

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

▶ Sustainability

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



▶ NTT DATA Technology Foresight

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



▶ Investor Relations

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



Corporate Governance

<https://www.nttdata.com/global/en/investors/corporate-governance/>

Annual Report and some other financial information

<https://www.nttdata.com/global/en/investors/financials?year=2018&tab=Annual-Report>

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**NTT DATA**

ANNUAL REPORT 2018

## Pursuing Group Vision

In these difficult-to-predict times, amid remarkable IT innovations and rapidly changing business models, we work closely with clients to combine an abundance of client ideas with global cutting-edge technologies that enable us to demonstrate our strengths. By doing so, we realize business innovation and resolve their issues. This also leads to the resolution of social issues as we aim to become a partner trusted by clients and society over the long term.

### Mission Statement

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

### Group Vision

**Trusted Global Innovator**

## Advancing Values

NTT DATA's Values express the values we uphold in our quest to become a "Trusted Global Innovator," which we have established as our Group Vision. We are united in sharing and inculcating these Values to realize corporate transformation.

**Clients First**

**Foresight**

**Teamwork**

### Values and Their Significance

	Clients First	Foresight	Teamwork
Values	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.	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.	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.
Significance	We will utilize internal and external management resources that are best for our clients and work to provide optimal IT services, which will eventually lead to ensuring our long-term and stable earnings.	By accurately forecasting long-term technology trends in the field of IT, where technology innovation is rapid, it becomes possible to promote long-term, large-scale projects and technology development.	Utilizing human resources with diverse values enables the creation of innovation and the provision of optimal solutions.



## Leveraging Strengths

The three strengths refined through the practical application of our Values are highly sustainable while at the same time difficult to imitate, leading to the long-term enhancement of NTT DATA's corporate value.

**Committed to Delivering Excellence**  
**Technology Agnostic**  
**Applied Innovation**

### Relationship between Strengths and Long-Term Enhancement of Corporate Value

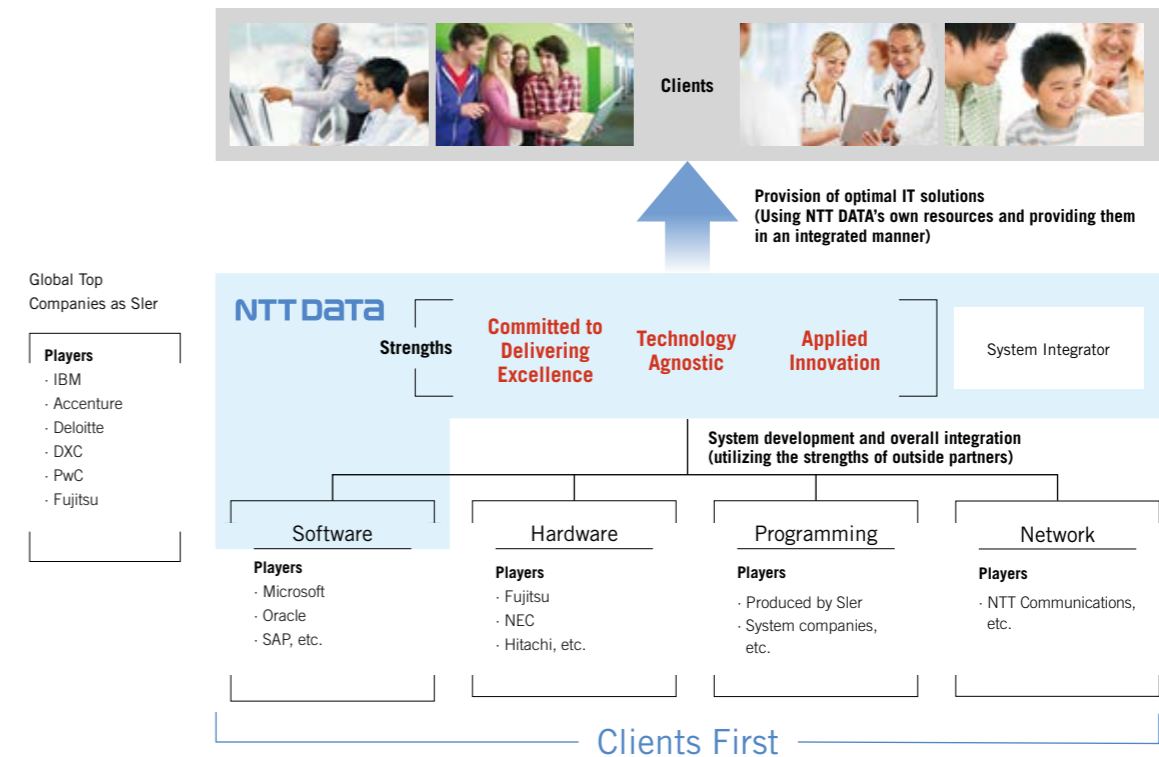
	<b>Committed to Delivering Excellence</b>	<b>Technology Agnostic</b>	<b>Applied Innovation</b>
<b>Strengths</b>	We have taken part in a number of large-scale system development and operation projects to date, including national projects. Through development and stable operation, we have established a robust customer base and built up trust.	We maintain flexibility by not relying on specific hardware and software products and respond to the demand for advanced services.	We have sophisticated development and operation methods that are globally consistent, along with highly specialized human resources to implement them. We have also refined software development automation and other production technologies.
<b>How Each Strength Relates to Long-Term Enhancement of Corporate Value</b>	Through Long-Term Relationships with clients built on deep understanding, we are able to precisely reflect client needs and make high-value-added proposals that only NTT DATA can provide.	We provide advanced services in a flexible manner and work with clients to offer applied innovation, fostering increases in client satisfaction.	By applying production technologies and R&D excellence, including R&D that leverages the NTT Group's capabilities, we contribute to business transformation that are optimal for customers, as well as increased productivity.

### Positioning of NTT DATA to Maximize Our Strengths

We persist on being a multi-vendor that is not reliant on specific hardware and software products to maintain our flexibility and pursue advanced and innovative technologies so that:

