dedicated greening organization.

Climate Action Committee
Chairperson: Senior Executive Vice President and Representative Director
Vice Chairperson: Executive Vice President and Director (Head of Corporate Headquarters)

Green Innovation Office
Establishment of Companywide strategies related to green innovation businesses and technologies and coordination with subcommittees

Major Initiatives
- Tracking of supply chain greenhouse gas emissions and formulation and implementation of reduction plans
- Development of frameworks for promoting global-scale greenhouse gas emissions reductions
- Enhancement of value propositions of green businesses and acquisition of necessary capabilities
- Timely disclosure related to NTT DATA's greening initiatives

Green Business Subcommittee
Representative: Head of Corporate Headquarters

Green Power Subcommittee
Representative: Head of Consulting & Solutions Sector

Green Procurement Subcommittee
Representative: Head of Purchasing Department

Workstyle Innovation & New Normal Subcommittee
Representative: Executive Manager of Global HR Section

Public & Social Infrastructure | Financial | Enterprise & Solutions | North America | EMEA & LATAM | Consulting & Solutions Sector | Purchasing Department | Global HR Section | China & APAC | Technology and Innovation General Headquarters

Members including segment heads and Head of the Business and Technology Strategy Department

Members including key individuals from relevant divisions

Climate Action Plan for 2030

NTT DATA aims to accomplish the following objectives by 2030 through the initiatives of the Green Business Subcommittee.
- Establish global presence as a top-level green innovation partner to clients
- Accomplish Science Based Targets-certified targets for 2030 (Scope 1 and 2: 60% reduction, Scope 3: 55% reduction compared to FY2016)

|	Climate Action Plan for 2030
Green Business	• Establish **global presence as a top-level green innovation partner** to clients • Develop technologies, utilize knowledge, and coordinate with delivery functions to heighten green innovation solutions capabilities
Green Power	• **Achieve 50% reduction in greenhouse gas emissions** through technology-driven energy conservation and renewable energy consumption in areas **ranging from applications to facility layer** • Transition to 100% electric vehicles (EVs) for business fleet
Green Procurement	• Reduce greenhouse gas emissions across the supply chain (hardware procurement, software development)
Workstyle Innovation & New Normal	• Develop creative and highly resilient workstyles (optimal combination of online and offline venues)

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

Green Business Case Study 1 — TradeWaltz (Development of new eco-friendly systems)

Together with six partners, NTT DATA has commenced joint investment in TradeWaltz Inc., operator of the TradeWaltz trading information linkage platform. By coordinating its technologies with those of these partners, the Company looks to completely digitize TradeWaltz's trading processes, an undertaking that is expected to contribute to massive reductions in annual greenhouse gas emissions.

Share and use digital data via Blockchain, Distributed Ledger Technology (DLT)
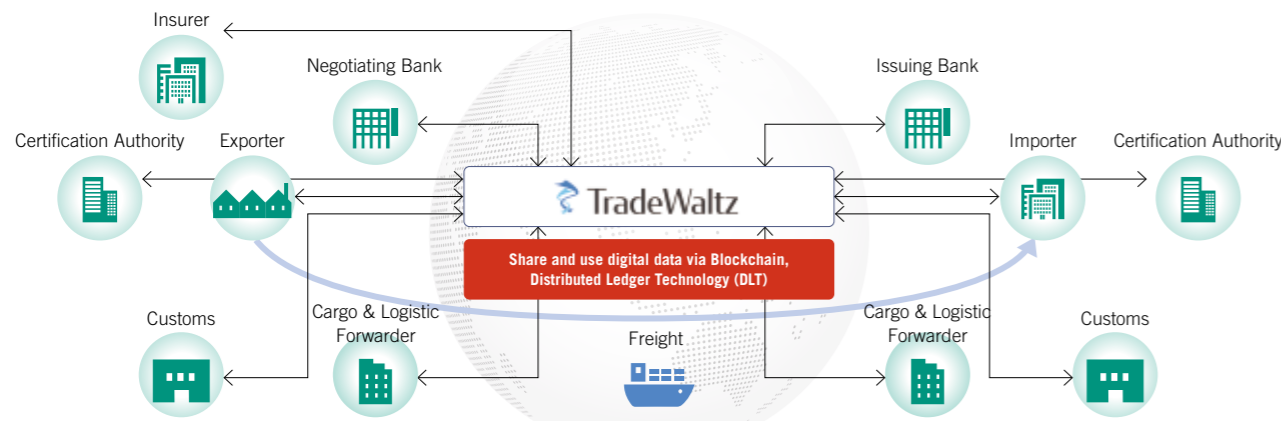
Benefits if All Companies Engaged in Trading in Japan Used TradeWaltz

Distribution Optimization	Reduction in Paper Document Transportation Volumes	Reduction of Paper Loss
Potential for generating more substantial benefits (reductions in greenhouse gas emissions due to improvements in cargo loading rates of TradeWaltz users, etc.)	Annual Greenhouse Gas Emissions Reductions **Up to 42,300 tons*** = Annual Tree Preservation **Up to 3,021,100 trees*** (Equivalent to the size of 116.3 Tokyo Dome stadiums)	Annual Greenhouse Gas Emissions Reductions **Up to 431 tons*** = Annual Tree Preservation **Up to 30,800 trees*** (Equivalent to the size of 1.2 Tokyo Dome stadiums)

* When calculated assuming consumption of 50 sheets of A4 paper for one import / export transaction

Green Business Case Study 2 — Regional Bank Integrated Services Center (Contribution to greening of clients)

The Regional Bank Integrated Services Center, a joint-use service for regional banks launched in January 2004, is used jointly by 13 banks as of October 1, 2021.

The integrated system has contributed to a 76% reduction in CO_2 emissions.*[1] We look to further cut emissions and achieve an 81% reduction in total by FY2030 through shared operation and the development of an open mission critical (OMC) platform*[2] in order to contribute to further greening (decarbonization).

*[1] Electricity consumption reduction figures for the Regional Bank Integrated Services Center are based on sampling and other simulations.
*[2] Platform realizing open use of large-scale mission critical systems that used to be functioned primarily on the mainframes of financial and public institutions.
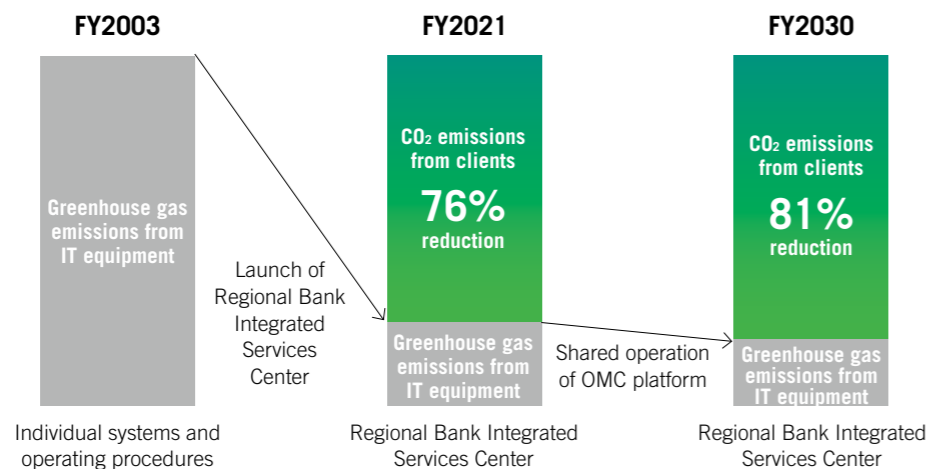
Green Business Case Study 3 — everis is the only Spanish company leading a consortium for Green Cities Action Plan

A consortium of multinational companies, led by everis has been chosen as one of consortia within the framework contract Green Cities Action Plan (GCAP)* that helps more than 40 cities participating, an ambitious program of the European Bank for Reconstruction and Development (EBRD).

The consortium aims to develop strategies and sustainability, emission reduction and circular economy measures to become more efficient and environmentally friendly cities.

* One of the key elements of the EBRD's Green Cities program to promote sustainable urban development. It is a process to systematically assess, prioritize, and address environmental issues in cities with various policy measures and sustainable infrastructure investments.

Participation in CDP Supply Chain Program, a Supply Chain Environmental Information Disclosure Program Implemented by International NGO CDP

NTT DATA is participating in the CDP Supply Chain Program, a supply chain environmental information disclosure program implemented by the international NGO CDP that sees participation by approximately 200 companies and government institutions on a global basis, including 13 from Japan. By taking advantage of CDP's platform, we aim to promote the decarbonization of our supply chain.

Climate-Related Risk and Opportunities

NTT DATA has declared its support for the recommendations of the TCFD and has taken steps to identify the climate-related risks and opportunities facing the Company based on the TCFD framework. For more detailed information, please refer to NTT DATA Sustainability Report 2021 Data Book.

https://www.nttdata.com/global/en/sustainability/report

		Risks			Opportunities	
Transition Risks	Government policy and ordinances	High	Increases in costs due to carbon pricing (carbon taxes), rising impact on management if dependence on fossil fuels is high (up to ¥8.3 billion per year)	Resource efficiency	Energy conservation and guaranteed competitiveness in areas ranging from applications to facility layer (building upon strength as a team of system, electricity, and facility professionals)	**Opportunities**
	Market	High	Loss of clients due to inability to be chosen as a green innovation partner as a result of slow progress in greening	Energy resources	• Creation of new smart energy and Utility 3.0 businesses • Expansion of businesses using renewable energy	
	Technologies	High	Demand from clients for technologies that contribute to green innovation and related vendors, changes in landscape of IT industry	Products and services	• Creation of new businesses by addressing clients' greening needs • Increased business opportunities related to high-energy-efficiency clouds and shared centers	
	Evaluations	High	Loss of clients due to low evaluations related to climate change	Markets	• Development of new eco-friendly systems (TradeWaltz, etc.) • New public and financial frameworks developed in response to climate change	
Physical Risks	Sudden	High	Increased risks of abnormal weather events and other natural disasters	Resilience	• Increased business opportunities related to improving resilience (disaster response, telemedicine, smart cities, etc.) • Workstyles not bound by location	
	Chronic	Medium	Rising air-conditioning costs and increased risks of flooding at data centers and offices due to higher temperatures and sea levels			

NTT DATA's ESG Management

Other Material Issues

Community

NTT DATA has set "Promotion of IT Education" as the central theme of social contribution activities we should commit to globally.

Through volunteer activities leveraging the employees' expertise and financial and technological support in the IT field, where we have an advantage, we will support children and NPOs / NGOs in improving their IT skills and literacy.

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

■ Material ESG Issue

9 Promote IT education

■ KPIs (FY2021)

Contributing to society through corporate activities
- External information provision activities by core digital human resources
- The number of external IT workshops held and IT workshop instructors cultivated through NTT DATA Academia program

📖 Overview **P53: 12 Material ESG Issues**

Disaster Risk

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

■ Material ESG Issue

10 Respond to disaster risks

■ KPIs (FY2021)

Contributing to society through corporate activities
- BCP drills held based on work environment centered on teleworking

Contributing to society through business
- The number of business ideas proposed for addressing climate change issues or disaster risks

📖 Overview **P53: 12 Material ESG Issues**

Compliance

NTT DATA is determined to operate our business following high ethical standards and compliance. We have established the Global Compliance Policy, targeting all officers and employees of the NTT DATA Group, to clarify our basic policy and provide specific behavior guidelines related to corporate ethics. To make such activities effective, we consider it necessary to implement a continuous educational campaign to promote ethics and compliance. Therefore, we have been holding training sessions on compliance for officers and employees and conducting employee attitude surveys.

In addition, with the aim of achieving a more open corporate culture, we have placed the Whistle Line, a Groupwide internal reporting system, as an internal and external venue for reports, whether anonymous or named. We ensure that any individual who uses this venue to report will not be subject to unfavorable treatment as a result of their reporting.

■ Material ESG Issue

11 Ensure compliance

■ KPI (FY2021)

Contributing to society through corporate activities
- The number of cases of utilizing insights and know-how related to next-generation audits (digital audits, online audits, etc.)

📖 Overview **P53: 12 Material ESG Issues**

Supply Chain

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

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

■ Material ESG Issue

12 Promote responsible supply chain

■ KPI (FY2021)

Contributing to society through corporate activities
- Ratio of Group companies implementing bribery risk assessment based on the NTT Group Third-Party Due Diligence Policy

📖 Overview **P53: 12 Material ESG Issues**

Third-Party Evaluation (As of March 2021)

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

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Dow Jones Sustainability World Index / Asia Pacific Index

FTSE4Good

FTSE4Good Index Series

FTSE Blossom Japan

FTSE Blossom Japan

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

Corporate ESG Performance **Prime**
RATED BY
ISS ESG▷

ISS ESG Prime

Sustainability Award
Silver Class 2021
S&P Global

S&P Global Sustainability Award

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index*

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

Independent Practitioner's Assurance

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

Data Subject to Independent Assurance

📖 **P23, 114: GHG Emissions Data** **P114: Water Consumption** **P23: Number of Female Managers**

💻 For data subject to independent assurance other than GHG Emissions, Water Consumption, and Number of Female Managers, please refer to NTT DATA Sustainability Report 2021 Data Book.
https://www.nttdata.com/global/en/sustainability/report

LR Independent Assurance Statement
Relating to NTT DATA Corporation's Environmental and Social Data for the fiscal year 2020

This Assurance Statement has been prepared for NTT DATA Corporation in accordance with our contract but is intended for the readers of this report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by NTT DATA Corporation ("the Company") to provide independent assurance on its environmental and social data disclosed in NTT DATA Sustainability Report 2021, Integrated Report 2021 and Sustainability page of its corporate website ("the report") for the fiscal year 2020, that is, 1 April 2020 to 31 March 2021, against the assurance criteria below to a limited level of assurance at the materiality of the professional judgement of the verifier and using ISAE 3000 and ISO 14064-3:2006 for greenhouse gas (GHG) emissions.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable environmental and social data

Signed Dated: 3 July 2021

Norihiko Kinoshita
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LR reference: YKA4005176

Corporate Governance

Introduction to Officers (Skill Matrix*¹)
(As of July 1, 2021)

Directors*²

		Corporate management	International perspective	Sales, marketing, consulting	Development / R&D	Business management	Finance / accounting	Legal / government affairs	(Reference) Business fields where specialization can be leveraged * Only business executors
President and Chief Executive Officer, Representative Director **Yo Honma**	1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2014 Executive Vice President and Director, and Company President of Enterprise IT Services Company of NTT DATA 2015 Executive Vice President and Director of NTT DATA 2016 Senior Executive Vice President and Representative Director of NTT DATA 2018 President and Chief Executive Officer, Representative Director of NTT DATA (present post)		●	●	●	●				Financial and enterprise fields
Senior Executive Vice President and Representative Director **Shigeki Yamaguchi** Representative Director and Senior Executive Vice President Responsible for Social Design, Public & Social Infrastructure Segment and China & APAC Segment	1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2016 Executive Vice President, Head of IT Services & Payments Services Sector of NTT DATA 2017 Executive Vice President and Director of NTT DATA 2018 Senior Executive Vice President and Representative Director of NTT DATA (present post)		●		●	●	●			Public administration and enterprise fields
Senior Executive Vice President and Representative Director **Toshi Fujiwara** Representative Director and Senior Executive Vice President Responsible for Corporate Management*³ (CFO, CHRO, CRO, CIO, CKO), Technology Management*⁴ (CTO, CISO) Head of HR Headquarters, Corporate Headquarters	1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2014 Senior Vice President, Deputy Head of First Financial Sector of NTT DATA Senior Vice President, Head of Fourth Financial Sector of NTT DATA 2015 Senior Vice President, Head of First Financial Sector of NTT DATA 2017 Executive Vice President and Director of NTT DATA 2018 Senior Executive Vice President and Representative Director of NTT DATA (present post)		●	●		●	●			Financial field
Senior Executive Vice President and Representative Director **Kazuhiro Nishihata** Representative Director and Senior Executive Vice President Responsible for Americas & Europe Segment and Global Marketing	1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2006 President and Representative Director of NTT EUROPE LTD. 2009 Senior Vice President, Head of Global Business Sector of NTT DATA 2015 Executive Vice President and Director of NTT DATA 2017 Senior Executive Vice President and Representative Director of NTT DATA 2018 Executive Advisor of NTT DATA 2020 Senior Executive Vice President and Representative Director of NTT DATA (present post)		●	●	●		●			Global field
Executive Vice President and Director **Masanori Suzuki** Director and Executive Vice President Responsible for Financial Segment Head of Banking Headquarters	1988 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2016 Senior Vice President, Head of Second Financial Sector of NTT DATA 2019 Senior Vice President, Head of Strategy Office of NTT DATA 2020 Executive Vice President and Director, Head of Strategy Office of NTT DATA Executive Vice President and Director of NTT DATA, Head of Strategy Headquarters, Head of Strategy Office, Strategy Headquarters 2021 Executive Vice President and Director of NTT DATA, Head of Banking Headquarters (present post)				●	●	●			Financial field
Executive Vice President and Director **Yutaka Sasaki** Responsible for Corporate Management*⁵ (CDO), Head of Corporate Headquarters Head of Strategy Office, Corporate Headquarters	1990 Joined NTT DATA 2016 Senior Vice President of NTT DATA, Head of Business Solutions Sector 2018 Senior Vice President of NTT DATA, Head of Manufacturing IT Innovation Sector 2020 Senior Vice President of NTT DATA, Head of Manufacturing IT Innovation Sector, Head of Business Solutions Sector 2021 Executive Vice President and Director of NTT DATA, Head of Strategy Headquarters, Head of Strategy Office, Strategy Headquarters (present post)				●	●	●			Enterprise field
Director **Patrizio Mapelli** **Foreign national**	1982 Joined Olivetti 1995 Senior Partner of Ernst & Young 2000 Vice President of A.T. Kearney 2002 Senior Partner of Value Partners S.p.A. 2002 CEO of Value Team S.p.A. (currently NTT DATA Italia S.p.A.) 2013 CEO of NTT DATA EMEA LTD. 2018 Chairman of the Board of NTT DATA Italia S.p.A. 2020 Director of NTT DATA (present post)		●	●		●				—
Director **Takeshi Arimoto**	1993 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2011 Senior Manager of Strategic Business Development Division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (Transferred to NTT Knowledge Square Corporation [now Docomo gacco Co., Ltd.]) 2015 Senior Manager of the Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post) Auditor of NTT FINANCE CORPORATION 2018 Auditor of NTT Urban Development Corporation 2020 Director of NTT DATA (present post) Head of Finance and Accounting Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)						●	●		—

Outside Directors*²

		Corporate management	International perspective	Sales, marketing, consulting	Development / R&D	Business management*⁶	Finance / accounting	Legal / government affairs
Director **Eiji Hirano** **Independent**	1973 Joined Bank of Japan (Retired in 2006) 2006 Vice President and Director of Toyota Financial Services Corporation 2014 Special Advisor of Toyota Financial Services Corporation Vice Chairman and Director of MetLife Insurance K.K. 2015 Vice Chairman and Representative Executive Officer, Director of MetLife Insurance K.K. of RIKEN CORPORATION (present post) 2016 Director of NTT DATA (present post) Advisor of Toyota Financial Services Corporation 2017 Vice Chairman and Director of MetLife Insurance K.K. (present post) Chairperson of the Board of Governors, Government Pension Investment Fund (GPIF) (present post)	●	●			●	●	
Director **Mariko Fujii** **Independent**	1977 Joined the Ministry of Finance of Japan 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance 2001 Professor of Research Center for Advanced Economic Engineering, The University of Tokyo 2004 Professor of Research Center for Advanced Science and Technology, National University Corporation, The University of Tokyo 2014 Director of Electric Power Development Co., Ltd. 2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia (Retired in 2019) 2016 Emeritus Professor of The University of Tokyo (present post) 2019 Director of NTT DATA (present post) Member of the Board of Directors (Outside Director) of MUFG (present post)		●					●
Director **Fumihiko Ike** **Independent**	1982 Joined Honda Motor Co., Ltd. 2003 Chief Director of Multi-purpose Business and Director of Honda Motor Co., Ltd. 2006 Chief Director of Business Administration and Director of Honda Motor Co., Ltd. 2007 Chief Director of Business Administration and Managing Director of Honda Motor Co., Ltd. 2008 Chief Director of Asia and Pacific and Managing Director of Honda Motor Co., Ltd. President and Director of Asian Honda Motor Co., Ltd. 2011 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Risk Management Officer and General Supervisor of Information Systems of Honda Motor Co., Ltd. 2012 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Chief Director of IT, Risk Management Officer and Liaison Manager of Honda Motor Co., Ltd. 2013 Chairman and Representative Director of Honda Motor Co., Ltd. 2014 Chairman of JAPAN AUTOMOBILE FEDERATION, a general incorporated association 2020 Director of NTT DATA (present post)	●	●	●		●		
Director, Audit and Supervisory Committee member (Full-Time) **Tetsuya Obata**	1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2004 General Manager of Department IV (currently Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2011 Head of Kanagawa Branch and Director of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION 2013 Managing Director, Head of Planning and General Affairs Department and Head of Sales Headquarters of NTT 2016 Representative Managing Director, Head of Planning and General Affairs Department, and Head of BPR Promotion Department of NTT BUSINESS ASSOCIE CORPORATION 2017 Representative Managing Director, Head of Planning and General Affairs Department, Head of Business Cooperation Promotion Department of NTT BUSINESS ASSOCIE CORPORATION Director of NTT LEARNING SYSTEMS CORPORATION 2018 Standing Audit & Supervisory Board Member of NTT DATA 2020 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)	●				●	●	
Director, Audit and Supervisory Committee member (Full-Time) **Katsura Sakurada** **Independent**	1980 Joined the Board of Audit of Japan 2014 Director General for Secretariat of General Executive Bureau of the Board of Audit of Japan 2015 Director General of 1st Bureau of the Board of Audit of Japan 2016 Deputy Secretary General of the Board of Audit of Japan 2017 Secretary General of the Board of Audit of Japan (Retired in 2018) 2018 Standing Audit & Supervisory Board Member of NTT DATA 2020 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)					●	●	●
Director, Audit and Supervisory Committee member (Full-Time) **Akihiko Okada**	1981 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2002 General Manager of Department IV (currently Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2011 Director, Head of Sales Headquarters, Head of Marketing Department of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION 2013 Representative Managing Director of NTT FINANCE CORPORATION, Head of Leasing Operations Headquarters 2016 Representative Director and Vice President of NTT FINANCE CORPORATION, Head of Leasing Operations Headquarters 2020 Representative Director of NTT TC Leasing Co., Ltd. Representative Chairman of NTT TC Leasing Co., Ltd. 2021 Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)	●		●		●		
Director, Audit and Supervisory Committee member **Rieko Sato** **Independent**	1984 Registered as an attorney at law (present post) 1989 Partner of Shearman & Sterling LLP 1998 Partner of Ishii Law Office (present post) 2004 Auditor of Ajinomoto Co., Inc. 2008 Auditor of GignoSystem Japan, Inc. 2012 Audit & Supervisory Board Member of NTT DATA 2015 Director of The Dai-ichi Life Insurance Co., Ltd. 2016 Director (Audit and Supervisory Committee member) of Dai-ichi Life Holdings, Inc. (present post) 2018 Director of J.FRONT RETAILING Co., Ltd. (present post) 2019 Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present post) 2020 Director, Audit and Supervisory Committee member of NTT DATA (present post) Audit & Supervisory Board Member of Mitsubishi Corporation (present post)				●			●

*1 ● denotes up to four main skills for each person
*2 Titles as of July 1, 2021
*3 Corporate Management includes responsibilities for business strategy, digital strategy, public relations, ESG promotion, legal, risk management (CRO), information management and intellectual property (CKO), human resources (CHRO), finance and investor relations (CFO), purchasing, and IT systems (CIO).
*4 Technology Management includes responsibilities for technology development and research (CTO), quality assurance, and information security (CISO).
*5 Deputy Corporate Management includes responsibilities for business strategy, digital strategy (CDO), public relations, ESG promotion, legal, risk management, information management and intellectual property, human resources, finance and investor relations, purchasing, and IT systems.
*6 ESG perspectives are included in business management.

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

Corporate Governance

Basic Policy

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

Under this basic philosophy, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of the Corporate Governance Code to ensure that corporate governance will effectively function: (1) to ensure transparency and soundness in business management, (2) to achieve appropriate and swift decision-making and business execution, and (3) to implement compliance thoroughly. The purpose of working on such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners, and employees, and to maximize enterprise value.

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

Corporate Governance Systems

NTT DATA has adopted the company with Audit and Supervisory Committee structure described in the Companies Act of Japan. This transition was undertaken as it was judged that the resulting system, which will entail the establishment of Audit and Supervisory Committee members with audit and supervisory duties and voting rights at meetings of the Board of Directors as well as an Audit and Supervisory Committee comprised of a majority of outside directors, would be most effective for enhancing the supervising function of the Board of Directors and other aspects of corporate governance and subsequently for heightening managerial efficiency and health. Accordingly, Company corporate governance organizations now include the General Meeting of Shareholders, the Board of Directors, and the Audit and Supervisory Committee. We also established the Corporate Management Committee in an effort to make decision-making in our business execution as fast as possible.

Although NTT DATA has not set up an independent advisory committee such as a voluntary nomination committee or remuneration committee, in advance of resolutions by the Board of Directors, we provide independent outside directors and directors that serve as Audit and Supervisory Committee members with explanations of the proposals to be submitted to the General Meeting of Shareholders on matters such as remuneration for members of management, appointment of director candidates, the disciplinary balance, internationalism and other aspects of diversity* on the Board of Directors, and Senior Vice President successor candidates. We are thus able to receive effective advice on these subjects. For this reason, we believe that independence and objectivity of the functions and accountability of the Board of Directors are fully assured.

* Includes diversity in terms of gender, age, work history, race, ethnicity, and cultural background
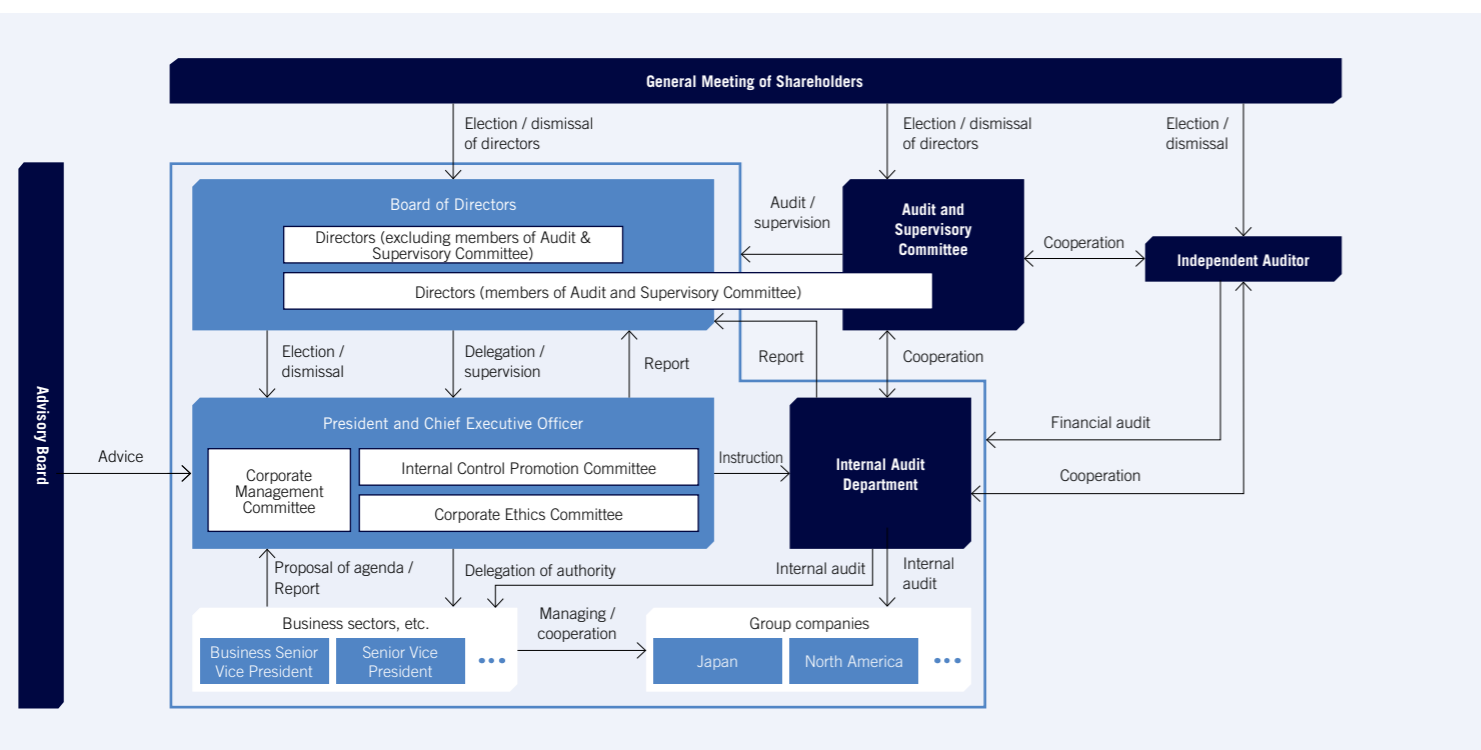
Meetings	Number of Times Held in FY2020	Details
Board of Directors	14	Made up of all 15 directors including five independent outside directors. There are two female directors and one non-Japanese director among these 15 directors. The Board meeting is held once every month in principle and can also be held as an extraordinary meeting, if necessary. Such meetings determine and supervise legal matters and other important matters relating to management.
Audit and Supervisory Committee	19 (Audit & Supervisory Board: 4)	Made up of four outside directors who are Audit and Supervisory Committee members, including one female member. A committee meeting is held once every month in principle for decision-making of policies, plans, methods of audits, and other important matters related to audits. All Audit and Supervisory Committee members attend important meetings including Board of Directors' meetings, facilitate communications with business executors, directors and outside directors, and audit the status of business execution as necessary. A dedicated organization, Office for Audit and Supervisory Committee Members, to support this is in place. Regarding the nomination, dismissal, retirement, and remuneration of directors who are not Audit and Supervisory Committee members, the officer in charge explains the proposal and reasoning for nominations of directors and the remuneration system and amount. While consulting with outside directors, the appropriateness and fairness of these matters are properly verified, and opinions are duly noted.
Corporate Management Committee	35	Made up of the President and CEO, the Senior Executive Vice President, officers responsible for regions and segments, Executive Vice Presidents and heads of each section or group. A committee meeting is held once a week in principle for smooth and swift decision-making and supervision relating to business operations. A director that is an Audit and Supervisory Committee member also participates in such meetings to enhance the transparency.

Initiatives to Strengthen Governance

NTT DATA appoints human resources to management positions in line with the human resource policy of selecting candidates on the basis of superior character, insight, and management ability regardless of age, gender, or nationality. The Company's Board of Directors consists of a total of 15 directors, including five independent outside directors including two female directors and one non-Japanese director. As a result, independent outside directors represent one-third of all directors.

Changes in the Composition of the Board of Directors

Corporate Governance
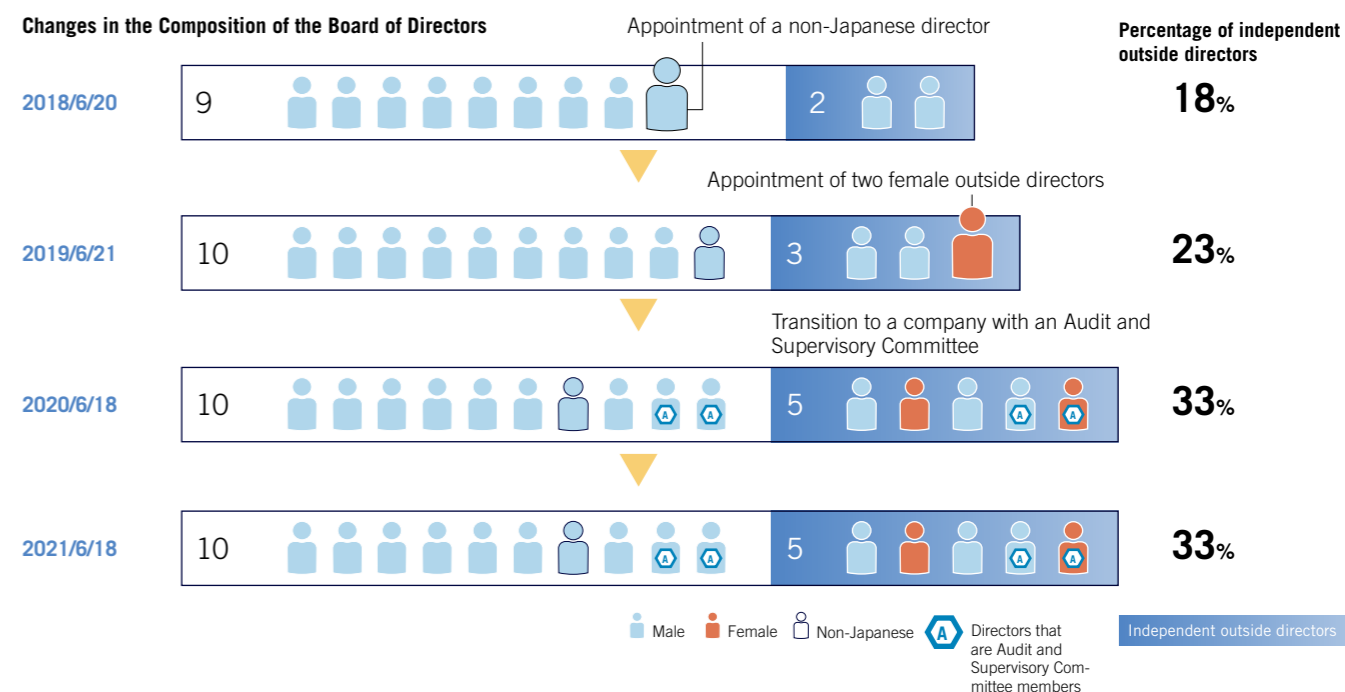
Nomination Policies / Procedures of Candidates for Positions as Director

Matters Regarding Appointment and Nomination

Nomination Policy for Candidates for Positions as Directors That Are Not Audit and Supervisory Committee Members	The candidates for directors that are not Audit and Supervisory Committee members have been appointed from personnel who have broad perspectives and experience and can contribute to the development of the entire Group, excel in management ability and leadership, and are sophisticated in business management and energetic, for improvement in the enterprise value of the entire NTT DATA Group. The size of the Board of Directors is in direct proportion to the scale of business, and it is composed with consideration of having diversity*1 from various standpoints including internationality, and the balance of desired specializations*2. To strengthen the supervising function of business execution, NTT DATA appoints and nominates as independent directors personnel who do not have any possibility of causing a conflict of interest with general shareholders. In principle, independent directors who have management experience at other companies are to be appointed in numbers that exceed one-third the total number of directors. *1 Includes diversity in terms of gender, age, work history, race, ethnicity, and cultural background *2 "Composition of the Board of Directors (Skill Matrix)" defines the desired fields of specialization and their balance on the Board of Directors.
Nomination Policy for Candidates for Positions as Directors That Are Audit and Supervisory Committee Members	The candidates for directors that are Audit and Supervisory Committee members are to be appointed from personnel that NTT DATA can expect to conduct audits from the viewpoints of specialized experience and knowledge. To ensure impartiality in audits and supervision of the business execution of directors that are not Audit and Supervisory Committee members, NTT DATA appoints outside directors to represent a majority of directors that are Audit and Supervisory Committee members in accordance with the Companies Act.
Procedures for Appointment	The procedures for nominating candidates for directors are to be carried out as follows: the backgrounds of candidates are first explained to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members prior to the meetings of the Board of Directors; then the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members provide appropriate advice, based on which the Board of Directors makes a resolution, and the resolution is proposed to the General Meeting of Shareholders. The procedure for nominating directors that are not Audit and Supervisory Committee members follows the above procedure, and directors that are Audit and Supervisory Committee members are able to exercise authority in voicing opinions in regard to these decisions. For directors that are Audit and Supervisory Committee members, nominations are made by the Board of Directors after discussion and consensus by the Audit and Supervisory Committee, which is membered by a majority of outside directors that are Audit and Supervisory Committee members, and this proposal is submitted to the General Meeting of Shareholders.

Independence Standards and Qualification

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

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

(1) A business executor of NTT DATA's business partner with a trading amount exceeding the standards set forth by NTT DATA*1;

(2) A business executor of NTT DATA's lender with an amount of lending exceeding the standards set forth by NTT DATA*2;

(3) An individual providing specialized services, such as a consultant, accountant, or lawyer, who has received from NTT DATA any money or other property profit that is worth ¥10 million or more per year other than executive remuneration in any year of the three most recent financial years; or

(4) A business executor of an organization that has received contributions exceeding NTT DATA's standards*3.

Even if a person falls under any of the conditions from (1) through (4) as stipulated above, any reason for judging that such person still has independence is required to be explained and disclosed when such person is appointed as an independent director.

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

Reasons for Appointment and Status of Independence

Outside Directors That Are Not Audit and Supervisory Committee Members

	Years Served	Attendance in FY2020			Reasons for Appointment
		Board of Directors	Audit and Supervisory Committee	Audit & Supervisory Board	
Independent Eiji Hirano	5	14/14 (100%)	—	—	Mr. Hirano has extensive experience in the financial sector, and wide perspectives concerning financial administration and international finance. He has been appointed based on the fact that he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.
Independent Mariko Fujii	2	14/14 (100%)	—	—	Ms. Fujii has keen discernment and extensive experience accumulated through her career in public administration, research on economics, and foreign affairs. Based on this, she is expected to contribute to the enhancement of supervisory functions in executing management and the provision of opinions from broad viewpoints and has been appointed. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside officer. However, based on the above reasons, the Company judges that she can perform the duties of outside director properly.
Independent Fumihiko Ike	1	11/11 (100%)	—	—	Mr. Ike has extensive management experience pertaining to global business and exceptional IT insight. He has been appointed based on the fact that he is expected to contribute, as an outside director, to the enhancement of supervisory function of business execution as well as the provision of advice using his wide range of perspectives.

Outside Directors That Are Audit and Supervisory Committee Members

	Years Served*	Attendance in FY2020			Reasons for Appointment
		Board of Directors	Audit and Supervisory Committee	Audit & Supervisory Board	
Tetsuya Obata	1 (3)	14/14 (100%)	19/19 (100%)	4/4 (100%)	Mr. Obata has experience in the finance and general affairs sectors as well as a tremendous track record in corporate management in the NTT Group, and in the past acted as a business executor at NIPPON TELEGRAPH AND TELEPHONE CORPORATION, the ultimate parent company, and at related companies. He has been appointed based on the fact that he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his wide range of perspectives and experience.
Independent Katsura Sakurada	1 (3)	14/14 (100%)	19/19 (100%)	4/4 (100%)	Mr. Sakurada has extensive experience and wide perspectives concerning audits for finance, accounting, and business execution based on his long years of professional experience in the Board of Audit of Japan. Since he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits of business execution, he has been appointed. Note that he has no experience of engagement in management of a company in any other manner than serving as an outside officer. However, based on the above reasons, the Company judges that he can perform the duties of outside director properly.
Akihiko Okada	—	—	—	—	Mr. Okada has extensive experience in corporate management at the NTT Group, as well as experience in finance and sales. Since having been an executive officer of NIPPON TELEGRAPH AND TELEPHONE CORPORATION which is an ultimate parent company of NTT DATA Corporation and its affiliated company, he is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing his wide range of perspectives and experience.
Independent Rieko Sato	1 (9)	14/14 (100%)	19/19 (100%)	4/4 (100%)	Ms. Sato has specialized legal insight based on her long career as a lawyer as well as a wealth of experience as a director and corporate auditor of other companies. She was appointed based on the fact that she is expected to help the Company ensure corporate soundness and to establish a highly transparent and fair system to monitor management through audits and supervision of business execution by utilizing her experience and insight. Note that she has no experience of engagement in management of a company in any other manner than serving as an outside officer. However, based on the above reasons, the Company judges that she can perform the duties of outside director properly.

* Parentheses show number of years in position, including Audit & Supervisory Board members

Messages from Independent Outside Directors

(As of June 18, 2021)

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

Independent Outside Director

Eiji Hirano

Years holding post   5
Attendance at Board of Directors' meetings
14/14 (100%)

Independent Outside Director

Mariko Fujii

Years holding post   2
Attendance at Board of Directors' meetings
14/14 (100%)

Independent Outside Director

Fumihiko Ike

Years holding post   1
Attendance at Board of Directors' meetings
11/11 (100%)

Independent Outside Director
(Audit and Supervisory Committee member)

Katsura Sakurada

Years holding post[1]   1 (3)
Attendance at Board of Directors' meetings
14/14 (100%)

Independent Outside Director
(Audit and Supervisory Committee member)

Rieko Sato

Years holding post[1]   1 (9)
Attendance at Board of Directors' meetings
14/14 (100%)

ESG Targets in Core Operations

In a section about "Aiming for ESG-Focused Management" in its Annual Report 2018 published three years ago, NTT DATA conveyed the importance of having a story that leads to the creation of value in the future through ESG activities. As demonstrated by initiatives to address climate change over the past three years, the global ESG movement has accelerated, drawing ever more attention around the world.

ESG activities are arguably at the heart of NTT DATA's core operations, which contribute to a more sustainable society by reinforcing the infrastructure that supports the world through IT. With digital, green, and global as its core concepts, NTT DATA's business activities are emblematic of ESG at their core. With the intention of being a leading company on the ESG front in Japan, NTT DATA is expected to make even more progress on ESG issues, including in its next medium-term management plan that commences next fiscal year.

Further Progress on Diversity and Inclusion

Diversity and inclusion is an important concept for society, organizations, and the way people work. For example, NTT DATA has drawn up action plans with numerical targets for promoting women in the workplace, and achieved all of these targets as of the end of FY2020. Based on my work experience to date, I personally feel that the Company has shown a deep commitment to these efforts. I look forward to the Company making further strides on diversity, a cornerstone for innovation and value creation, and a central facet of business strategy.

IT is a vital element of NTT DATA's business and the building of social infrastructure. Inclusive growth is a concept in government economic policy, and the Japanese Trade Union Confederation's (Keidanren) New Growth Strategy (published on November 17, 2020) states that DX should be advanced in an inclusive way that does not leave anyone behind. I believe management is doing its best to precisely implement diversity and inclusion.

On a Path to Achieving the Global 3rd Stage

NTT DATA has enhanced its presence in the global market through bold and aggressive M&A. However, margins are low in its overseas operations, and management urgently needs to increase the quality of overseas businesses in order to achieve the Global 3rd Stage. The pandemic has had an outsized impact on the world market, and NTT DATA's overseas businesses were severely impacted during the previous fiscal year. During the pandemic, however, the Company accelerated reforms of overseas operations, and is on a clear path toward achieving its target for EBITA of 7%[2] in overseas businesses. Under a challenging business environment, NTT DATA aims to not just increase profitability, but also expand its digital offerings, a major component of its strategy. With this in mind, the Company is pursuing strategic M&A deals in North America while making qualitative improvements. To reach the Global 3rd Stage, NTT DATA and the entire NTT Group must work together and carve out unassailable brand value in the global market.

Further Enhancing the Functions of the Board of Directors

One year has passed since NTT DATA transitioned to a company with Audit and Supervisory Committee structure in 2020. During this period, the Company has increased the ratio of independent outside directors, and deliberations by the Board of Directors have changed in essence to be more objective and neutral from an outsider's perspective, in my opinion. With the delegation of decision-making authority, I believe the role of the Board of Directors has pivoted from making individual decisions on business execution toward discussing management issues, plans and strategies, personnel at the management level, and verifying their compensation.

Along with the rapid expansion of overseas business, the Company is encountering more diverse and complex risks. It is vitally important that the Board of Directors engages in effective supervision, such as monitoring whether internal controls are functioning adequately, and the responsibilities of Board members have become heavier than ever before. As an independent outside director and a member of the Audit and Supervisory Committee, I will perform my duties of audit and supervision from the mindset of helping NTT DATA enhance its corporate value and attain healthy growth.

Increasing Corporate Value as a Global Enterprise

As a result of aggressive M&A overseas, NTT DATA has seen a rapid globalization of its operations. Compared with a decade ago, overseas sales and profits have doubled as the number of regions where it has a business presence has increased. However, NTT DATA still has a ways to go to catch up with global competitors. The Company's governance systems might not be set up to efficiently deliver capital from the Head Office to far-flung geographic locations. This fiscal year, NTT DATA is undertaking major changes in order to reach its goal of becoming a Global Top 5 vendor, aiming to increase sales and profits while reinforcing governance and rebuilding its global organization. Turning to society, recent conditions are hard to fully comprehend with the emergence of COVID-19 pandemic, DX, and new value systems. In addition to past experiences and thoughts, I will strive to be more flexible and take broader viewpoints, properly exchange opinions with the business execution side, and endeavor to increase the corporate value of NTT DATA as a global company.

[1] Parentheses show number of years in position, including Audit & Supervisory Board members
[2] Excluding temporary costs such as M&As and structural transformation

Corporate Governance

Board of Directors' Meeting Agendas

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

Additionally, since FY2017 the Board has been engaging in discussions with people outside the Board with the aim of enhancing discussions on strategic management matters. In FY2020, it held active discussions on strengthening global governance and business risk management. In FY2021, with the aim of further enriching these discussions, NTT DATA has created opportunities to discuss strategic matters on four occasions during the fiscal year, in addition to regular meetings of the Board of Directors.

Main Agenda Items

Reports	Resolutions	Deliberations
• Matters related to financing • Matters related to receiving orders and on investments • Result of internal audit and plans for next fiscal year • Result of internal control initiatives and plans for next fiscal year • Monitoring of key projects • Report on IR activities / investor opinions	• Financing-related matters • Matters concerning order receipts and investments • Result of internal audits and plans for next fiscal year • Monitoring of key projects • Measures to address climate change	• Business environment and future direction of domestic and overseas segments • Strengthening of global governance • Business risk management • Strategy to realize a digital society

Initiatives for Lively Discussions by the Board of Directors

To have meaningful discussions at meetings of the Board of Directors, NTT DATA will take the following steps to ensure sufficient time for discussions and that outside directors receive information and assistance.

Ensure sufficient time for discussions

• Schedule Board of Directors' meetings for the year and make rough overviews for agenda items
• Classify agenda items as reports, resolutions, or deliberations to ensure sufficient time for discussions on highly important resolution and deliberation items
• Authority for business operation is delegated to directors and executive officers to enable the Board of Directors to focus on discussion of items with a particularly large impact on the management of the Company and thereby secure sufficient discussion time by narrowing the scope of the agenda items discussed

Ensure outside directors receive information and assistance

• Provide briefings on important agenda items to outside directors prior to each meeting to allow for discussions to be held after any questions have been addressed and items have been fully understood
• During the Board of Directors' meetings, each director who is in charge of the agenda provides supplementary explanations of key points and strategic implications
• Provide detailed explanation on the business environment and conditions to outside directors
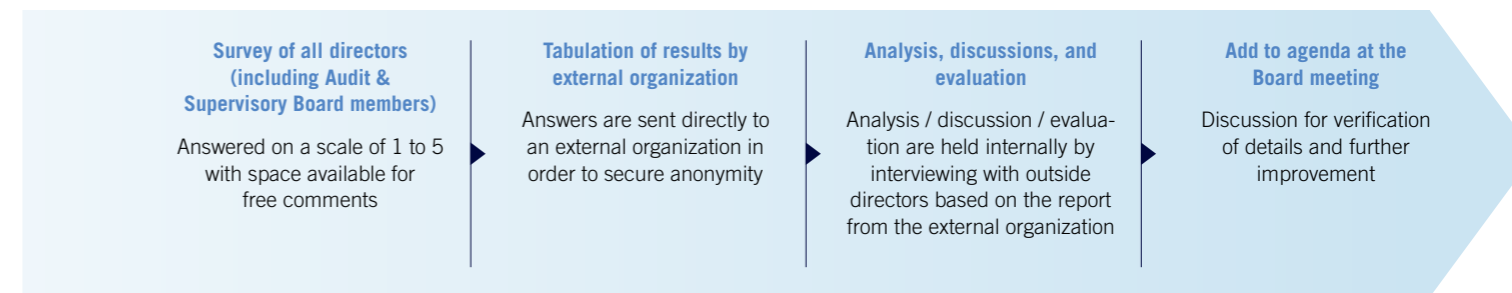
Change in Time Discussing Report, Resolution, and Deliberation Items at Board of Directors' Meetings in FY2020
(Discussion time / explanation time + discussion time)

(%)

	Report Items	Resolution Items	Deliberation Items
FY2019	35.7	52.9	54.2
FY2020	50.2	56.9	63.1
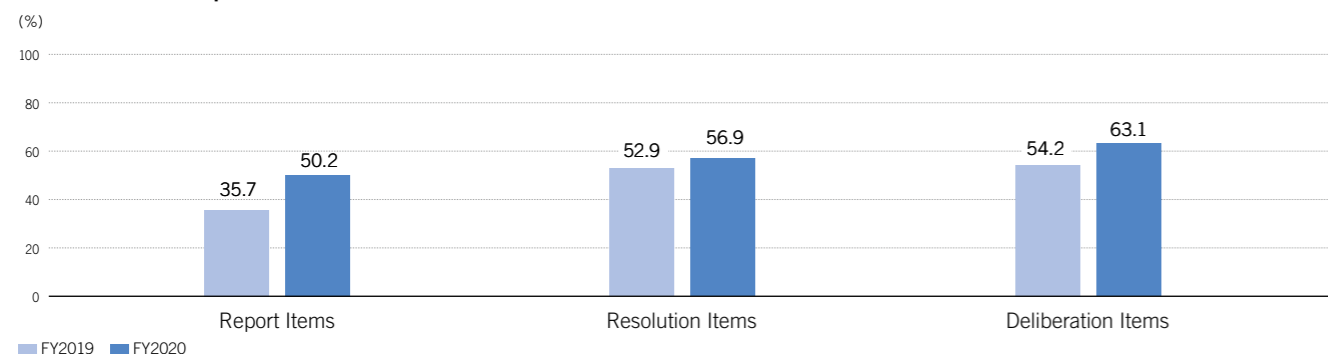
Evaluation of Effectiveness of the Board of Directors

With the purpose of enhancing the functions of the Board of Directors and to enhance corporate value, the Board of Directors has been implementing self-evaluation and analysis on the effectiveness of the Board of Directors since FY2016. In FY2020, all directors, including Audit & Supervisory Board members, filled out questionnaires, which were collated and assembled into a report by an external organization, and outside directors were interviewed for the purpose of gaining more insight into analysis, discussions, and evaluations. As a result, we have received mostly positive evaluation on the structure and operation of the Board of Directors and consider that effectiveness of the entire Board of Directors is secured.

Survey of all directors (including Audit & Supervisory Board members)	Tabulation of results by external organization	Analysis, discussions, and evaluation	Add to agenda at the Board meeting
Answered on a scale of 1 to 5 with space available for free comments	Answers are sent directly to an external organization in order to secure anonymity	Analysis / discussion / evaluation are held internally by interviewing with outside directors based on the report from the external organization	Discussion for verification of details and further improvement

	Result of Measurement of Effectiveness Measures in the Current Fiscal Year	Key Measures for the Next Fiscal Year
FY2018	With regard to further deepening and enhancement of discussions concerning corporate strategy and further improvement of report details concerning investors' opinions, we had better evaluation scores and received a certain level of evaluation that improvements were being made.	• Further deepening and enhancement of discussions on corporate strategy (continued) • Enhancement of information and opportunities toward acquisition of greater knowledge on latest technology trends, our businesses, etc. • Further enhancement of communication opportunities between outside directors and corporate auditors and so on
FY2019	With regard to the enhancement of communication opportunities between outside directors and corporate auditors, our evaluation score increased, representing an evaluation that improvements were being made.	• Increasing amount of discussion devoted to strategies and risk management • Strengthening monitoring of items with a large impact on management
FY2020	By providing briefings in advance, we had deepened and strengthened discussions of important issues including management strategies, representing an evaluation that improvements were being made.	• Ensure sufficient time for discussions by increasing efficiency of meetings • Provide further clear and understandable briefings and documents • Increase opportunities for communications among directors • Provide more opportunities to explain trend in IT industry and technologies

Initiatives to Help Outside Directors Understand NTT DATA's Operations

We help outside directors better understand NTT DATA's businesses by explaining the IT services that the Company offers and by creating opportunities to experience actual systems.

For example, in July 2021 outside directors exchanged opinions with managers in charge after receiving explanations and seeing a demonstration of B-Digital Interaction Square, the Company's knowledge site that has published more than 100 videos and documents about digital technologies owned by NTT DATA for the approximately 25,000 employees of the 13 banks* that participate in the Regional Bank Integrated Services Center.

* Aomori Bank, Ltd., Akita Bank, Ltd., Bank of Iwate, Limited, Chiba Kogyo Bank Ltd., Fukui Bank, Ltd., Bank of Kyoto, Ltd., Senshu Ikeda Bank, Ltd., Tottori Bank, Ltd., San-in Godo Bank, Ltd., Shikoku Bank, Ltd., Oita Bank, Ltd., Nishi-Nippon City Bank, Ltd., and Aichi Bank, Ltd. (as of March 31, 2021, listed in order of bank code)

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Policies Regarding Executive Remuneration

As for policies, composition, and standards for remuneration of directors that are not Audit and Supervisory Committee members, in order to ensure objectivity and transparency, NTT DATA explains the policies for determining the remuneration for directors to the parent companies, independent outside directors, and directors that are Audit and Supervisory Committee members. Upon receiving appropriate advice from them, the Board of Directors, which comprises 15 directors, five of whom are independent outside directors, determines the amount of remuneration within the total amount approved at the General Meeting of Shareholders. The amount of remuneration for individual directors is determined by the Representative Director & President, who is delegated with this responsibility by the Board of Directors.

The remuneration for directors that are not Audit and Supervisory Committee members (excluding outside directors) is composed of monthly remuneration (fixed remuneration), bonuses (short-term performance-linked compensation), and stock compensation (medium- to long-term performance-linked compensation) through stock purchased via the officers' shareholding association. The fixed amount of monthly remuneration is determined and provided in accordance with the degree of responsibility and extent of the role of the position of a given director. Provided in June of each year, bonuses are determined in consideration of the Company's performance during the relevant period. Performance indicators for bonuses are set and evaluated based on targets outlined in the medium-term management plan (please see "Performance Indicators for Bonuses").

Each month, standing directors contribute a minimum amount to the officers' shareholding association for purchasing the Company's shares. Each director is also required to retain all the shares purchased by himself or herself during their term of office as a reflection of medium- to long-term performance. Using a trust set up by the Company and points assigned based on the position of each director as of June in each year, stock compensation is decided based on a performance-linked coefficient that refers to the degree of achievement of performance indicators as of June in the fiscal year after the final fiscal year of the medium-term management plan. The number of shares is calculated based on the number of points accumulated by each director. Stock is transferred to directors when they retire.

For standard performance, the ratio of compensation is set as 50% fixed remuneration, 30% short-term performance-linked compensation, and 20% medium- to long-term performance-linked compensation.

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

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

Total of Compensation for Each Director and Compensation Structure

	Directors That Are Not Audit and Supervisory Committee Members		Directors That Are Audit and Supervisory Committee Members and Corporate
	Inside	Outside	
FY2019 Total amount of remuneration*¹	¥355 million (of which, ¥69 million was a bonus) (15 directors)		¥110 million (4 corporate auditors)

	Directors That Are Not Audit and Supervisory Committee Members		Directors That Are Audit and Supervisory Committee Members
	Inside*²	Outside	
Fixed remuneration Monthly remuneration	✓	✓	✓
Short-term performance-linked compensation Bonuses	✓		
Medium- to long-term performance-linked compensation Stock compensation	✓		

*1 Five directors retired as of the conclusion of the 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, including one director who passed away on April 24, 2020.
*2 Standing directors are required to purchase the Company's shares through the officers' shareholding association by paying a certain amount of the monthly remuneration, and must hold onto these purchased shares for the duration of their appointment.

Changes in Compensation Breakdown Ratios

Previous — Officers' shareholding association
Performance-linked remuneration 30%
10% / 20% / 70%

Post-Revision — Officers' shareholding association and **trust-type stock compensation**
Performance-linked remuneration 50%
20% / 30% / 50%

■ Fixed remuneration (monthly)　■ Short-term performance-linked compensation (bonuses)
■ Medium- to long-term performance-linked compensation (stock)
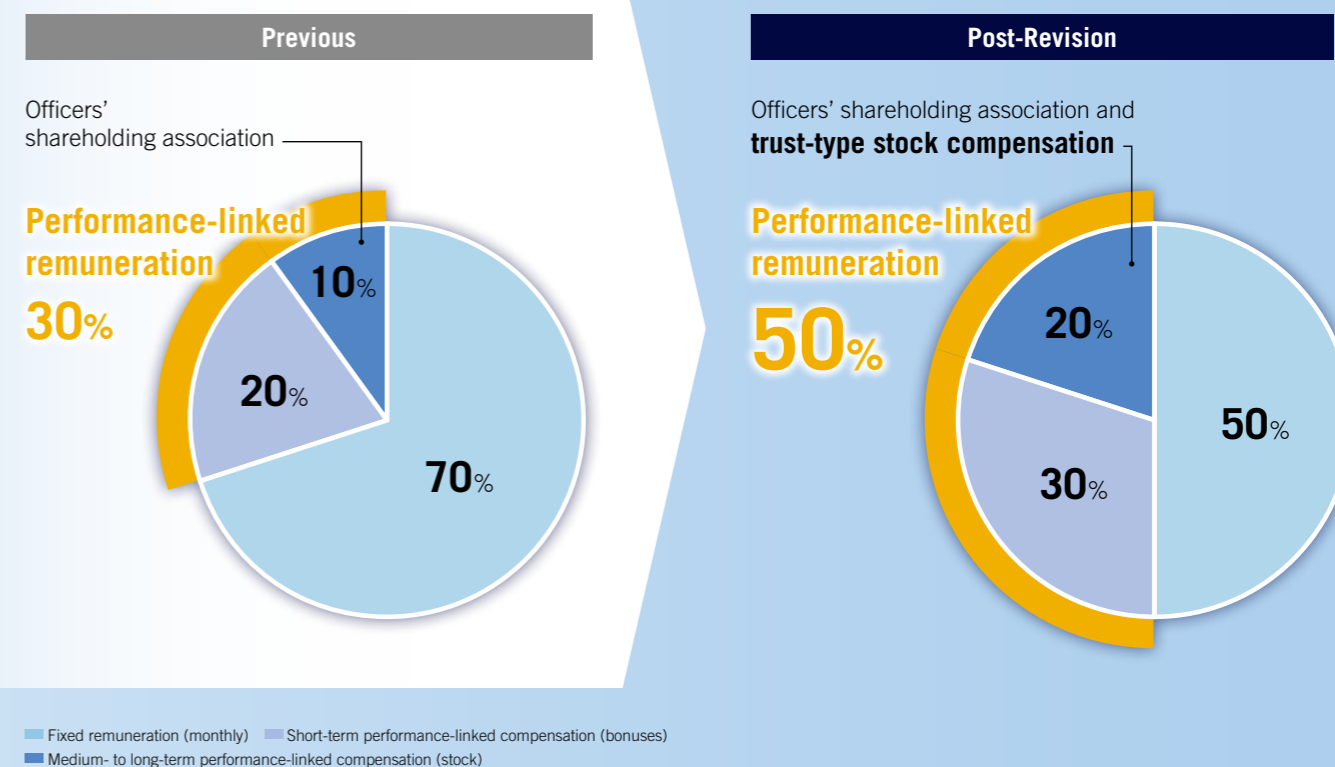
Performance Indicators for Bonuses

Financial targets in the medium-term management plan are set as performance indicators, and performance is evaluated based on year-on-year improvement and degree of achievement of these targets. Regarding the method for calculating bonuses, each performance indicator has its own method for converting performance to a payment rate. Each performance indicator is weighted and averaged based on the evaluation weights shown in "Performance Indicators for Bonuses," and then this is multiplied by a preset number for the monthly remuneration for each position of director.

Performance Indicators for Bonuses

Classification	Performance Indicators			
	Operating income	ROIC	Overseas sales	Overseas operating income margin
Year-on-year improvement	35.0%	–	–	–
Achievement of targets	35.0%	7.5%	10.0%	10.0%

* In addition to the above, the Company evaluates the degree of achievement of targets for the number of B2B2X projects.

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Policy as a Listed Subsidiary Regarding Controlling Shareholders

The corporate group centered on NTT DATA's parent company mainly engages in the regional communications business, long-distance and international communications business, mobile communications business, and data communications business.

NTT DATA manages the data communications business. The parent company formulates business strategies for the NTT Group as a whole, and based on these strategies, NTT DATA takes responsibility for independently managing its own businesses.

Protection of Minority Shareholders

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

When conducting transactions with the parent companies and NTT Group companies, NTT DATA considers the maximization of profit for NTT DATA's entire shareholders. Specifically, NTT DATA confirms the rationality and adequacy of transactions, and gives approval in accordance with "Authority Rules" after preliminary screening, with the legal sector considering the opinions of the third-party specialists when necessary. When NTT DATA conducts

a business transaction with those companies, the transaction condition and its determination method are the same as those of other business partners.

Decisions regarding important agreements contracted with the parent companies shall be made after legal reviews by the legal sector. Particularly important agreements require approval by the Board of Directors, and steps will be taken to ensure that decisions are made independent from the parent companies. The Board of Directors consists of 15 directors, including five independent outside directors. As of the end of September 2021, independent outside directors represented one-third the total number of directors.

Governance Policy for Listed Subsidiaries

NTT DATA has listed subsidiaries in Japan comprising NTT DATA INTRAMART CORPORATION, XNET Corporation, and Netyear Group Corporation. These subsidiaries aim for sustained growth and development while maximizing the corporate value of the

entire Group, working in concert together based on an understanding of the business characteristics of each company and respecting their identity, autonomy and independence.

Company Name	Field	Main Business Activities	Ratio of Voting Rights Owned	Composition of Board of Directors
NTT DATA INTRAMART CORPORATION	Enterprise & Solutions	Packaged software sales	47.9%	5*1
XNET Corporation	Financial	System sales	51.0%	12*2
Netyear Group Corporation	Enterprise & Solutions	SIPS (Strategic Internet Professional Services) business	48.5%	9*3

● Directors that are executive officers or employees of the Company
● Directors that are not executive officers or employees of the Company

*1 As of June 15, 2021   *2 As of June 25, 2021   *3 As of June 23, 2021

Cross-Shareholdings

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

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

commensurate with capital costs and in line with the purposes of holding, which include maintaining medium- to long-term relationships, expanding trading volume, and creating synergy with clients and business partners, and reports to the Board of Directors and then decides whether to hold or sell such shares. In FY2020, through such an assessment, we confirmed the adequacy of holding for all the listed shares held. If the reason for a given holding proves to be inadequate due to changes in situations, NTT DATA will take measures including reduction of the number of shares.

Group Governance

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

Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&As and other measures. Specifically, the Company has established a rule to discuss and report on important matters such as business plans, large-scale projects, internal control, and compliance between the Head Office of NTT DATA in Toyosu and each of
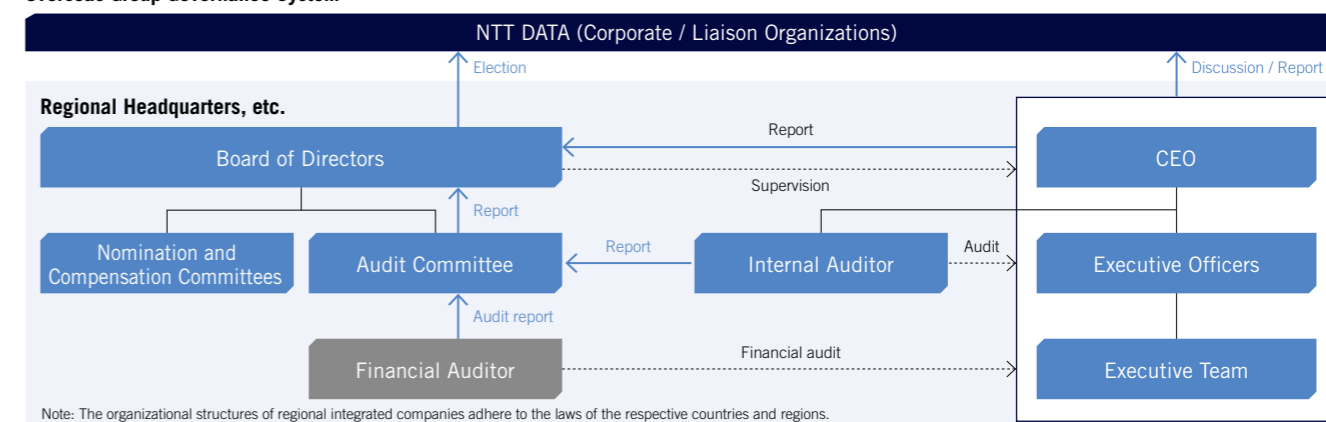
the two axes including four operating regions—North America, EMEA (Europe, the Middle East, Africa) and Latin America, China, and APAC (the Asia-Pacific region)—and business solutions.
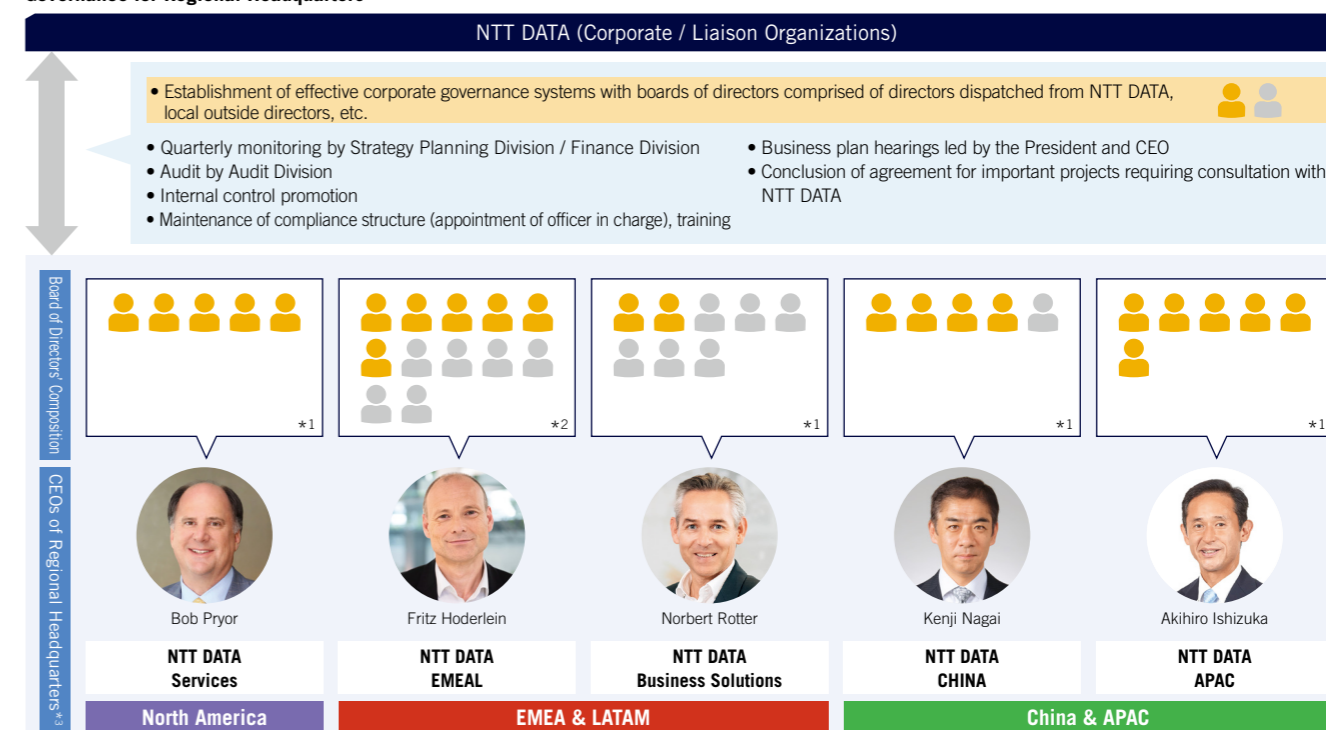
Furthermore, NTT DATA has established nomination and compensation committees and audit committees within regional headquarters' boards of directors in overseas regions to delegate responsibility for business management to each regional integrated company while building a governance system that enables the unified management of the Group.

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

Overseas Group Governance System

Note: The organizational structures of regional integrated companies adhere to the laws of the respective countries and regions.

Governance for Regional Headquarters

• Establishment of effective corporate governance systems with boards of directors comprised of directors dispatched from NTT DATA, local outside directors, etc.

• Quarterly monitoring by Strategy Planning Division / Finance Division
• Audit by Audit Division
• Internal control promotion
• Maintenance of compliance structure (appointment of officer in charge), training

• Business plan hearings led by the President and CEO
• Conclusion of agreement for important projects requiring consultation with NTT DATA

Bob Pryor	Fritz Hoderlein	Norbert Rotter	Kenji Nagai	Akihiro Ishizuka
NTT DATA Services	**NTT DATA EMEAL**	**NTT DATA Business Solutions**	**NTT DATA CHINA**	**NTT DATA APAC**
North America	**EMEA & LATAM**		**China & APAC**	

*1 *2 *1 *1 *1

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

*1 As of July 31, 2021   *2 As of September 14, 2021   *3 As of October 1, 2021
Note: The organizational structures of regional integrated companies adhere to the laws of the respective countries and regions.

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## Internal Control / Risk Management (As of March 31, 2021)

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

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

NTT DATA defines material risks, reviews progress toward addressing these and achieving related targets, and reflects the results of such reviews in various measures.

The Internal Control Committee convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Board of Directors.

Risk Management Structure
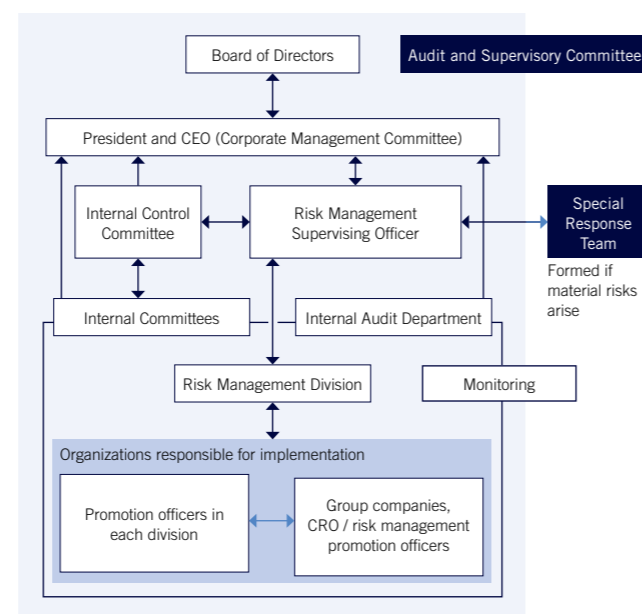
Risk Management Methods

Groupwide measure implementation status is analyzed, evaluated, and monitored by the Risk Management Division. In addition, risks determined to have the potential to impact the entire Group are defined as "global-control risks," and are managed on a Groupwide basis.

Important risks identified by regional headquarters are defined as "region-control risks," and a cycle of evaluation and improvement is implemented based on the implementation of countermeasures and materialization of risks.

Risk Management Methods (As of March 31, 2021)
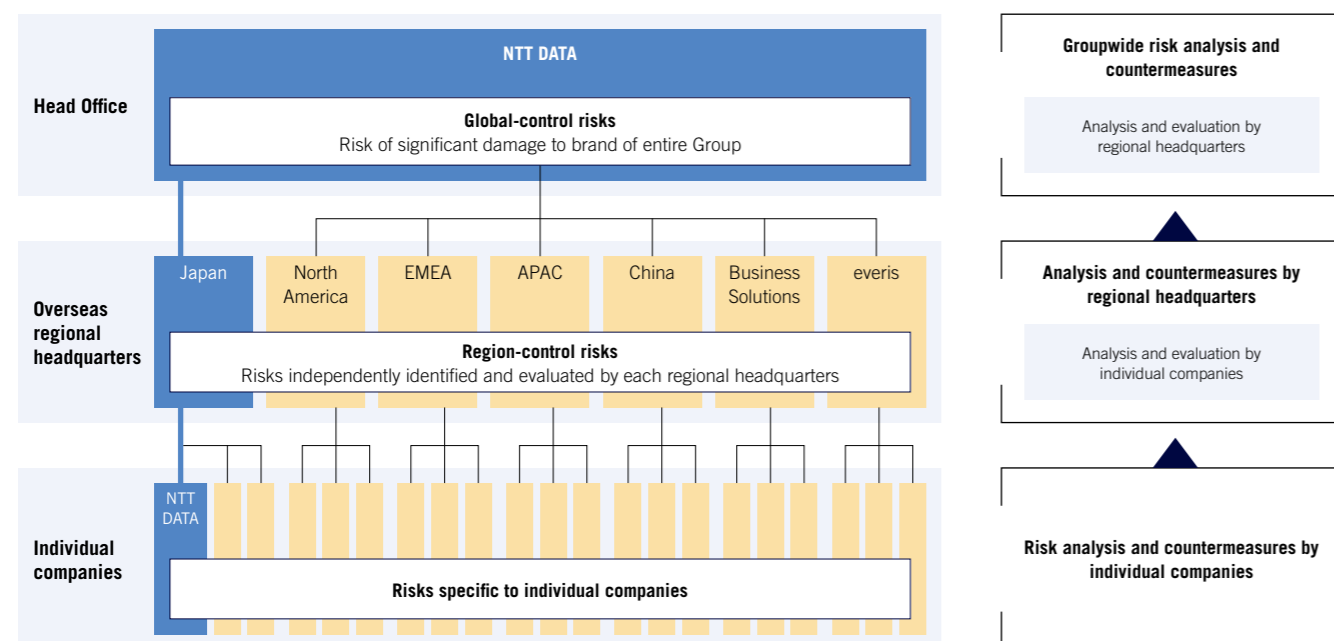
Global-Control Risks

"Global-control risks" are identified by the Internal Control Committee based on changes in social conditions and the opinions of external specialists.

Global-Control Risks of NTT DATA

Material Risks	Initiatives
Loss or leakage of personal and confidential information Cyberattacks	• Increase degree of maturity in global governance by revising the Global Security Policy • Strengthen security against advanced cyberattacks • Enhance email and cloud services with an eye on improving global security
Accounting fraud including window dressing	• Check and advise on application of rules consistent with IFRS • Understand financial processes at overseas Group companies and establish management methods • Monitoring of data analysis
Bribery	• Reinforce management execution structure • Assessment of bribery risk • Upgrade rules for preventing bribery and corruption • Update organization for third-party management • Update framework for compliance at investees
Pandemic	• Ensure business continuity with telework and restrict commutes to work depending on conditions in each country and at each company • Limit the movement of people, including to and from international conferences

Region-Control Risks

"Region-control risks" entail the identification of significant risks at each overseas regional headquarters, while referring to a list of risk candidates in around 40 categories. We are implementing a cycle of evaluation and improvement based on countermeasures against these significant risks and the status of risk materialization.

Process for Identifying Base-Control Risks

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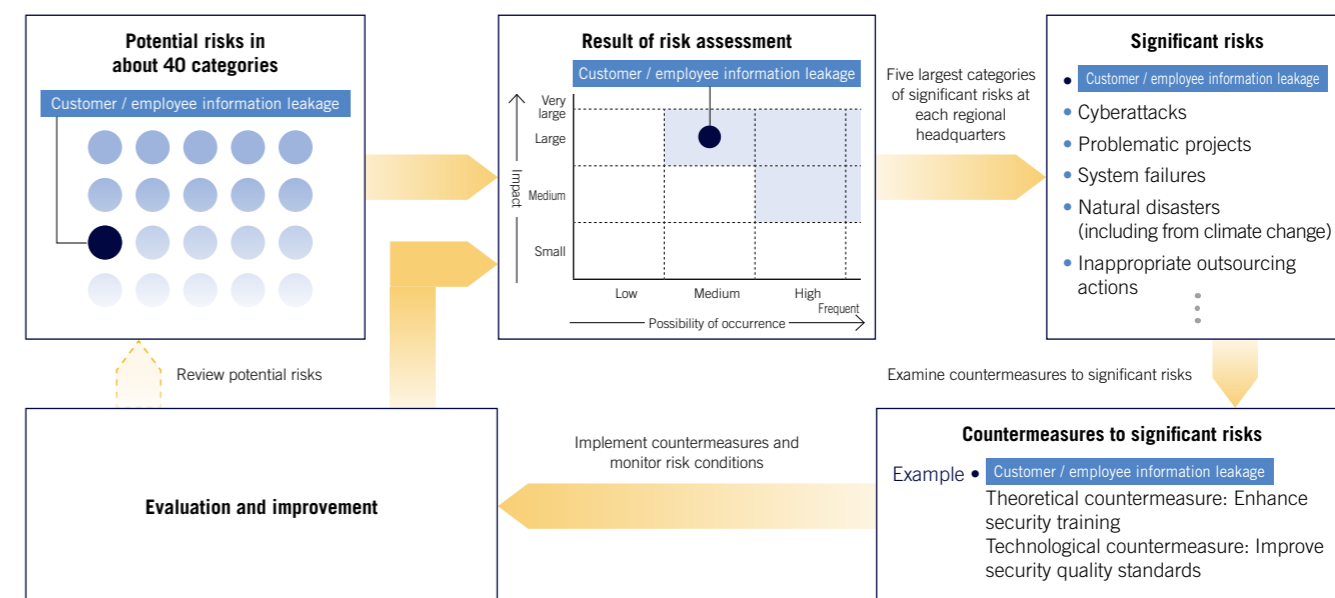
Business Strategies by Segment (Summary)

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Ranking by Segment / NTT DATA's Market Share

Business Overview by Segment (FY2020 Results)

NTT DATA Group (Results for FY2020)

Net Sales

¥2,318.7 billion

Operating Income

¥139.2 billion

Legend: ■ Public & Social Infrastructure ■ Financial ■ Enterprise & Solutions ■ North America ■ EMEA & LATAM

Net Sales by Segment
¥−16.2 billion (−11.6%) | ¥540.5 billion (23.3%) | ¥607.6 billion (26.2%) | ¥590.9 billion (25.5%) | ¥429.4 billion (18.5%) | ¥454.2 billion (19.6%)
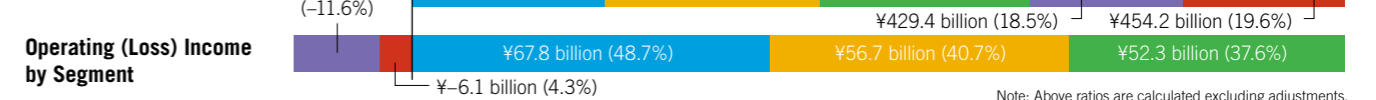
Operating (Loss) Income by Segment
¥67.8 billion (48.7%) | ¥56.7 billion (40.7%) | ¥52.3 billion (37.6%) | ¥−6.1 billion (4.3%)

Note: Above ratios are calculated excluding adjustments.

Entire Company

IT Services Market Vendor Ranking in Global IT Services Market*

6th

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

2020 ¥117.6 trillion — NTT DATA's Market Share 1.9%

Net Sales (Billions of yen)
- 2019: 2,266.8
- 2020: 2,318.7
- 2021 (Forecast): 2,360.0

Operating Income (Billions of yen)
- 2019: 130.9
- 2020: 139.2
- 2021 (Forecast): 180.0

New Orders Received (Billions of yen)
- 2019: 2,275.2
- 2020: 2,223.3
- 2021 (Forecast): 2,200.0
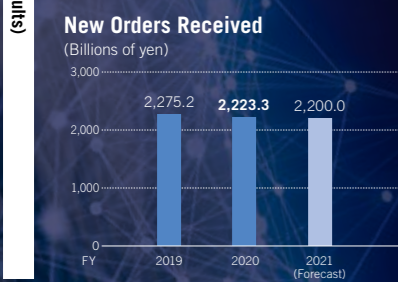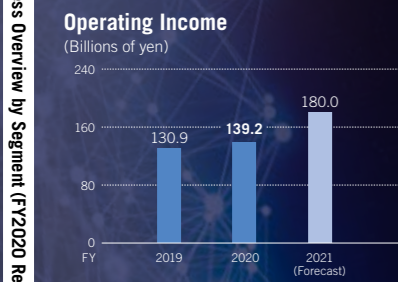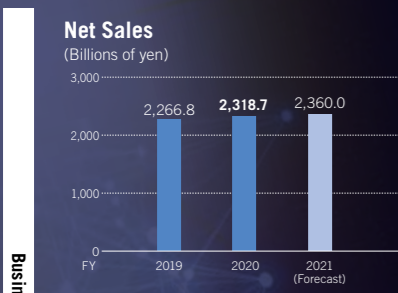
Public & Social Infrastructure

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

3rd

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

2020 ¥2.7 trillion — NTT DATA's Market Share 11.5%

Net Sales (Billions of yen)
- 2019: 500.2
- 2020: 540.5
- 2021 (Forecast): 559.0

Operating Income (Billions of yen)
- 2019: 52.8
- 2020: 67.8
- 2021 (Forecast): 68.0

New Orders Received (Billions of yen)
- 2019: 477.0
- 2020: 481.6
- 2021 (Forecast): 509.0
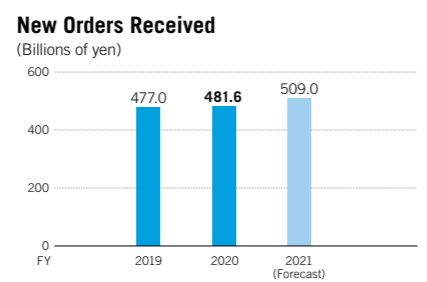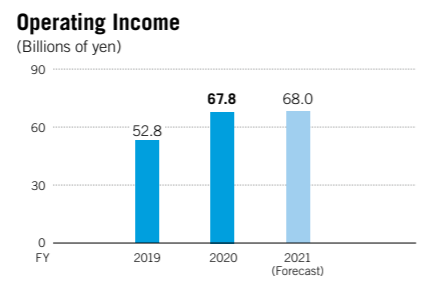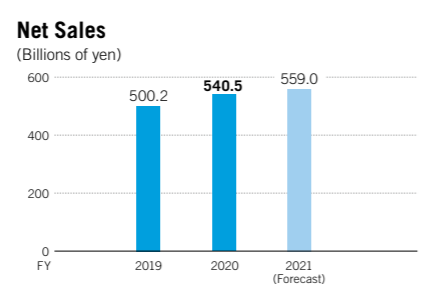
Financial

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

1st

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

2020 ¥3.4 trillion — NTT DATA's Market Share 16.6%

Net Sales (Billions of yen)
- 2019: 580.4
- 2020: 607.6
- 2021 (Forecast): 620.0

Operating Income (Billions of yen)
- 2019: 50.4
- 2020: 56.7
- 2021 (Forecast): 59.0

New Orders Received (Billions of yen)
- 2019: 430.7
- 2020: 542.2
- 2021 (Forecast): 442.0
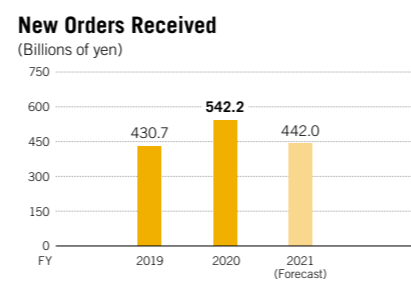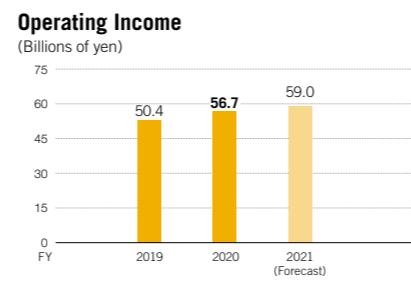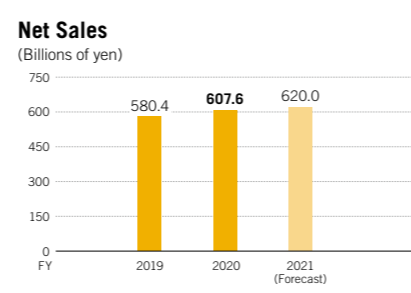
Enterprise & Solutions

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

3rd

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

2020 ¥7.2 trillion — NTT DATA's Market Share 6.9%

Net Sales (Billions of yen)
- 2019: 588.6
- 2020: 590.9
- 2021 (Forecast): 598.0

Operating Income (Billions of yen)
- 2019: 53.5
- 2020: 52.3
- 2021 (Forecast): 54.0

New Orders Received (Billions of yen)
- 2019: 342.8
- 2020: 344.0
- 2021 (Forecast): 358.0
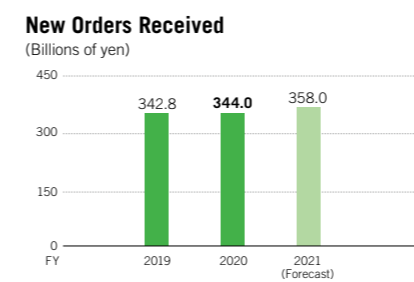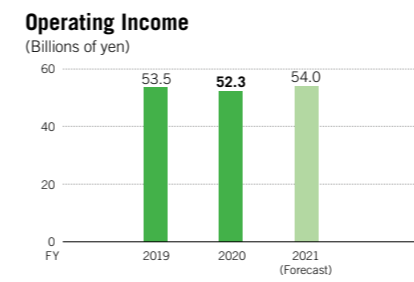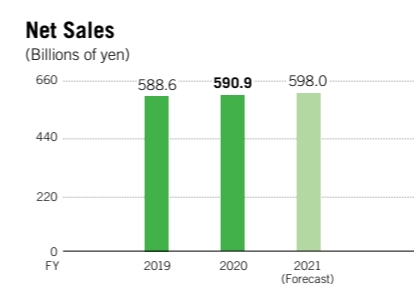
North America

IT Services Market Vendor Ranking in North America Market*

29th

North America Market and NTT DATA's Market Share*

2020 ¥50.2 trillion — NTT DATA's Market Share 0.9%

Net Sales (Billions of yen)
- 2019: 426.0
- 2020: 429.4
- 2021 (Forecast): 395.0

Operating Income (Loss) (Billions of yen)
- 2019: 3.2
- 2020: −16.2
- 2021 (Forecast): 15.0

New Orders Received (Billions of yen)
- 2019: 471.6
- 2020: 344.5
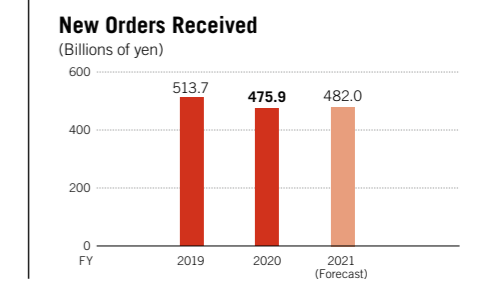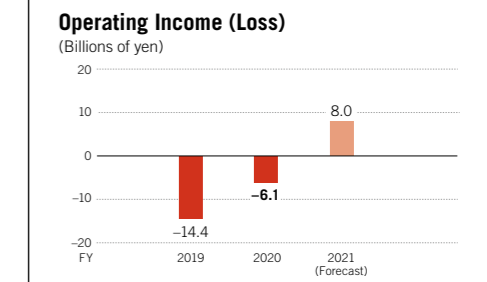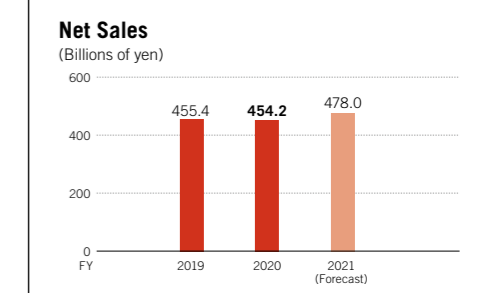- 2021 (Forecast): 366.0
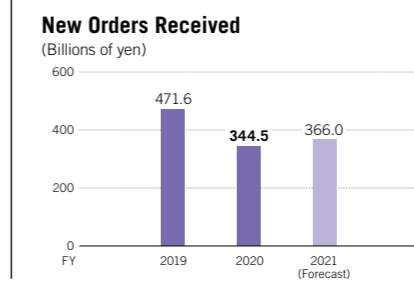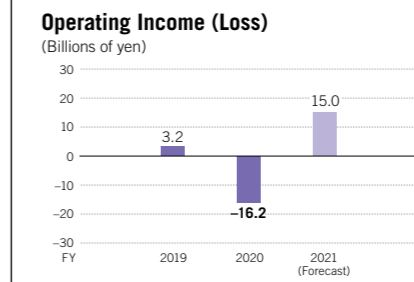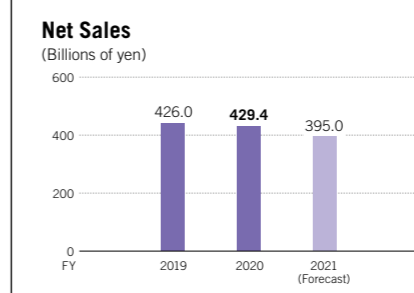
EMEA & LATAM

IT Services Market Vendor Ranking in EMEA & LATAM Market*

17th

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

2020 ¥37.1 trillion — NTT DATA's Market Share 1.2%

Net Sales (Billions of yen)
- 2019: 455.4
- 2020: 454.2
- 2021 (Forecast): 478.0

Operating Income (Loss) (Billions of yen)
- 2019: −14.4
- 2020: −6.1
- 2021 (Forecast): 8.0

New Orders Received (Billions of yen)
- 2019: 513.7
- 2020: 475.9
- 2021 (Forecast): 482.0

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* Graphs / charts are based on country research by NTT DATA, use a foreign exchange rate of US$1 = ¥109.76, and employ figures calculated by NTT DATA. Source: Gartner "Market Share: IT Services, Worldwide 2020, Dean Blackmore et al., 8 April 2021"
Public & Social Infrastructure Market = Government, Education, Healthcare Providers, Utilities / Financial Market = Banking & Securities, Insurance / Enterprise & Solutions Market = Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail / North America Market = North America / EMEA & LATAM Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America based on vendor Revenue in current USD basis.

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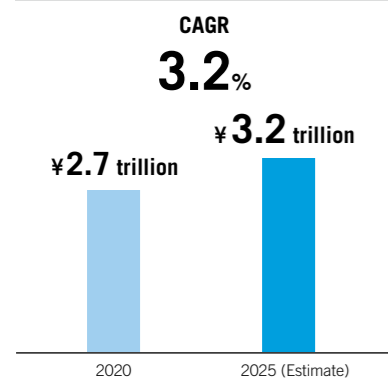# Market Environment

Public & Social Infrastructure Segment

Although the Japanese government's IT investment is on a downward trend for existing IT operations, it is expected to increase as a whole as a result of IT investments in the new measures to digitalize government operations with the Digital Agency establishment and to realize Society 5.0*, a concept advocating a new image for the future of society, following the Cabinet approval for "Priority Plan for the Realization of a Digital Society" in June 2021. IT investment in the energy market is expected to expand business opportunities in energy-related businesses with the aim of realizing a green society and improving energy self-sufficiency in 2050. In addition, although there is near-term uncertainty due to the impact of the spread of COVID-19, the overall trend is expected to increase over a long period of time due to IT investments aimed at achieving xEMS* and smart cities, etc.

The COVID-19 pandemic highlights various social issues and reveals that Japan lags behind in digitalizing and putting things online, especially in the government-related field, as pointed out in the Basic Policies on Economic and Fiscal Management and Reform 2021. Therefore, all initiatives toward the realization of Society 5.0 are expected to accelerate.

* New energy management systems for electricity, gas, etc., using IT

Scale and Growth Rates of Public & Social Infrastructure Market(Japan) *1

CAGR **3.2**%

¥**2.7** trillion (2020)
¥**3.2** trillion (2025 (Estimate))

Estimate of Annual IT Investment of the Government

IT investment to realize the new image of society

New IT measures
Existing IT operations

2016 2018 2020 2025

Estimate of Annual IT Investment in the Energy Market

IT investment to realize the new image of society

xEMS
Smart cities
Smart maintenance

Energy retail liberalization market

Electric power and gas system innovations

2015 2020 2030
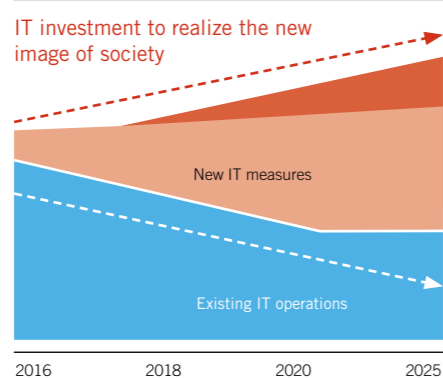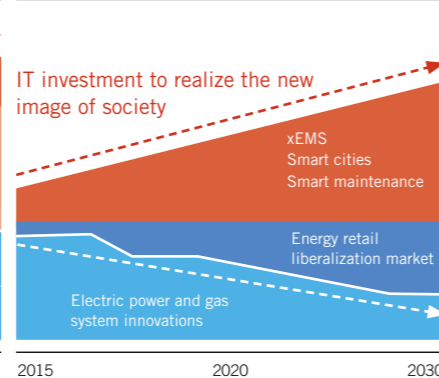
Source: Graphs / charts are created based on reference materials of the Cabinet Secretariat at IT Comprehensive Strategy Office (as of 2017, partially updated in 2021)

Financial Segment

The financial market environment in Japan is undergoing major changes, including (1) the emergence of new business models as the boundaries disappear between financial and non-financial industries, and (2) the acceleration of DX throughout society due to the impact of the COVID-19 pandemic. Furthermore, (3) financial institutions are expected to increase their IT investments to cope with climate change risks. In the midst of the changes described on the right, business opportunities are emerging not only to maintain and improve the efficiency of existing financial operations but also to upgrade them with digital technology and to pursue new business models.

(1) With the support of deregulation policies, in addition to the entry of companies from other industries into the financial business, financial institutions are increasingly entering and collaborating with businesses from other industries to play a new role in regional revitalization.
(2) The impact of the COVID-19 pandemic is expected to accelerate the provision of digitally linked and digitally complete services throughout society, as well as new services that integrate non-face-to-face and real channels.
(3) Growing global awareness of climate change risks is expected to accelerate promoting green finance by financial institutions as a national commitment.

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

CAGR **6.2**%

¥**3.4** trillion (2020)
¥**4.6** trillion (2025 (Estimate))
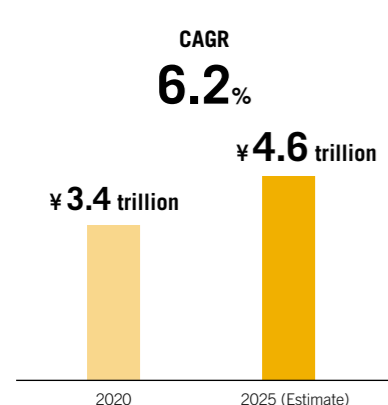
Main External Environment

Politics
Government promotion of financial innovation and business model transformation
- Relaxation of regulations on the scope of business and investment by financial institutions
- Reviewing the nation's financial settlement infrastructure and promoting cooperation between the public and private sectors
- Encouraging the restructuring of regional financial institutions (Special Act on the Antimonopoly Act, support measures by the Bank of Japan and the government)
- Examining ways to deal with money laundering in the wake of the development of digital finance
- Promote investment and financing in response to climate change

Economics
Emergence of new financial services other than main businesses
- Entry of other industries into the financial sector and financial institutions into other industries
- Continuation of the ultra-low interest rate environment
- Growing importance of the SDGs and ESG initiatives among companies
- Acceleration of business alliances among financial institutions
- Economic stagnation due to the ongoing / post-COVID-19 pandemic (to risk hedging management)

Major Changes in the Financial Market

Society
Adaptation to new values and lifestyles
- Growing acceptance of digital and online
- Review of social environments to avoid the "Three Cs" (Confined and enclosed spaces, Crowded places, and Close-contact settings)
- Accelerating population decline, low birthrate, and aging population
- Diversification of lifestyles and personalization of consumer behavior
- Increasing security awareness in the use of financial digital services

Technology
Exponential evolution of technology
- Sophistication of technologies for mass storage, distribution, and analysis of digital data
- Practical application of technologies that support and replace human labor (AI, robots, etc.)
- Penetration of technologies that supplement and extend the real world and support communication (XR, etc.)
- Faster and cheaper service creation (cloud, API, low-code, etc.)
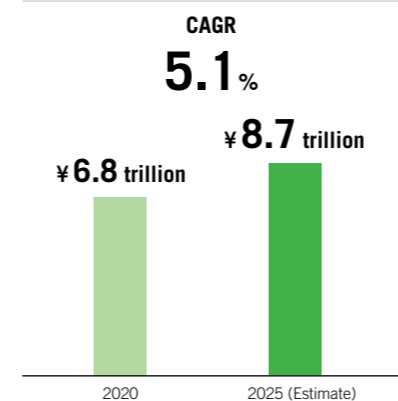- Increasingly sophisticated cybersecurity due to increased online use

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The prolonged spread of COVID-19 has led to a polarization between companies that are aggressively expanding their IT investments and those that are cautious about investing. Actively investing companies are shifting from traditional IT investments aimed at improving efficiency such as process improvement to di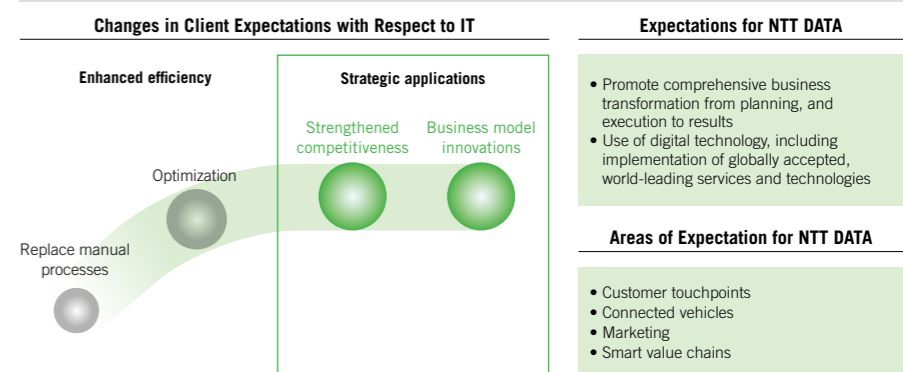gital business investments such as strengthening competitiveness and business transformation. Therefore, demand for solutions and services related to customer contact, data utilization, and cloud computing is increasing.

There is also growing demand for new services, products, and operations suitable for the new normal, such as remote work.

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

CAGR **5.1**%

¥**6.8** trillion (2020)
¥**8.7** trillion (2025 (Estimate))

Client Expectations for NTT DATA

Changes in Client Expectations with Respect to IT

Enhanced efficiency

Strategic applications
Strengthened competitiveness
Business model innovations

Optimization

Replace manual processes

Expectations for NTT DATA
- Promote comprehensive business transformation from planning, and execution to results
- Use of digital technology, including implementation of globally accepted, world-leading services and technologies

Areas of Expectation for NTT DATA
- Customer touchpoints
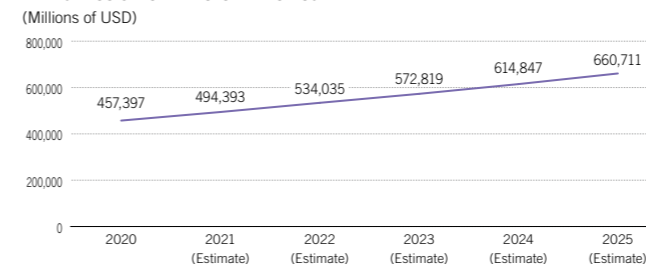- Connected vehicles
- Marketing
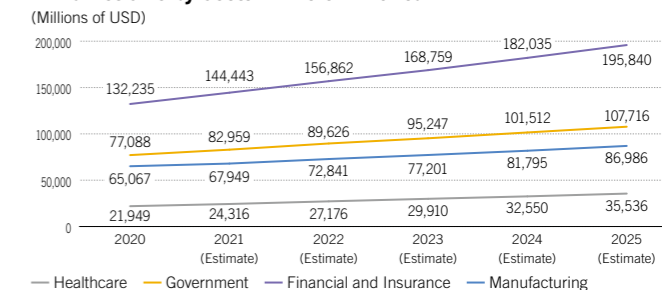- Smart value chains

North America Segment

North America is the world's largest market for IT services representing approximately 43% of the total global market, and it is expected to grow by around 7% annually.*2, 3

CAGR **7.6**%

IT Market Size in North America*3
(Millions of USD)

Year	Value
2020	457,397
2021 (Estimate)	494,393
2022 (Estimate)	534,035
2023 (Estimate)	572,819
2024 (Estimate)	614,847
2025 (Estimate)	660,711

IT Market Size by Sector in North America*4
(Millions of USD)

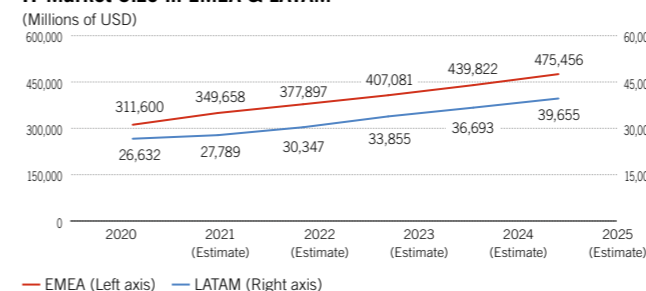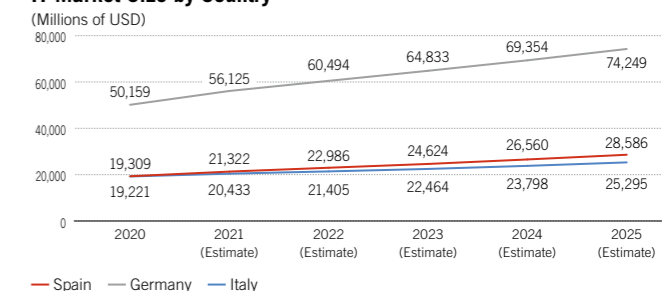|	2020	2021 (Estimate)	2022 (Estimate)	2023 (Estimate)	2024 (Estimate)	2025 (Estimate)
Manufacturing	132,235	144,443	156,862	168,759	182,035	195,840
Financial and Insurance	77,088	82,959	89,626	95,247	101,512	107,716
Government	65,067	67,949	72,841	77,201	81,795	86,986
Healthcare	21,949	24,316	27,176	29,910	32,550	35,536

EMEA & LATAM Segment

The scale of EMEA and Latin America IT market accounts for approximately 32% of the global IT market. It is expected to grow by about 9% annually.*2, 3

CAGR **8.8**%

IT Market Size in EMEA & LATAM*3
(Millions of USD)

	2020	2021 (Estimate)	2022 (Estimate)	2023 (Estimate)	2024 (Estimate)	2025 (Estimate)
EMEA (Left axis)	311,600	349,658	377,897	407,081	439,822	475,456
LATAM (Right axis)	26,632	27,789	30,347	33,855	36,693	39,655

IT Market Size by Country*3
(Millions of USD)

	2020	2021 (Estimate)	2022 (Estimate)	2023 (Estimate)	2024 (Estimate)	2025 (Estimate)
Germany	50,159	56,125	60,494	64,833	69,354	74,249
Italy	19,309	21,322	22,986	24,624	26,560	28,586
Spain	19,221	20,433	21,405	22,464	23,798	25,295

*1 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner "Prediction of 2021 2Q IT Service Market (Japan) Size by Industry," R. Narisawa, 13 September 2021. Use "Moderated Case." Public and Social Infrastructure Markets = Government / Local Government, Medical / Welfare, Electricity / Gas / Water / Energy Resources, Education Financial Markets = Finance Enterprise & Solution Markets = Manufacturing / Natural Resources, Retail / Wholesale, Transportation, Communications / Media / Services
*2 Source: Gartner "Market Share:IT Services, Worldwide 2020, Dean Blackmore et al., 8 April 2021 North America Market = North America EMEA & LATAM Market = Western Europe, Eastern Europe, Latin America, Middle East and North Africa, Sub-Saharan Africa
*3 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner, "Forecast: IT Services, Worldwide, 2019–2025, 2021 Update," Dean Blackmore et al., 23 June 2021 North America Market = North America EMEA Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa LATAM Market = Latin America based on vendor revenue
*4 Graphs / charts are created by NTT DATA based on Gartner Research. Source: Gartner, "Forecast:Enterprise IT Spending by Vertical Industry Market, Worldwide, 2019–2025, 2Q21 Update," Inna Agamirzian et al., 23 June 2021, IT Service, North America, End-User Spending basis Healthcare = Healthcare Providers / Government = Government / Finance & Insurance = Banking and Investment Services + Insurance / Manufacturing = Manufacturing & Natural Resources

The figures shown here were calculated by NTT DATA. The Gartner Report(s) described herein (the "Gartner Report(s)") represent(s) opinions or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.
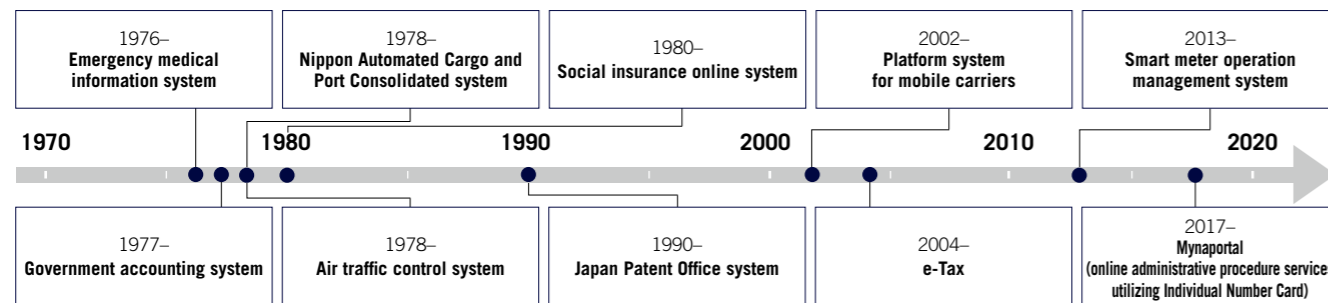
Public & Social Infrastructure Segment

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

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

Strengths / Achievements

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

Long History of Developing and Operating Multiple Large-Scale Systems

1976– Emergency medical information system	1978– Nippon Automated Cargo and Port Consolidated system	1980– Social insurance online system	2002– Platform system for mobile carriers	2013– Smart meter operation management system

1970　1980　1990　2000　2010　2020

1977– Government accounting system	1978– Air traffic control system	1990– Japan Patent Office system	2004– e-Tax	2017– Mynaportal (online administrative procedure services utilizing Individual Number Card)

Focus Areas

- Accelerating social design activities*
- Bolstering a team of professionals for accommodating the digital society
- Strengthening management capabilities to curtail unprofitable projects

* Aiming to enhance proposal activities and expand scope of activities by combining activities for the realization of ideal social systems with the designing of a legal system, conceptual structure, standard model for social systems in their entirety, etc.

Opportunities and Threats

	Opportunities	Threats
Government ministries	Growing and accelerating business opportunities in accordance with the digital government action plan to be promoted under the Basic Policies on Economic and Fiscal Management and Reform 2021 • Investment targeting public infrastructure reforms and enhancements • Expansion of IT investment for addressing social issues stimulated by the establishment of the Digital Agency	• Changes in government systems and institutions owing to rapid social changes • Increasing demand to reduce the cost of the existing government information systems
Local governments	Growing and accelerating business opportunities in accordance with the digital government action plan to be promoted under the Basic Policies on Economic and Fiscal Management and Reform 2021 • Transformation of government services to improve work process reforms and convenience through coordination with government ministries • Investment aimed at improving resident services focused on users and at realizing efficient government operation • Investment for realizing diverse and sustainable smart cities	• Changes in government systems and institutions owing to rapid social changes • Increasing demand to reduce the cost of the existing government information systems
Healthcare	• Acceleration of trend toward ICT in medical and other fields and effective utilization of medical information • Increased need to use AI, IoT, and other digital technologies • Acceleration of digital technology and data use through the development of concrete legal systems in preparation for new lifestyles	• Increased demand for cost reduction in the existing system integration areas
Telecommunications	• Business initiatives aimed at collaborations between non-communications businesses and other industries • Shift from investment in infrastructure and network system equipment to IT investments in new services • Growing IT investment in new solution development, etc., driven by the spread of 5G networks	• Further cost reductions of IT investment in existing domains
Utilities	• Increased IT investment based on energy and resource policies for promoting decarbonization • Rise in IT investment for bolstering competitiveness in response to changes in energy market environment • Growth in IT investment in line with themes such as responses to regulations and reinforcement of facility safety	• Further cost reductions of IT investment in existing domains • Sluggish IT investment in response to energy and resource policies

Growth Strategy

In the Public & Social Infrastructure Segment, we will maintain existing projects, through means such as consistently receiving upgrade orders for core processes from the government and infrastructure companies, while at the same time expanding regional businesses by branching out into digital fields through the leveraging of track record, expertise, and other strengths we have cultivated thus far. In addition, operations in this segment will be grown by creating businesses to develop new social systems through public–private integration in accordance with the growth strategies and digital government action plans based on the Society 5.0 concept. This segment will also develop smart energy businesses for contributing to the realization of a green society and consequently achieving our greenhouse gas emissions reduction targets for FY2030 and our goal of carbon neutrality by 2050. Furthermore, we will expand businesses outside of existing business areas based on trends in government policy, clients, and markets in pursuit of medium- to long-term growth with an awareness of ESG management principles.

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

The medium-term management plan focuses on the expansion of digital businesses that capitalize on existing strengths to facilitate the implementation of growth strategies to reach the Global 3rd Stage (around 2025). To realize a remote and digital society amid new lifestyles, we will concentrate on the following fields and draw up action plans to accelerate the related initiatives.
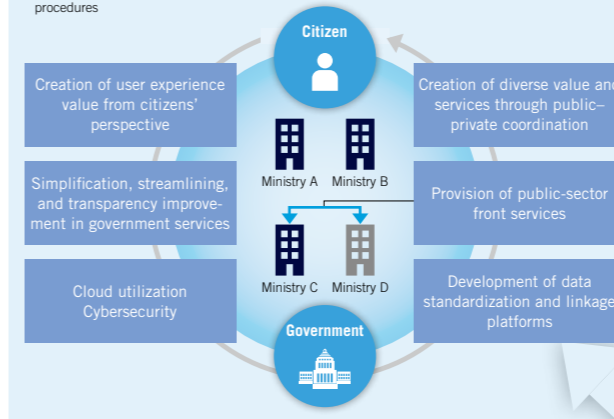

Related to digital government and the My Number system · Digital healthcare · Smart energy · Smart cities

Accelerated development of a digital society

Initiatives in Medium-Term Focused Fields 1
Related to digital government and the My Number system

Supporting government services that provide greater value to citizens by promoting inclusive and people-friendly digitization with focus on basic reform policy for developing a digital society

Examples
- Launch of new services for cashless payments at central government agencies
- Improvement of operational efficiency in deposit/savings inquiry procedures at National Tax Agency and other central government agencies (pipitLINQ)
- Verification tests of systems for realizing one-stop solutions for address changes and other government procedures
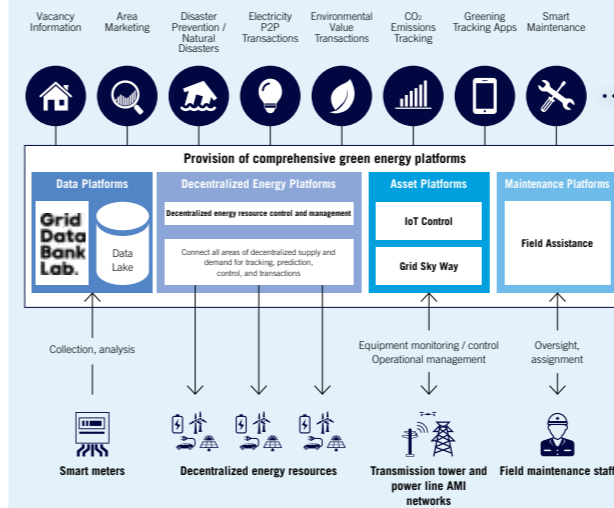

Initiatives in Medium-Term Focused Fields 2
Digital healthcare

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

Accelerated development of a digital society

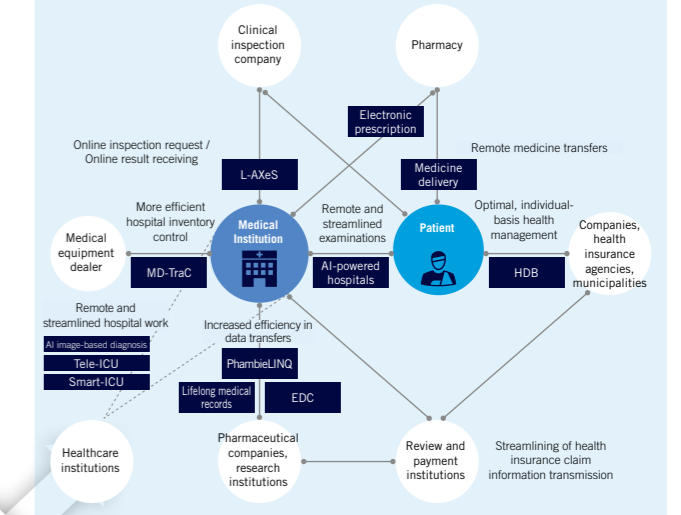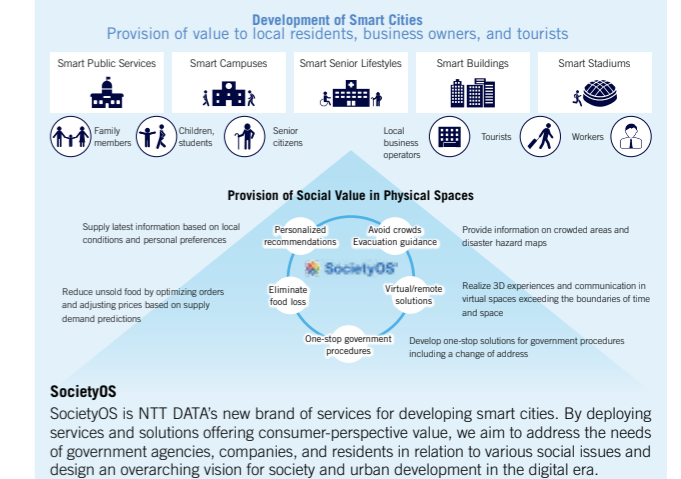### Initiatives in Medium-Term Focused Fields 3
Smart energy

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

Initiatives in Medium-Term Focused Fields 4
Smart cities

Combining strengths of the NTT DATA Group and the NTT Group with external service offerings to create consumer-perspective use case examples based on regional characteristics

SocietyOS

SocietyOS is NTT DATA's new brand of services for developing smart cities. By deploying services and solutions offering consumer-perspective value, we aim to address the needs of government agencies, companies, and residents in relation to various social issues and design an overarching vision for society and urban development in the digital era.

Financial Segment

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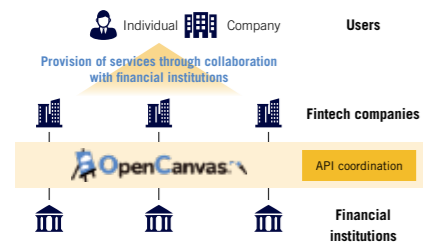
Strengths / Achievements

Providing Large-Scale Financial Infrastructure Systems That Link

Linking fintech companies with financial institutions in order to accelerate the creation of fintech services

Number of Companies Using OpenCanvas[*1] (API linkage function)

Financial institutions[*2] 83

Fintech companies 43

Individual / Company — Users

Provision of services through collaboration with financial institutions

OpenCanvas — API coordination

Fintech companies

Financial institutions

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

Approx. 60 insurance companies

Approx. 10,500 agencies

Insurance companies

Single Sign-On | Shared Insurance Gateway | File Transfer

Agent
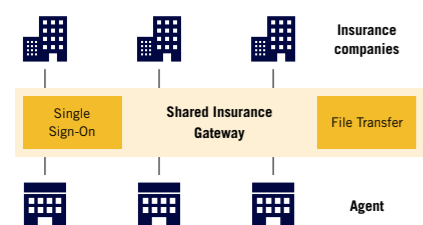
Strong Trusting Relationships with Clients

Client Coverage Ratio (Core banking systems)

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

Major banks / Japan Post Bank (5)	**40%**
Regional banks (99)	**39%**
Shinkin (254)	**92%**
Credit unions (145)	**98%**
Labor banks (13)	**100%**
JA Bank (582)	**100%**

As of August 2021

Sharing of Systems through Long-Term Relationships

Ongoing development of shared systems and evolution of these systems in line with the times through co-creation with customers

1968	**Launch of the system of Regional Banks Association of Japan** System that allows for transfers between regional bank associations across Japan
1971	**Introduction of the Shinkin Tokyo Shared Operation Center** Predecessor to the Shinkin Shared System of today
1978	**Launch of the Shinyo Kumiai System**
1997	**Commencement of the STAR-ACE Service** First shared outsourcing center for the online banking systems of regional banks
1999	**Launch of the JASTEM System**
2004	**Launch of the Regional Bank Integrated Services Center** Utilization of NTT DATA's proprietary BeSTA standardized banking application
2010	**Start of the MEJAR Service**
2014	**Launch of the R1 System**
2021	**Agreement for open provision of the MEJAR Service** Aiming to develop the first shared core system for the banking industry by applying open mission critical platform

High Technology Capabilities

Blockchain Initiatives—TradeWaltz

Together with six partners, NTT DATA has commenced joint investment in TradeWaltz Inc., the operator of the TradeWaltz trading information linkage platform. By coordinating its technologies with those of these partners, the Company will utilize blockchain technology to digitize trade procedures and thereby reduce office work and enhance risk management (service commenced in November 2020).

Data Sharing and Utilization through Blockchain Technology

Trading companies — TradeWaltz

Open Technologies

Open Mission Critical (OMC) Platform

Middleware for creating open platforms with high levels of reliability on par with mainframes that allow ongoing use of programs previously operated through mainframes (scheduled to start providing commercial services in 2024)

Use of Existing Assets Ongoing use of existing programs and data — Business application

High Reliability Reproducibility of mainframe control through open middleware — Open framework / Open middleware

Increased Product Choices Ability to select optimal product based on strategies — Open OS (RHEL) / Open server
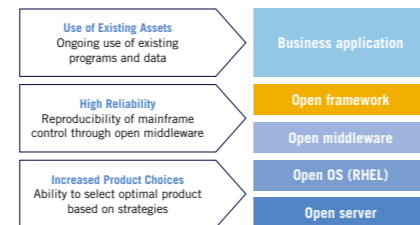
Focus Areas

- Co-creating new businesses with clients in conjunction with acceleration of cross-industry, society-wide DX
- Addressing new regulations and businesses emerging in response to rising global awareness surrounding climate change risks
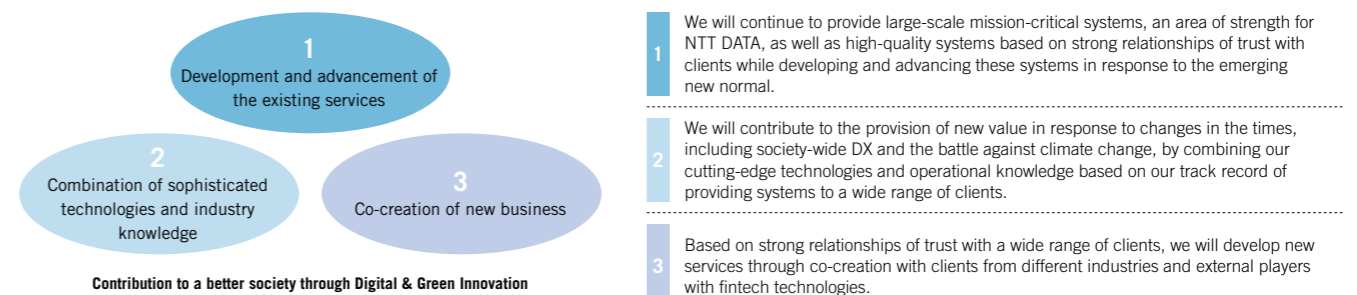- Strengthening and continuing management to curtail unprofitable projects

*1 OpenCanvas is a secure cloud service provided for specific financial- and public-sector business models supplied by NTT DATA. It is supplied on an IaaS basis as a cloud service; on a PaaS basis including API management platforms and AI technologies; and on an SaaS basis including APIs, application banking services, and chat bots.
*2 The number of financial institutions count each financial institution of major banks, Japan Post Bank, regional banks, and Shinkin and each business model of credit unions, labor banks, and JA Bank as one organization.

Opportunities and Threats

	Opportunities	Threats
Banking	• Increase of banks entering the non-financial sector due to banking deregulation • Growing interest in BaaS to promote cross-industry collaboration and operational efficiency in banking functions • Awareness rising on money laundering countermeasures in conjunction with increased use of digital financial services • Management and system integration following the promotion of regional bank mergers by the government and the Bank of Japan	• Decreasing need for investment in the conventional system domain • Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models
Insurance	• Increased investment for utilizing digital technologies to reduce office costs and enhance office procedures • Diversification of sales channels in conjunction with spread of digitization and acceleration of cross-industry collaboration • Increased provision of new products and services in response to insurance needs and risk diversification • Exploration of health improvement and other new businesses	• Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models • Curtailment of IT investment due to impacts of falling automobile sales volumes on automotive insurance
Securities	• Active IT investment in expanding businesses through asset formation in the retail sector (particularly among high-income households) • Rise in introduction of new business models stimulated by trend toward eliminating handling fees	• Concerns regarding the curtailment of IT investment as a result of a review of the existing sales channels and business models
Credit	• Enhancement of customer services for accommodating Generation Z and for retaining existing users amid intensified competition among payment services • Expansion of IT investment for addressing rapid trend toward cashless payments and strengthening security in line with technological progress	• Intensification of service competition following diversification of payment methods and market participation by companies from other industries
Common to all areas (impacts of the COVID-19 pandemic)	• Increased IT investment to facilitate the remote working of employees and to increase operational efficiency • Increased IT investment to strengthen the internet / mobile channels for clients	• Concerns regarding curbed IT investment to strengthen management foundations

Growth Strategy

1 Development and advancement of the existing services

2 Combination of sophisticated technologies and industry knowledge

3 Co-creation of new business

Contribution to a better society through Digital & Green Innovation

1 We will continue to provide large-scale mission-critical systems, an area of strength for NTT DATA, as well as high-quality systems based on strong relationships of trust with clients while developing and advancing these systems in response to the emerging new normal.

2 We will contribute to the provision of new value in response to changes in the times, including society-wide DX and the battle against climate change, by combining our cutting-edge technologies and operational knowledge based on our track record of providing systems to a wide range of clients.

3 Based on strong relationships of trust with a wide range of clients, we will develop new services through co-creation with clients from different industries and external players with fintech technologies.

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

Standardized Financial IT Architecture for Accelerating Growth Strategies

Standardized architecture for giving shape to new vision for financial IT required in the post-COVID-19 world
Promotion of open innovation with financial institutions, government agencies, and companies through Open API, Japan's largest API ecosystem, and open platforms that utilize public clouds
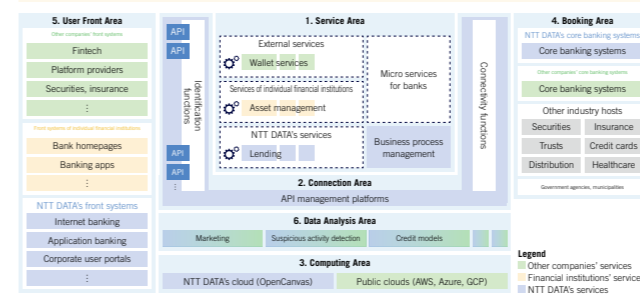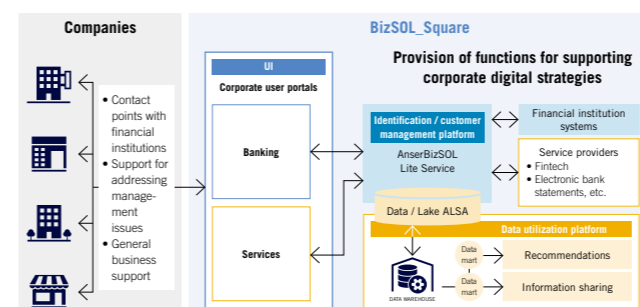

Open Service Architecture Initiatives

Characteristics

1. Open Platforms
- Option of using BeSTA (No. 1 core banking system package) for open platforms
- Secure use of three major public clouds (AWS, Azure, and GCP)
- Can be used for other companies' core banking systems

2. Open API
- Newly developed API gallery, Japan's largest API marketplace
- Improve operational efficiency by combining micro services for banks
- Compatibility with BaaS business models

3. Open Innovation
- Japan's largest eco-friendly financial system (network connected to almost all financial institutions)
- Free and unrestricted connectivity
- Co-creation of a new society together with financial institutions, government agencies, and companies

Provision of New Digital Services through Co-Creation with Fintech Companies

BizSOL_Square Initiatives

User Front Area Services for Open Service Architecture

BizSOL_Square is a platform equipped with functions for promoting revenue-generating opportunities and digitizing contact points between financial institutions and companies and private business owners. Through the various offerings of NTT DATA and fintech companies into the digital strategies of financial institutions, we will help improve the sales and reduce the costs of financial institutions.

Offerings through BizSOL_Square include electronic bank statement viewing services, online financing services, various internet-based services, and other offerings. In addition, utilizing NTT DATA's identification and customer management platforms allow clients including fintech companies to provide their contents in a secure environment.

By continuously expanding and enhancing the functions of the service, NTT DATA will support the digital shifts of financial institutions, companies, and private business owners.

Enterprise & Solutions Segment

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

Strengths / Achievements

The Enterprise & Solutions Segment is utilizing digital commerce, IoT platforms, and other offerings matched to customer needs in order to supply high levels of value via synergies between processes in business transformation areas and cutting-edge technologies.

Offerings	Strengths	Achievements
Digital commerce / Digital marketing	• Diverse expertise for developing digital commerce systems and e-commerce platforms that combine online and offline digital services with payment services • Capacity for supporting corporate transformations through user experience design	• Transformation of purchasing experiences through strong support of e-commerce sites (Seven & i Holdings Co., Ltd., Nitori Co., Ltd., and other major retailers) • Creation of new purchasing experiences with digital technologies (avatar remote customer service by TOKYU HANDS INC., support for opening digital stores without cashiers, etc.) • Providing CAFIS Explorer service facilitating point and customer management
SAP global operation	• Around 1,000 SAP experts in Japan alone • Global SAP delivery capabilities	• Receipt of SAP AWARD OF EXCELLENCE 2021 • Providing core systems for globally operating manufacturers
Payment	• Leading Japanese comprehensive cashless payment platform, compatibility with multiple payment methods, and related expertise • Track record of integrating physical shopping venues with e-commerce venues and providing new purchasing experiences • Safe and secure cashless payment initiatives (preventing unauthorized use)	• 38 years history of operating the CAFIS payment platform to promote cashless payments, which now processes more than 900 million transactions each month • Scheduled launch of Digital CAFIS providing new purchasing experiences • Providing unauthorized use prevention services for CAFIS through CARDNET to prevent unauthorized use of credit cards
AI analytics / IoT platform	• Human resources capable of using AI, IoT, and data to offer support from concept planning, platform development to business results and experience in this regard • Provision of ICT platform technologies and mobility services required for connected cars • Largest number of embedded software engineers in Japan (1,500 people)	• Providing Digital Success Program, a practical business transformation program with AI and data utilization • Data collection, analysis, and visualization through Snowake and Databricks and utilization of cutting-edge technologies • Promotion of mobility services through collaboration with TOYOTA Connected Corporation
Advanced outsourcing	• Successful implementation of numerous integration and comprehensive outsourcing projects in the infrastructure domain • Expertise in utilizing cutting-edge technology to streamline operations	• Launch of services using digital technologies to consolidate IT infrastructure operations aimed at automated and autonomous operations • Establishment of dedicated organization for promoting ServiceNow to digitize IT utilization and management and provision of 3D manuals for streamlining operation • Providing IT infrastructure managed services through cloud computing
Design and data-driven business transformation	• Business consulting based on our strengths in design, data, and technology	• Providing a Traffic Congestion Visualization Map application for supporting safe and secure movement in the post-COVID-19 world • PoC for mobility transformation services by utilizing traffic data of vehicle and people together with DENSO CORPORATION
CRM / Salesforce	• Track record of creating new customer experiences and improving services through data collection and analysis utilizing Salesforce and Tableau • Capability to support DX through assistance in introducing and utilizing Salesforce	• Receipt of Partner Summit Award for two consecutive years • Enhancement of Salesforce utilization through collaboration with SERAKU Co., Ltd., a company with expertise related to Salesforce (development of customer success staff of 500 individuals)

Focus Areas

• Contributing to clients' businesses through the promotion of DX
• Creating new value through the combination of existing strengths and advanced technologies

Opportunities and Threats

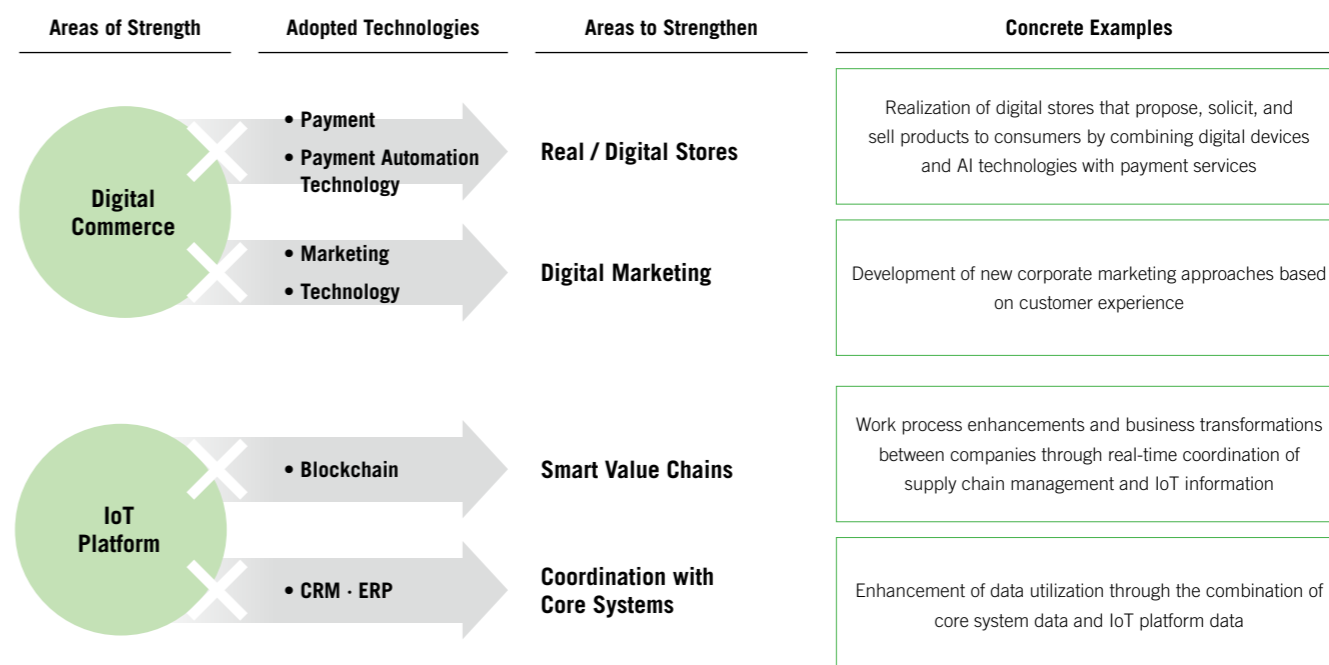|	Opportunities	Threats
Overall	• Accelerating society-wide digitization (digitization of customer contact points, products, and business processes) • Shift toward and increased need for e-commerce and remote working	• Curtailment of IT investment due to the impact of COVID-19
Retail, services, and payment	• Growth in e-commerce and other IT investment aimed at expanding sales through the utilization of digitalization to strengthen customer contact points (digital stores, marketing commerce, etc.) • Streamlining existing core systems and reconstruction of needs • Diversifying needs related to payment methods and functions as well as cashless payment promotions by the Japanese government	• Rapid changes in logistics and retail business models • Entry of new payment system players • Entry of players from other industries
Manufacturing	• Branching out into smart cities while promoting connected cars • Growing needs for visualization, improvement of efficiency, and advancement throughout the supply chain aimed at enhancing global competitiveness • Expanding demand for core systems, enterprise resource planning (ERP) restructuring, and corporate group integration • Transition to SAP S/4HANA in conjunction with expiration of SAP ERP maintenance coverage	• Curtailed IT investment due to changes in the business environment • Limited overseas investment due to trade friction between the United States and China
AI / IoT	• Rising need for corporate transformations utilizing AI and data • Increase in investment for DX and data utilization	• Rise of players with new technologies
Networks, data centers, and cloud services	• Streamlining platforms through cloud computing and other approaches as well as growth in demand for digital projects • Business growth due to platform reconstructions for digital and global compatibility • Growth in demand for teleworking solutions	• Network commoditization • Intensified competition among vendors providing cloud services

Growth Strategy

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

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

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

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

Areas of Strength	Adopted Technologies	Areas to Strengthen	Concrete Examples
Digital Commerce	• Payment • Payment Automation Technology	Real / Digital Stores	Realization of digital stores that propose, solicit, and sell products to consumers by combining digital devices and AI technologies with payment services
	• Marketing • Technology	Digital Marketing	Development of new corporate marketing approaches based on customer experience
IoT Platform	• Blockchain	Smart Value Chains	Work process enhancements and business transformations between companies through real-time coordination of supply chain management and IoT information
	• CRM · ERP	Coordination with Core Systems	Enhancement of data utilization through the combination of core system data and IoT platform data

North America Segment

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

Strengths

Despite the spread of COVID-19, we support the transformation of both existing and new clients through digital projects including cloud computing, data intelligence, automation, and security. In addition, we continue to strengthen our digital capabilities by expanding our digital human resources through acquisitions, etc.

We have steadily built trust with our clients by winning additional orders for large-scale projects in the public sector, including the U.S. federal government agencies and municipalities.

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

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

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

Manufacturing
(Clients)
- Leading automotive companies worldwide

Consulting
- Industry-specific
- CX (Customer Experience) Improvement

Digital
- DX (Transformation through the use of digital technology)

Digitization of Existing Domains
- Migration of core business to the cloud
- Automation

Third-Party Evaluation

Workplace Services: A Leader[1]
Gartner, Magic Quadrant for Managed Workplace Services, North America

Cloud Infrastructure Business: A Leader
NelsonHall, NelsonHall NEAT: Cloud Infrastructure Brokerage, Orchestration & Management 2020 – Overall

Digital Project Awarded from a Client

We have developed a new mobile application RideSpace together with Public Transport Victoria (PTV), the public transport authority in Victoria, Australia. We have built a trusting relationship with PTV over many years of experience in building and operating myki, the ticketing system that supports transportation in Victoria.

In this project, NTT Smart Solutions enables real-time congestion monitoring using AI and linkage with Google Maps, helping to ensure social distancing and safety in the post-COVID-19 society, as well as improving operations through the use of predictive analytics.

Opportunities and Threats

	Opportunities	Threats
North America	• Ongoing shift toward business innovation through digitized operations, especially in the public sector • Increased market investment in productivity improvements and cost take-out strategies, encompassing AI, IoT, big data analytics, mobile technology, cloud computing, and automation • Expanding IT investment in the healthcare sector due to COVID-19 • Resumption of economic activity by the rapid COVID-19 vaccine distribution • Increased expectations for economic recovery due to large-scale economic measures in the wake of the COVID-19 pandemic	• Curbing of IT investment in some industries, such as manufacturing and services, due to the spread of COVID-19 • Concerns about the impacts of the new U.S. administration on business • Impact on the market if the United States enacts a policy of reducing fiscal spending and raising taxes to secure funding • Significant increase in labor costs due to over-heated competition for digital human resources

*1 Gartner, Magic Quadrant for Managed Workplace Services, North America, Daniel Barros et al., 24 February 2021
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Promote transformation to a digital-centric business domain by strengthening prioritized digital areas and optimizing the business portfolio
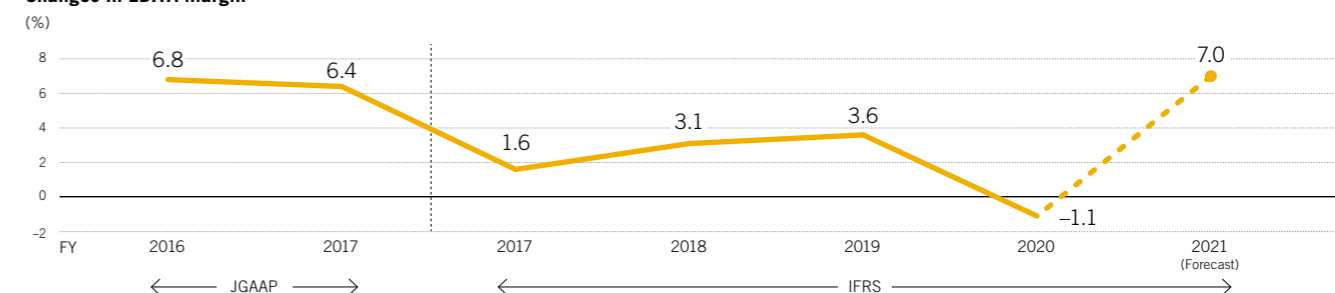
In the North America segment, we have been strengthening our capability to provide services by growth investment in the digital domain. In FY2019, as part of our efforts to strengthen our digital business, we made concentrated investments in 15 focused digital offerings, which enabled high-value-added services clients demand.

In addition, due to the accelerated digital shift caused by the COVID-19 pandemic in FY2020, we have completed structural transformation ahead of schedule in order to transform into a digital-centric business domain.

In order to achieve EBITA margin of 7%*2 in FY2021, we will focus on digital businesses with high growth potential, such as consulting, cloud migration, application migration, etc., and also add offerings such as security and AI to enhance the sophistication of our digital services and increase the value we provide.
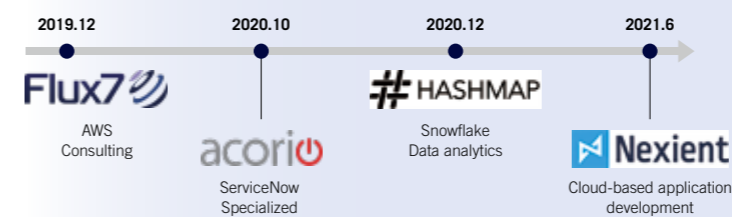
Changes in EBITA Margin
(%)

FY	2016	2017	2017	2018	2019	2020	2021 (Forecast)
	6.8	6.4	1.6	3.1	3.6	−1.1	7.0
	← JGAAP →		←		IFRS		→

Structural Transformation in FY2020

	Enhancing and Reskilling Digital Talent	Simplifying & Optimizing Operations	Consolidating Offices and Data Centers		Challenges
Items Carried Out	· Early retirement program · Established Nashville Innovation & Delivery Center · Increased Campus Hiring · Developed and strengthened digital training and academy	· Optimized human resources. Some downsizing plans were scaled down due to the low impact of COVID-19.	· Improved work efficiency through workstyle reform toward a post-COVID-19 society	Cost FY2020: ¥16 billion	Grow digital and consulting Improve profitability in traditional areas Strengthen digital capabilities by securing more digital talent Accelerate reshaping portfolio to keep transforming business domains
Achievements	· Enhanced digital talent and shifted to a leaner structure · Increased digital-related project wins significantly, contributing to better profitability and transformed into highly profitable business			Effect FY2021: ¥15 billion (Estimate)	

Efforts to Strengthen Digital Capability

Strengthening Digital Capability through M&A
In addition to digital investment and expansion of digital human resources, we are working to strengthen our digital capabilities through M&A. We will continue to accelerate our transformation to a digital-centric business.

2019.12 Flux7 — AWS Consulting

2020.10 acorio — ServiceNow Specialized consulting

2020.12 HASHMAP — Snowflake Data analytics

2021.6 Nexient — Cloud-based application development

P50: NTT DATA's M&A

Awarded a New Contract for Cloud Data Analytics Project from a Large Environmental Services Company

#HASHMAP / snowflake

Based on the expertise of Hashmap, a U.S.-based company that joined the NTT DATA Group in December 2020, we will realize cross-sector business operations through cloud data analytics using Snowflake, AWS, etc.

*2 Temporary costs such as M&A, structural transformation, etc. are excluded.

EMEA & LATAM Segment

Through the integrated global brand, we will further enhance our presence as "Global One NTT DATA" and promote business synergies.

Strengths

Our rich experience in DX that supports our clients' businesses and our willingness to utilize advanced technologies have been highly evaluated, and we have been promoting digitization as a strategic partner in several projects. In the post-COVID-19 era, we are also accelerating our contribution to society through our business in order to help resolve various social issues and realize a new society.

Industries and Domains of Expertise ( ) Shows IT Services Market Vendor Ranking in Each Country[1]

Spain (3rd)	Italy (9th)	Germany (14th)
We provide broad-ranging IT services on a global scale, especially for Spanish banks and telecom companies, and have strong client relationships. We respond to a wide range of needs for digitization with multiple design studios, strong consulting capabilities, and the application of advanced digital technologies. We have strong delivery capabilities that make use of our development bases in Europe and Latin America, with Spain as the main Spanish-speaking country.	We provide IT services that mainly target telecom & media, energy & utility, and financial services companies headquartered in Italy and other parts of Europe, and have strong client relationships. We respond to a wide range of needs for digitization with a design-oriented method, our strength, according to market trend and speed. In addition, in response to demands for digitization for our clients, we have human resources skilled in digital technologies and strong delivery capabilities across the country.	We provide IT services globally for large companies, especially those in the German automotive industry, and have robust client relationships. For small and medium-sized German companies, we also provide consulting services for introduction of SAP software (SAP being the ERP market leader) and have a solid base. Our delivery capabilities take advantage of our development base in Romania, which has excellent German-speaking human resources.

Third-Party Evaluation

Digital Transformation: A Leader
Everest Group, "Healthcare Provider Digital Services PEAK Matrix® Assessment 2020"

S/4HANA Services: A Leader
NelsonHall, NelsonHall NEAT: Cloud Infrastructure Brokerage, Orchestration & Management 2020 – Overall

Promote Digitization of Clients' Businesses

Initiatives in Italy

We were awarded a contract from a major Italian energy company for product design and other services to promote client's digital businesses and enabling new business model development using next-generation smart meters. Using a design thinking approach, we provided product design services and technical support.

Initiatives in Spain

We signed a contract with a global major oil company for introducing our digital solution called "everis station" to gas stations in over 40 countries. Using "everis station," an industry-specific cloud-based solution for managing sales, payments, and other operations at gas stations, we will provide total support through a full partnership from digital consulting to IT and cloud implementation.

everis station
Horsepower for the Cloud

Opportunities and Threats
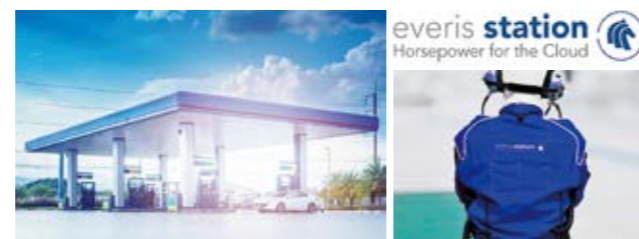
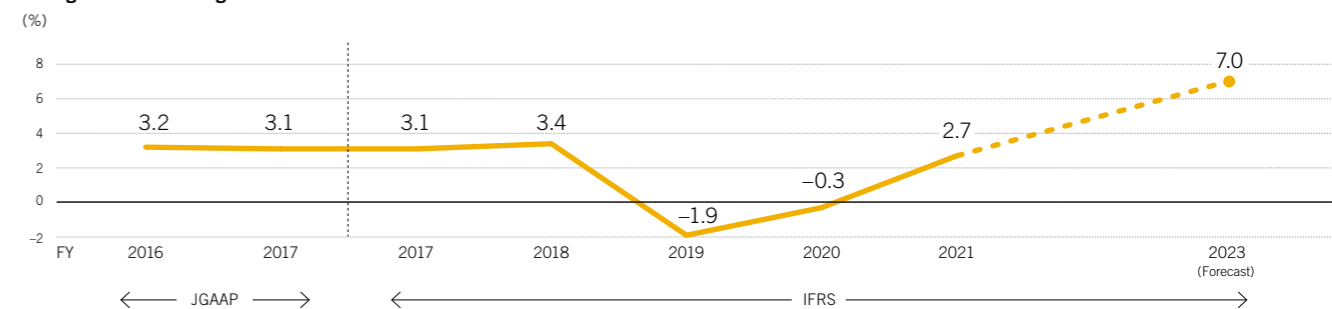|	Opportunities	Threats
Network / Data center / Cloud	• Increased demand for outsourcing using cutting-edge technologies • Increased investment in new markets including AI, IoT, big data analytics, mobile technology, and cloud computing • Further acceleration of DX investment to adapt to the new normal during the COVID-19 pandemic, especially an increase in IT investment by strategic clients in Latin American markets • Increased demand to Build Back Better looking ahead to the post-COVID-19 era • Expansion of IT investment due to economic measures in Europe	• Impact of the second and third waves of the spread of COVID-19 infection on the recovery of IT investment • Delay in the normalization of economic activity due to the slow pace of COVID-19 vaccine distribution • Disruptions and impacts in European markets due to the end of the Brexit transition period • Plunge in crude oil prices and currencies in Latin American markets • Significant increase in labor costs due to overheated competition for digital human resources

[1] Graphs/charts are created by NTT DATA based on Gartner Research. Source: Gartner Market Share : IT Services, Worldwide 2020, Dean Blackmore et al., 8 April 2021"
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Aiming for further growth through active digital investment and integrated global brand

In the EMEA and LATAM segment, the results of structural transformation implemented to date have borne fruit, and our winning of digital projects has been increasing rapidly. We also improved profitability by reviewing our human resources portfolio and low profitability businesses.

In FY2021, we will continue to implement structural transformation, further expand digital projects, unify global brands, and promote integrated management of operating companies, aiming to achieve EBITA margin of 7% in FY2023.

Changes in EBITA Margin
(%)

| FY	2016	2017	2017	2018	2019	2020	2021	2023 (Forecast)
	3.2	3.1	3.1	3.4	−1.9	−0.3	2.7	7.0

JGAAP ←→ IFRS →

Structural Transformation

Items Carried Out	FY2019	FY2020	FY2021	Challenges
	Cost: ¥14 billion 1. Reshaping / reskilling digital talent 2. Strengthen vertical digital skills 3. Human resource optimization (early retirement program) 4. Review businesses with low profitability	**Cost: ¥4 billion** • Continue items 1 to 3 • Integrate into a global brand and unify the management of operating companies	**Cost: ¥12 billion (Estimate)**	Integrate into a global brand to increase presence for clients Develop a stronger ability to adapt to the digital shift in markets and changes in workstyles Increase digital capabilities by securing more digital talent and assets
Achievements	• Won multiple digital deals • Gave direction to better profitability by reviewing the talent portfolio and underperforming businesses *3 Only direct cost savings related to reshaping of human resources	Effect: ¥3 billion[3]	Effect: ¥4 billion (Estimate)[3]	

Effort to Address the Challenges

Integrated the Global Brand

NTT DATA unified the brands of its Group companies into the NTT DATA brand with the aim of making NTT DATA a more trusted brand in the global market.

As part of this effort, in April 2021 we integrated the brands of the two Group companies that had been conducting business activities as everis and itelligence, into "NTT DATA." Through this brand integration, we will enhance greater and more seamless collaboration as "Global One NTT DATA" in various countries and regions around the world.
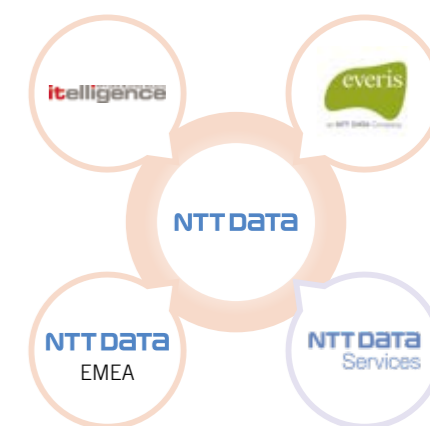
Integration of Operating Companies

NTT DATA EMEAL, a regional headquarters company for Europe, the Middle East, Africa, and Latin America, was newly established in September 2021.

The integration of business operations in the EMEAL region through the establishment of the new company is a fundamental step for the Group to develop its global business in a more integrated manner. We will continue to move forward as one NTT DATA to provide optimal, high-value services to all our clients.

Messages from CEOs of Overseas Operating Companies

Here, we would like to introduce the messages of CEOs of overseas operating companies regarding strategies for achieving the EBITA margin* of 7%.

North America Segment

NTT DATA Services

Bob Pryor

CEO of NTT DATA Services

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

In early FY2020, we prioritized our employees' health and safety during the COVID-19 pandemic, which caused us to rapidly move most of our workforce to a remote "work-from-home" model; we currently still have approximately 90 percent of our global team working remotely. Even so, we maintained excellent service quality and reliability, completed 31 client transitions to our assumption-of-services and platforms, and closed three acquisitions to strengthen our digital capabilities.

While COVID-19 initially suppressed sales, we found that the pandemic ultimately accelerated demand for IT modernization and digital transformation. Our sales pursuits were almost entirely virtual, yet our total bookings ended with our highest gross profit margin on new orders received in three years. Our Public Sector Group signed over US$1 billion in new bookings, our Financial Services and Consulting teams achieved their best year-over-year revenue and profit growth in 5 years, and the number of deals with new clients (e.g., new logos) increased 7 percent from the prior year. Our Digital Offerings drove a majority of sales as the pandemic reinforced our strategic priority of helping clients modernize their IT environments and transform their businesses, especially through Dynamic Workplace, cloud, automation, analytics, and security.

Throughout FY2020, we executed a successful restructuring of our business, completing a range of projects that have further simplified and optimized our operations, reduced our office space, and improved or divested underperforming areas of our business. We expect these efforts will significantly increase our profitability in FY2021 and, together with complementary ongoing initiatives, will sustainably drive accretive margins.

Recruiting, developing, and retaining highly skilled resources is vital for our long-term success, and we have substantially increased training and new skill opportunities for employees. By fiscal year-end, NTT DATA Learning Certification Institute, which received a Brandon Hall Group Excellence Award, had bestowed more than 17,000 technology certifications, including digital-skills training. We also held 14 virtual Global Town Halls during the year to ensure transparency and alignment to our strategic vision, goals, objectives, and values, and to support employee engagement.

To drive future revenue growth, we have greatly expanded the breadth and depth of our consulting capabilities. In addition, we have dedicated significant organizational resources to pursue and win new orders for specific high-growth opportunities including cloud, data intelligence, enterprise applications, and application development and modernization. Simultaneously, we are continuously adding digital capabilities and automation across the breadth of our portfolio of solutions to increase profitability and enhance user and customer experiences.

As client discretionary spending rebounds, we expect that demand for consulting, digital transformation, and application services will accelerate to represent the largest services market opportunity. We also expect clients to meaningfully increase new funding for technology-enabled operational improvements.

We are very pleased with the positive recognition and leadership positions our Digital Offerings have received from clients and industry analysts. In addition, the continued standardization of our portfolio will further drive scale, boost productivity, and support growth and margins through well-defined architecture and delivery operating procedures.

Altogether, our success in FY2020 reinforces our expectation that we will achieve 7+ percent operating income (e.g., EBITA) in FY2021, representing a milestone on our journey to serve as global trusted advisor and preferred digital partner for our clients.

We believe we are in position to achieve above-market growth in digital offerings, especially as we continue to increase our collaboration across NTT DATA's global enterprise and within NTT's expansive ecosystem. We are stronger together, and we are excited about our team, position, direction, and momentum.

EMEA & LATAM Segment

NTT DATA EMEAL

Fritz Hoderlein

CEO of NTT DATA EMEAL

Fritz Hoderlein has been serving as CEO of NTT DATA EMEAL since 2021 and CEO of everis since 2018. He joined everis in 1999 and has held various leading positions such as Global Head of the Industry Sector, Managing Director of everis Spain, and CEO of everis Europe. He has a degree in Telecommunications Engineering and a degree in Economics.

FY2020 was the year of COVID-19. Our priority number 1 has been and remains to protect our people. Despite this situation, we remained close and connected with our clients and we provided them with the same quality standards.

Our clients and the market have recognized our unique value proposition and our ability to fulfill their expectations. Despite our people and clients working remotely, in FY2020 we have acquired new logos and closed important deals, such as a €200 million contract to support the United Nations in their digital journey.

All business fundamental trends, such as growth, profitability, utilization ratios, etc., clearly show the same pattern. The COVID-19 impact was sudden and deeply affected our business and profitability from March 2020 on, and then recovery from October on.

We responded quickly, protecting our people, defining and implementing several initiatives such as a cost reduction program, the Cash-Flow enhancement plan, and the New Ways of Work transformation to increase the engagement of our people.

The result has been a clear recovery during the second half. Despite new COVID-19 waves, revenue has started to grow again steadily as well as profitability improvement.

This has also been the year to set up the right foundations for an integrated NTT DATA EMEAL to continue the journey toward our 7% EBITA margin target. Under the newly established NTT DATA EMEAL in September 2021, the business operations of everis and NTT DATA EMEA have been integrated, which will further enhance the presence in the European region, promote synergies, and optimize operations. And we will continue to improve profitability. NTT DATA EMEAL operates in 25 countries with approximately 38,000 employees consisting of over 80 different nationalities and cultures.

We have defined the required agile operational framework and the appropriate governance structure to become an effective multinational company in an extremely dynamic market. We start combining business and cost synergies between OpCOs with focus in Global Accounts and Industries.

We face different and unique realities country by country, because of the difference in our internal starting points and local context of the markets. So, we are addressing the challenges defining specific measures country by country:
- Improve profitability and sustainable growth in some units and countries applying structural changes.
- Realize one face and one operation to the market in the overlapping countries.
- Start developing relevant pending markets in Europe.
- Keep evolving in the rest of the areas to continuously improve our performance.

For FY2021, our key drivers for profitability to improve operating income remain in place:
- Increase margins pushing digital services to represent 50% of our service portfolio, while keeping Managed Services close to 50% of our mix to ensure long-term sustainability.
- Increase our competitiveness through automation and digital industrialization of our production model and continue to develop reusable asset/product-based services generating new profit streams and non-linear growth.
- Keep focusing on reducing the impact from non-profitable projects / services, extending current process control and promoting a culture of excellence.
- Extend our business based on large clients aiming to have at least 75% of our revenue in key accounts.

In order to meet our clients' expectations, we are combining a business driven approach with deep industry knowledge and advanced tech capabilities to deliver tangible business outcomes for them:
1) Anticipate the tech-waves of growth, in areas such as AI, analytics, cloud, automation, etc., and generate the right capabilities to integrate these technologies into innovative solutions for our clients.
2) Attract, develop, and engage the best people in our industry through attractive projects, smart flexible ways of work, and a competitive Talent Value Proposition.

I believe we have been rapidly and effectively managing the crisis, and the trend of our business fundamentals shows that we are well prepared for facing the challenges of FY2021.

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

Financial Models of Principal Businesses

Integrated IT Solutions (Order-Based)

Business Model
- After receiving an order from a client, the Company makes capital expenditure to build IT systems, etc., that are held by us as our company asset, and provides full-cycle services from requirements definition to maintenance and operation with such asset.
- This model primarily targets Japanese central government offices and financial institutions.

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

Financial Model Image
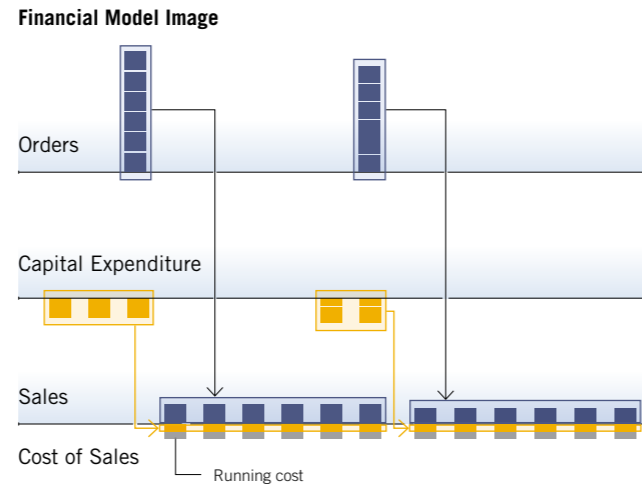
Integrated IT Solutions (Planned by NTT DATA)

Business Model
- NTT DATA makes capital expenditure in anticipation of multiple clients using our services, holds IT systems that we built as our assets, and receives commissions when the services are used.
- The services are mainly used by domestic financial institutions and the payment sector, and include systems shared among regional banks, ANSER, CAFIS, and various packaged softwares.

Financial Model
- Cost of sales does not fluctuate significantly after the launch of services, but requires upfront investment, and sales will fluctuate depending on clients usage.(Not recorded in orders)
- Additional investments will be made depending on business conditions.

Financial Model Image
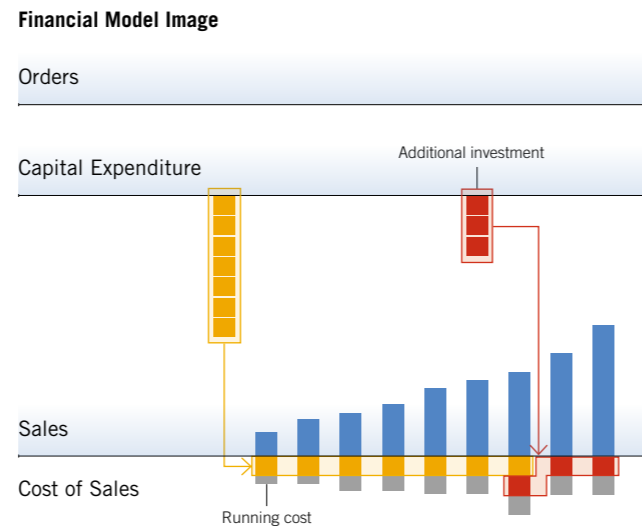

System / Software Development

Business Model
- NTT DATA receives orders for planning, design, and development of clients' information systems and delivers the systems to the clients.
- After delivering the systems, the Company often handles the maintenance and operation of the clients' systems.

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

Financial Model Image (Calculated on construction progress basis)
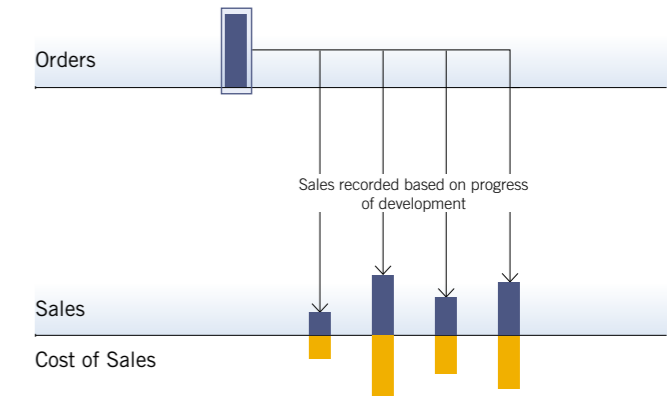

Consulting / Maintenance Support

Business Model
- Consulting: The Company considers clients' businesses together and defines the concepts of their IT system concepts, etc.
- Maintenance support: The Company provides technology support for system development, etc., that does not involve transfer of deliverables to clients, such as AMO, ITO, and BPO services, or services in which we perform maintenance and operation.

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

Financial Model Image
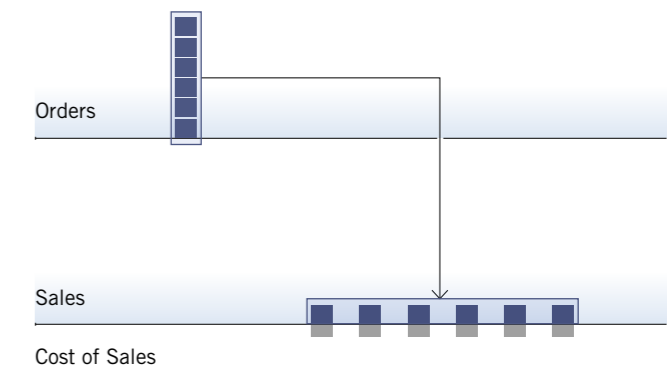
Relation between Business Models and Products / Services (Billions of yen, figures in parentheses represent composition ratio)

Business Model	Products / Services	FY2020 Results (Net Sales to Clients Outside the NTT DATA Group)
Integrated IT Solutions (Order-Based)	Integrated IT Solutions	608.2 (26%)
Integrated IT Solutions (Planned by NTT DATA)		
System / Software Development	System / Software Development	551.2 (24%)
Consulting	Consulting	283.2 (12%)
Maintenance Support	Maintenance Support	785.9 (34%)
—	Other Services	90.2 (4%)

Results by Product and Service per Segment (Net sales to clients outside the NTT DATA Group) (Billions of yen, figures in parentheses represent composition ratio)

	Public & Social Infrastructure	Financial	Enterprise & Solutions	North America	EMEA & LATAM
Integrated IT Solutions	91.2 (20%)	283.1 (55%)	98.4 (23%)	115.6 (27%)	19.2 (4%)
System / Software Development	150.3 (33%)	83.6 (16%)	110.2 (26%)	112.4 (27%)	82.6 (18%)
Consulting	6.4 (1%)	15.5 (3%)	20.9 (5%)	42.1 (10%)	192.0 (43%)
Maintenance Support	194.6 (43%)	129.9 (25%)	147.6 (35%)	152.7 (36%)	142.4 (32%)
Other Services	9.6 (2%)	5.9 (1%)	50.7 (12%)	—	10.5 (2%)

Financial Position and Business Results Analysis

Message from the CEO

Value Creation by NTT DATA

Management Strategies

NTT DATA's ESG Management

Business Strategies by Segment

Financials and Others

Consolidated Statement of Financial Position

Total assets on March 31, 2021, amounted to ¥2,897.0 billion, up ¥211.0 billion from a year earlier, due to an increase in cash and cash equivalents as well as an increase in other financial assets under current assets attributable to higher market prices for securities held by the Company.

Total liabilities on March 31, 2021, stood at ¥1,770.5 billion, an increase of ¥71.9 billion from the previous fiscal year-end, as a result of higher trade and other payables.

Equity rose ¥139.1 billion from March 31, 2020, amounting to ¥1,126.5 billion on March 31, 2021, as a result of an increase in retained earnings as well as an increase in other components of equity attributable to higher market prices for securities held by the Company.

(Billions of yen)

Total assets

Total liabilities and equity
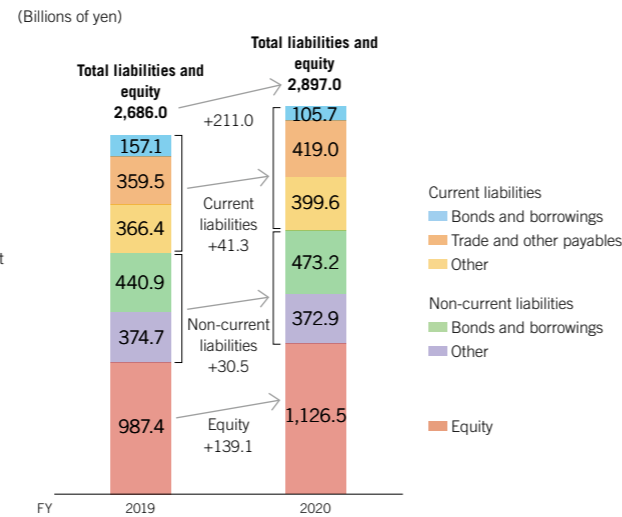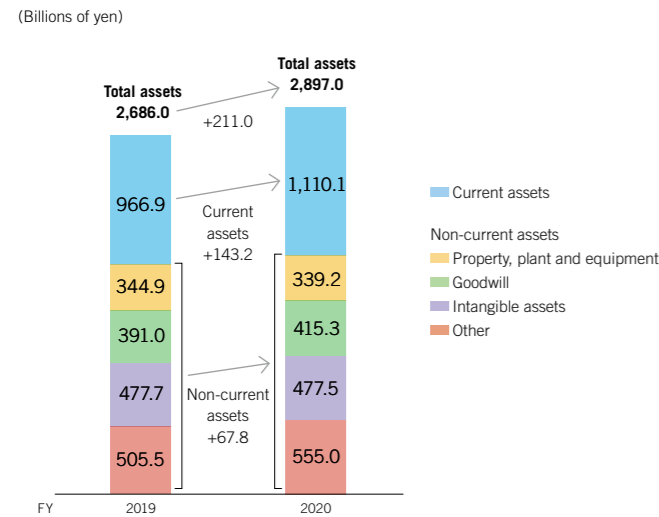
(Consolidated) New Orders Received / Order Backlog

New orders received for FY2020 decreased ¥51.9 billion compared to the previous fiscal year, to ¥2,223.3 billion.

Orders in the Public & Social Infrastructure Segment were relatively unchanged year on year as the acquisition of new orders from central government agencies compensated for the absence of large-scale orders recorded in the previous fiscal year.

A significant increase in orders was achieved in the Financial Segment due to the acquisition of orders from banks.

Despite the relatively heavy impact of the COVID-19 pandemic, the Enterprise & Solutions Segment secured orders in line with the previous fiscal year by acquiring orders from logistics and service industry customers.

The North America Segment experienced a massive decline in orders due to the impacts of the pandemic coupled with the absence of the large-scale orders from the public and financial sectors recorded in the previous fiscal year.

Orders decreased in the EMEA & LATAM Segment as a result of the pandemic and the absence of a large-scale order received in Spain during the fourth quarter of the previous fiscal year.

New Orders Received

(Billions of yen)
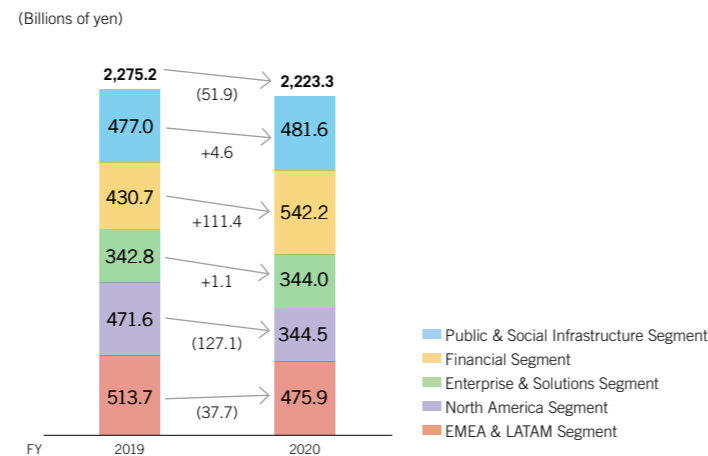
Order Backlog and Recognition Period of Net Sales (Forecast)

Order backlog on March 31, 2021, came to ¥2,735.1 billion, an increase of ¥98.8 billion from a year earlier.

The COVID-19 pandemic placed downward pressure on orders, but year-on-year increases in order backlog were seen in all segments except the North America Segment, enabling the Company to once again secure a high order backlog.

Order backlog is growing smoothly in conjunction with the expansion of business scale, and we have secured a backlog that exceeds one year's worth of net sales.

Order backlog is particularly large in the North America Segment, the Financial Segment, and the Public & Social Infrastructure Segment, reflecting the tendency to receive many large-scale and long-term projects in these segments.

As for the forecasted timing of the recognition of the order backlog on March 31, 2021, as net sales, a little less than half is expected to be recognized within a year.

We then expect to sequentially recognize net sales in FY2022, FY2023, and FY2024 onward. The more time passes, the larger the portion of net sales represented by orders from the North America Segment, the Financial Segment, and the Public & Social Infrastructure Segment will become, also reflecting the tendency to receive many large-scale and long-term projects in these segments.
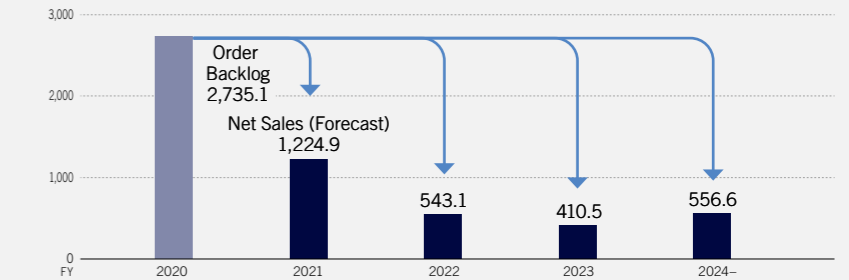
Order Backlog

(Billions of yen)
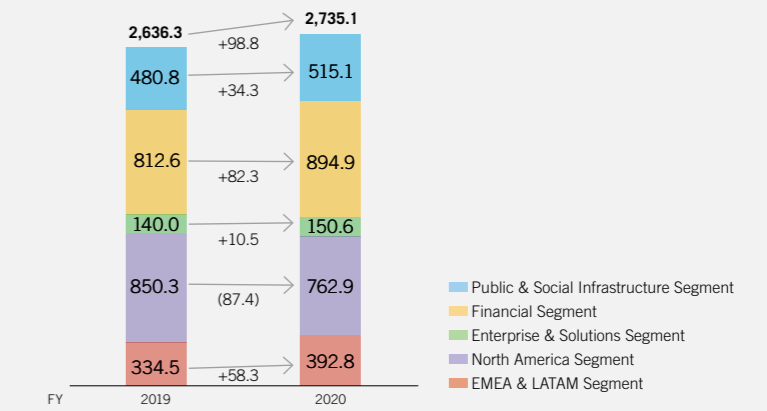
Recognition Period of Net Sales from Order Backlog (Forecast)

(Billions of yen)

Financial Position and Business Results Analysis

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Consolidated Statement of Income

Net sales increased ¥51.8 billion year on year due to growth in operations centered on domestic businesses.

Operating income was up ¥8.2 billion, even as we moved ahead with structural transformation overseas, as a result of higher sales and our ability to limit unprofitable projects in domestic businesses.

Financial income and costs / share of profit / loss of entities accounted for using equity method rose ¥2.1 billion due to the absence of the one-time financial expenses recorded overseas in the previous fiscal year.

Income taxes and others increased ¥8.6 billion primarily as a result of higher non-consolidated income before income taxes.

(Billions of yen)

	FY2019	FY2020	YoY
Net sales	2,266.8	2,318.7	+51.8
Cost of sales	1,694.6	1,734.1	+39.5
Gross profit	572.2	584.6	+12.3
SG&A expenses	441.3	445.4	+4.1
Selling expenses	153.5	171.7	+18.2
R&D expenses	21.8	22.7	+0.9
Other administrative expenses	266.0	250.9	(15.1)
Operating income	130.9	139.2	+8.2
Operating income margin (%)	5.8	6.0	+0.2p
Financial income and costs / Share of profit / Loss of entities accounted for using equity method	(10.8)	(8.7)	+2.1
Income before income taxes	120.2	130.5	+10.3
Income taxes and others*	45.0	53.6	+8.6
Net income attributable to shareholders of NTT DATA	75.1	76.8	+1.7

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

Impact of Loss from Unprofitable Projects

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

In FY2020, loss from unprofitable projects was limited to ¥1.4 billion as a result of the benefits of the efforts of the Project Review Committee thus far.

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

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

■ Impact of loss from unprofitable projects (left)
— Ratio of consolidated net sales (right)
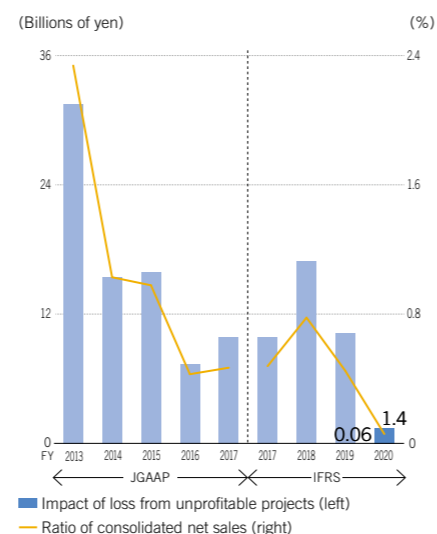
Net Sales and Operating Income (Loss) by Segment

In FY2020, net sales in the Public & Social Infrastructure Segment increased primarily due to the expanded scale of services for government ministries and telecom and utility industries. Net sales in the Financial Segment increased largely as a result of higher sales of services to financial institutions. Net sales in the Enterprise & Solutions Segment were in line with the previous fiscal year as growth in sales retail and service sectors offset the heavy impacts of the COVID-19 pandemic felt centered on the manufacturing industry. The North America Segment posted sales around the same level as FY2019 due to its increased scale, which was a result of M&A activities, thereby counteracting the decrease in sales attributable to the impacts of the pandemic and negative foreign exchange influences. The EMEA & LATAM Segment also recorded sales that were relatively unchanged year on year as the benefits of the strong sales achieved in Italy were dampened by the impacts of the pandemic.

Operating income in the Public & Social Infrastructure Segment increased due to higher sales and reductions in unprofitable projects. The Financial Segment achieved a rise in operating income by limiting unprofitable projects. Operating income was down in the Enterprise & Solutions Segment as the pandemic placed downward pressure on the ratio of selling, general and administrative expenses to net sales. The North America Segment recorded an operating loss as a result of the impacts of the pandemic as well as an increase in expenses for implementing forward-looking structural transformations. The EMEA & LATAM Segment achieved an increase in operating income as the benefits of structural transformations and lower expenses outweighed the impacts of the pandemic.

(Billions of yen)

		FY2019	FY2020	YoY
Net sales		2,266.8	2,318.7	+51.8
	Public & Social Infrastructure Segment	500.2	540.5	+40.3
	Financial Segment	580.4	607.6	+27.2
	Enterprise & Solutions Segment	588.6	590.9	+2.3
	North America Segment	426.0	429.4	+3.4
	EMEA & LATAM Segment	455.4	454.2	(1.2)
Operating income (loss)		130.9	139.2	+8.2
	(Operating income margin)	5.8%	6.0%	+0.2p
	Public & Social Infrastructure Segment	52.8	67.8	+15.0
	(Operating income margin)	10.6%	12.5%	+2.0p
	Financial Segment	50.4	56.7	+6.3
	(Operating income margin)	8.7%	9.3%	+0.7p
	Enterprise & Solutions Segment	53.5	52.3	(1.2)
	(Operating income margin)	9.1%	8.9%	(0.2)p
	North America Segment	3.2	(16.2)	(19.4)
	(Operating income margin)	0.8%	(3.8)%	(4.5)p
	EBITA	15.2	(4.6)	(19.8)
	(EBITA margin)	3.6%	(1.1)%	(4.6)p
	EMEA & LATAM Segment	(14.4)	(6.1)	+8.3
	(Operating income margin)	(3.2)%	(1.3)%	+1.8p
	EBITA	(8.6)	(1.4)	+7.1
	(EBITA margin)	(1.9)%	(0.3)%	+1.6p

Consolidated Statement of Cash Flows

Net cash provided by operating activities in FY2020 was ¥352.5 billion (up ¥72.5 billion from the previous fiscal year). Factors increasing cash included net income of ¥81.7 billion, decrease in trade and other receivables of ¥50.4 billion, and depreciation and amortization, a non-cash expense item, of ¥214.3 billion. Factors decreasing cash included income tax expenses of ¥34.9 billion.

Net cash used in investing activities was ¥173.9 billion (down ¥83.3 billion from the previous fiscal year) due to payments for acquisition of property, plant and equipment and intangible fixed assets and payments for investments in subsidiaries. As a result, free cash flow was a positive ¥178.6 billion (up ¥155.8 billion from the previous fiscal year).

Net cash used in financing activities totaled ¥101.6 billion (up ¥35.5 billion from the previous fiscal year), primarily due to repayments of interest-bearing liabilities and cash dividends paid.

(Billions of yen)

		FY2019	FY2020	YoY
Free cash flow	Cash flows from operating activities	280.0	352.5	+72.5
	Cash flows from investing activities	(257.2)	(173.9)	+83.3
		22.8	178.6	+155.8
Cash flows from financing activities		(66.1)	(101.6)	(35.5)
Cash flow at end of the year		205.4	287.1	+81.7

Financial / Non-Financial Values (Historical Changes)

NTT DATA Corporation and Subsidiaries

		JGAAP								IFRS			
	Units	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018	FY2019	**FY2020**
Fiscal year													
New orders received	Billions of yen	988.4	1,098.4	1,197.1	1,400.2	1,429.1	1,662.6	1,781.5	2,021.1	1,950.0	2,076.1	2,275.2	**2,223.3**
Net sales	Billions of yen	1,161.9	1,251.1	1,301.9	1,343.7	1,511.8	1,614.8	1,732.4	2,117.1	2,039.7	2,163.6	2,266.8	**2,318.7**
Cost of sales	Billions of yen	882.3	941.8	980.5	1,031.2	1,147.3	1,216.7	1,293.6	1,592.7	1,535.5	1,618.6	1,694.6	**1,734.1**
Cost of sales ratio	%	76.0	75.3	75.3	76.7	75.8	75.4	74.7	75.2	75.3	74.8	74.8	**74.8**
Selling, general and administrative expenses (SG&A)	Billions of yen	201.3	228.8	235.7	249.9	280.4	297.2	321.7	400.8	381.0	397.3	441.3	**445.4**
SG&A ratio	%	17.3	18.3	18.1	18.6	18.6	18.4	18.6	18.9	18.7	18.4	19.5	**19.2**
Operating income	Billions of yen	78.3	80.4	85.6	62.5	84.0	100.8	117.1	123.5	123.1	147.7	130.9	**139.2**
Operating income margin	%	6.7	6.4	6.6	4.7	5.6	6.2	6.8	5.8	6.0	6.8	5.8	**6.0**
Operating income (w/o goodwill amortization)*1	Billions of yen	82.2	87.5	96.4	75.2	98.5	112.9	134.3	150.4	—	—	—	**—**
Net income attributable to shareholders of NTT DATA*2	Billions of yen	37.3	30.4	43.5	23.2	32.1	63.3	65.6	58.1	82.4	93.6	75.1	**76.8**
Overseas net sales*3	Billions of yen			231.3	298.7	449.0	504.4	586.3	911.1	831.3	881.1	906.7	**907.2**
Overseas EBITA margin*3, 4	%			4.7	3.2	5.2	5.3	4.8	4.8	2.3	3.2	0.7	**(0.8)**
Loss from unprofitable projects	Billions of yen			5.3	31.5	15.5	15.9	7.4	9.9	9.9	16.9	10.3	**1.4**
Loss from unprofitable projects to consolidated net sales ratio	%			0.41	2.34	1.03	0.98	0.43	0.47	0.49	0.78	0.45	**0.06**
Capital expenditure	Billions of yen	139.0	133.9	122.1	147.7	140.9	134.0	158.1	198.6	194.8	179.2	193.8	**169.5**
Depreciation and amortization / Loss on disposal of property and equipment and intangibles	Billions of yen	158.5	159.7	153.8	143.6	158.5	155.2	160.0	163.2	161.1	160.7	163.8	**178.4**
R&D expenses	Billions of yen	10.7	13.5	12.1	12.8	12.9	12.4	12.3	14.5	14.6	15.1	21.8	**22.7**
Free cash flow	Billions of yen	(56.4)	30.4	46.2	44.8	26.7	44.0	(189.8)	24.2	30.7	55.1	22.8	**178.6**
EBITDA*5	Billions of yen	242.6	248.5	250.3	220.2	257.3	272.1	297.1	313.7	284.2	308.4	295.7	**320.3**
At year-end													
Order backlog	Billions of yen	1,156.5	1,131.9	1,140.2	1,341.4	1,355.8	1,544.5	2,411.3	2,371.5	2,369.2	2,457.1	2,636.3	**2,735.1**
Total assets	Billions of yen	1,468.6	1,474.8	1,524.3	1,689.9	1,822.8	1,860.3	2,238.9	2,234.2	2,270.2	2,476.1	2,686.0	**2,897.0**
Interest-bearing debt*6	Billions of yen	414.4	380.2	378.3	412.9	446.9	407.0	650.8	592.0	586.3	605.0	598.0	**578.9**
Total equity	Billions of yen	601.6	605.7	651.3	676.8	773.4	740.9	802.1	833.8	826.2	925.7	939.7	**1,072.9**
Equity ratio	%	41.0	41.1	42.7	40.1	42.4	39.8	35.8	37.3	36.4	37.4	35.0	**37.0**
Invested capital	Billions of yen	846.1	858.8	885.6	915.5	1,002.3	947.1	1,224.5	1,270.8	1,256.7	1,320.5	1,380.0	**1,218.4**
Debt-to-equity (D/E) ratio	Times	0.69	0.63	0.58	0.61	0.58	0.55	0.81	0.71	0.71	0.65	0.64	**0.54**
Other information													
Return on invested capital (ROIC)*6, 7	%	4.8	4.6	5.1	3.6	4.6	5.5	6.1	5.8	5.9	6.8	5.8	**5.9**
Return on assets (ROA)*8	%	2.7	2.1	2.9	1.4	1.8	3.4	3.2	2.6	3.7	3.9	2.9	**2.8**
Return on equity (ROE)*9	%	6.3	5.0	6.9	3.5	4.4	8.4	8.5	7.1	10.3	10.7	8.1	**7.6**
Net income per share*10	Yen	26.6	21.7	31.0	16.6	22.9	45.2	46.8	41.5	58.8	66.8	53.6	**54.8**
Net assets per share*10	Yen	428.9	431.9	464.4	482.6	551.5	528.3	571.9	594.6	589.1	660.0	670.0	**765.0**
Net dividend per share*10	Yen	12	12	12	12	12	14	15	15	15	17	18	**18**
Consolidated cash flow payout ratio*11	%	26.9	26.1	19.6	50.6	26.1	19.5	24.0	42.3	43.2	31.7	56.0	**29.5**
5-year average consolidated cash flow dividend payout ratio*11, 12	%	34.1	35.9	28.4	29.1	27.0	24.9	24.5	28.4	28.5	27.2	31.0	**34.0**
Total shareholder return (TSR) (holding period of 5 years)	%						100	95	103	103	112	98	**159**
Client base*13	Companies						50	62	65	65	70	74	**78**
Number of countries and regions	Countries / Regions	34	35	34	41	41	45	51	53	53	53	53	**55**
Number of cities	Cities	145	136	136	175	176	185	210	214	214	223	225	**208**
Number of employees	Employees	49,991	58,668	61,369	75,020	76,642	80,526	111,664	118,006	118,006	123,884	133,196	**139,677**
Number of overseas employees	Employees	20,855	26,007	28,820	42,241	43,781	47,541	77,123	81,362	81,362	86,154	94,424	**99,491**
Working hours*14	Hours	1,991	1,991	1,996	1,966	1,966	1,941	1,910	1,901	1,901	1,889	1,876	**1,984**
Percentage of employees who return to work after childcare leave*14	%	93.8	95.5	92.5	97.6	98.1	98.3	98.0	97.0	97.0	100.0	98.8	**97.2**
Purchased power*15	10,000 kWh	56,618	52,213	48,878	48,342	49,169	47,661	49,437	48,063	48,063	47,678	46,726	**46,084**
Water consumption*16 ☑ *18	10,000 m³	59	57	59	50	61	34	55	58	58	62	49	**45**
Paper usage*16	t	1,181	1,019	932	936	905	920	845	765	765	689	584	**328**
Greenhouse gas (GHG) emissions*15, 17 ☑ *18	10 kt-CO_2e	22.3	21.5	23.9	25.9	26.1	24.1	25.1	23.6	23.6	23.2	21.4	**24.3**

Financial / Non-Financial (row labels)

*1 Figures based on JGAAP include adjustments for goodwill amortization and others (including impairment loss).
*2 The name of the item based on JGAAP is "net income attributable to owners of parent."
*3 Net sales to clients outside the NTT DATA Group. Figures for the former Global Segment is used until FY2016, and the total of the North America Segment, EMEA & LATAM Segment, and China & APAC is used from FY2017 onward.
*4 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others
*5 EBITDA = operating income + depreciation and amortization + loss on retirement of fixed assets + goodwill amortization, etc.
*6 Figures for the interest-bearing liabilities based on JGAAP are the total of loans, corporate bonds, and lease obligations. Figures based on IFRS are the total of loans and corporate bonds.
*7 ROIC = (operating income × (1 − effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)
*8 ROA = net income attributable to shareholders of NTT DATA / average total assets during the period

*9 ROE = net income attributable to shareholders of NTT DATA / average equity during the period
*10 In October 2013, a 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, a 5-for-1 stock split was of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.
*11 Consolidated cash flow payout ratio = total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets – capital investment). From FY2019 onward, this is calculated excluding lease amortization expense (¥38.3 billion in FY2019 and ¥42.8 billion in FY2020).
*12 Figures for weighted average of past 5 years in IFRS. Figures based on JGAAP are used in FY2016 and earlier.
*13 Clients from which NTT DATA earns ¥5 billion or more per year (in Japan) or US$50 million per year (ex-Japan)
*14 Figures for NTT DATA (non-consolidated)
*15 Total of NTT DATA (non-consolidated) and Group companies (in Japan and overseas; 78 companies in FY2020)
*16 Total of NTT DATA (non-consolidated) and Group companies (in Japan only / 73 companies in FY2020, 71 companies in FY2019, 68 companies in FY2018, 68 companies in FY2017, 69 companies in FY2016, 75 companies in FY2015, 73 companies in FY2014, 69 companies in FY2013, 64 companies in FY2012, 65 companies in FY2011, and 61 companies in FY2010)
*17 Total of direct GHG emissions by use of fuels (Scope 1) and indirect GHG emissions by use of purchased electricity / heat (Scope 2) is converted to CO_2. The unit is CO_2e (CO_2 equivalent).
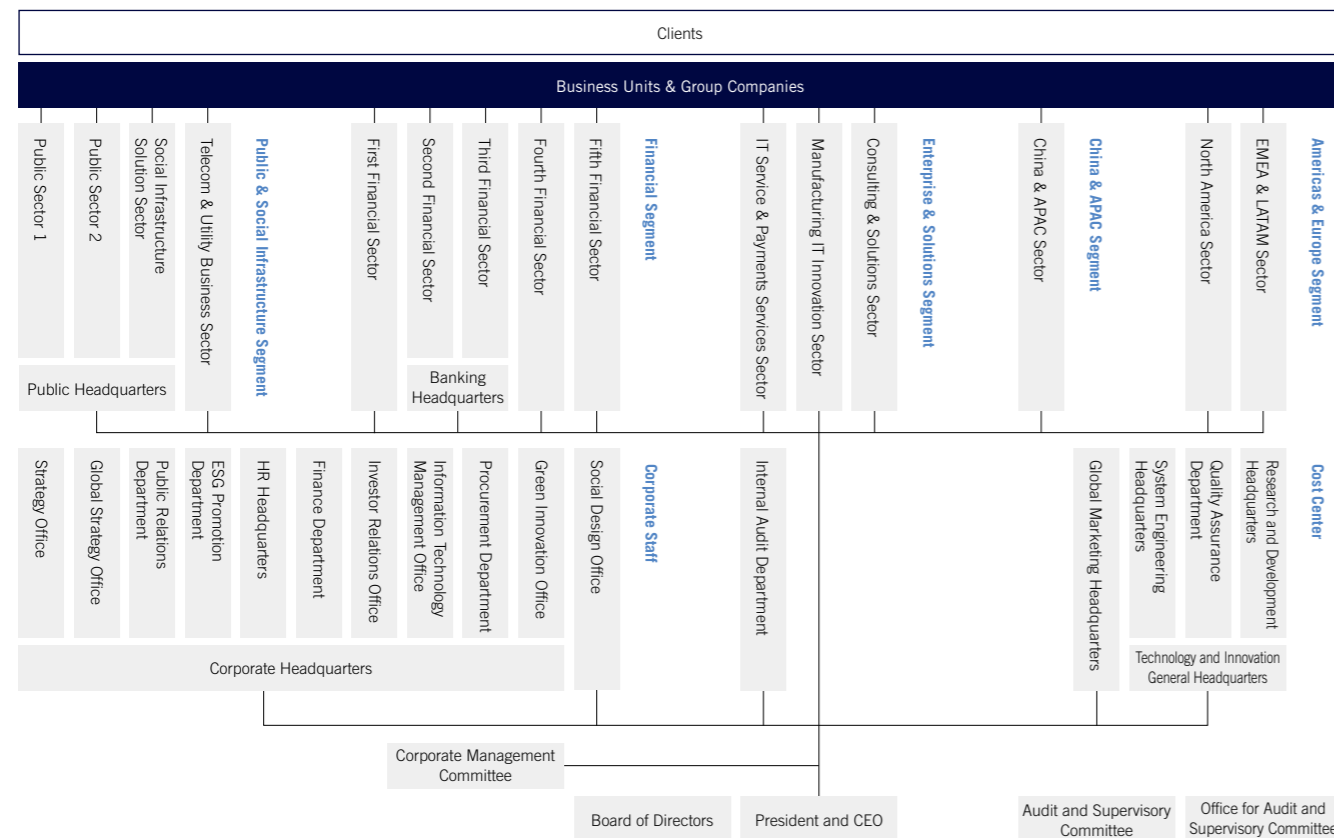*18 Numbers guaranteed by a third party. For details, please see P75 "Independent Practitioner's Assurance."
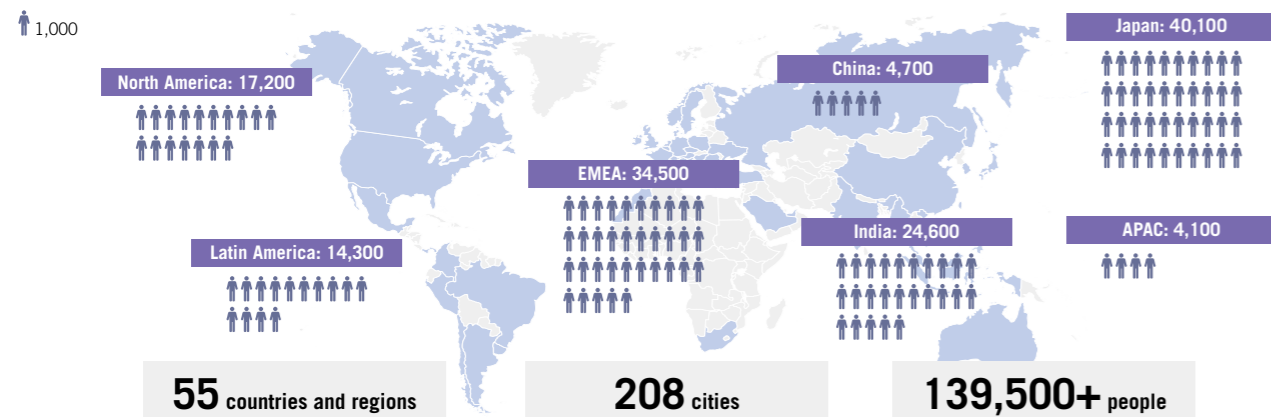
Company Information
(As of March 31, 2021)

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

Number of Employees
Consolidated: 139,677
Non-consolidated: 11,955

Date of Establishment
May 23, 1988

Common Stock
¥142,520 million

Fiscal Year
April 1 to March 31 of the following year

Ordinary General Meeting of Shareholders
June

Stock Market
Tokyo Stock Exchange 1st Section
Stock Code: 9613

Administrator of Register of Shareholders
Sumitomo Mitsui Trust Bank, Limited

Independent Auditors
KPMG AZSA LLC

Organizational Structure (As of October 1, 2021)

Offices (As of March 31, 2021)

Japan: 40,100
China: 4,700
North America: 17,200
EMEA: 34,500
India: 24,600
APAC: 4,100
Latin America: 14,300

55 countries and regions
208 cities
139,500+ people

Stock / Credit Rating Information
(As of March 31, 2021)

Number of Shares Issued and Number of Shareholders
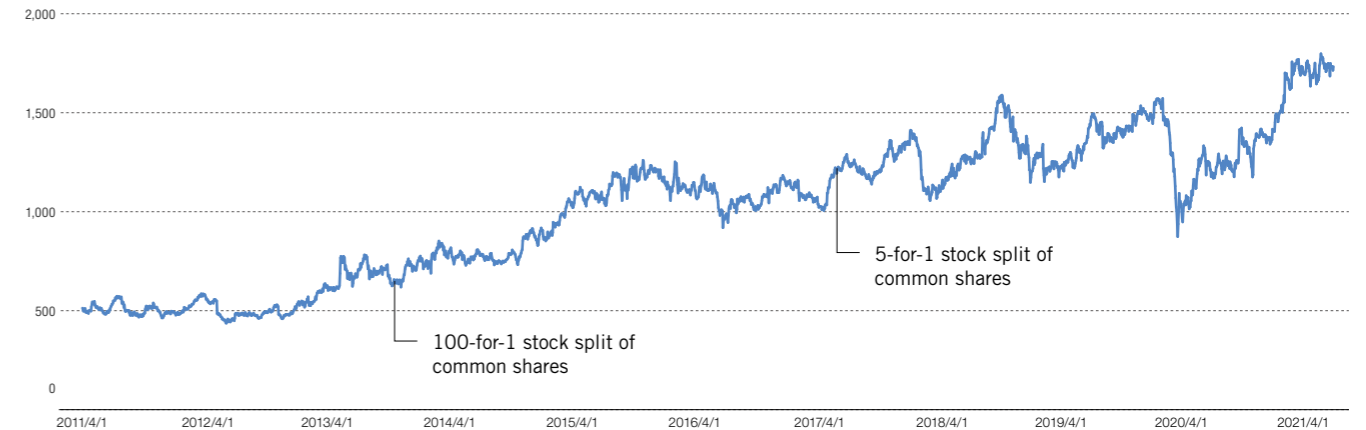
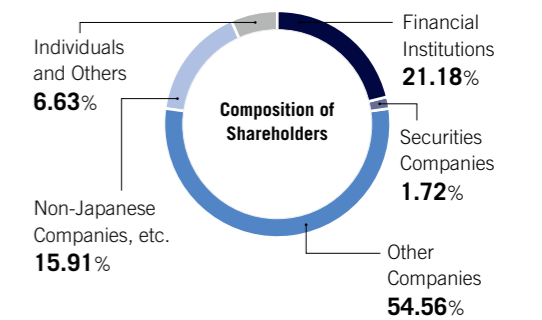|	
Total Number of Shares Authorized to be Issued by the Company	5,610,000,000 shares
Total Number of Shares Issued	1,402,500,000 shares
Number of Share Units	100 shares
Number of Shareholders	86,384 people

Principal Shareholders

Name	Number of Shares Held	Ratio of Shareholding (%)*
NTT, Inc.	760,000,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	140,902,500	10.05
Custody Bank of Japan, Ltd. (Trust Account)	72,171,400	5.15
NTT DATA Employee Share-Holding Association	14,710,800	1.05
Custody Bank of Japan, Ltd. (Investment Trust Account)	13,214,700	0.94
JP MORGAN CHASE BANK 385635	11,761,008	0.84
STATE STREET BANK WEST CLIENT - TREATY 505234	10,319,372	0.74
Custody Bank of Japan, Ltd. (Trust Account 9)	9,128,500	0.65
Custody Bank of Japan, Ltd. (Trust Account 7)	8,083,500	0.58
Custody Bank of Japan, Ltd. (Trust Account 5)	8,011,400	0.57

* Ratio of shareholding is calculated excluding the treasury stock (1,065).

Composition of Shareholders (Percentage of Shares Held)

Financial Institutions **21.18**%
Securities Companies **1.72**%
Other Companies **54.56**%
Non-Japanese Companies, etc. **15.91**%
Individuals and Others **6.63**%

Stock Price Chart

5-for-1 stock split of common shares

100-for-1 stock split of common shares

Greetings on the Publication of the Integrated Report

Thank you for reading Integrated Report 2021 all the way through.

Amid rapid changes in the world during the COVID-19 pandemic, we have become even more aware of the importance of connections between people. As opportunities to come into direct contact with other people have been reduced out of necessity during the pandemic, we endeavored to put together the report as a tool for enhancing the quality of dialogues and fostering a shared awareness among ourselves and with stakeholders.

The publication of the report is a part of our efforts to disclose a broader array of in-depth information, including a new section about technology in our management strategies, and an augmented section on the environment, which has drawn more attention lately, in the discussions about ESG management. The report provides improved examples of the businesses that we develop domestically and internationally, and features messages from the CEOs of overseas Group companies that discuss their initiatives in overseas operations, in order to enhance the disclosure of highly transparent information and further understanding of our global operations.

We hope that Integrated Report 2021 will facilitate constructive dialogue with our shareholders, investors, and other stakeholders. We will continue to further enhance and improve the transparency of information disclosure, and ask for your ongoing understanding and support.

Senior Executive Vice President and Representative Director

Toshi Fujiwara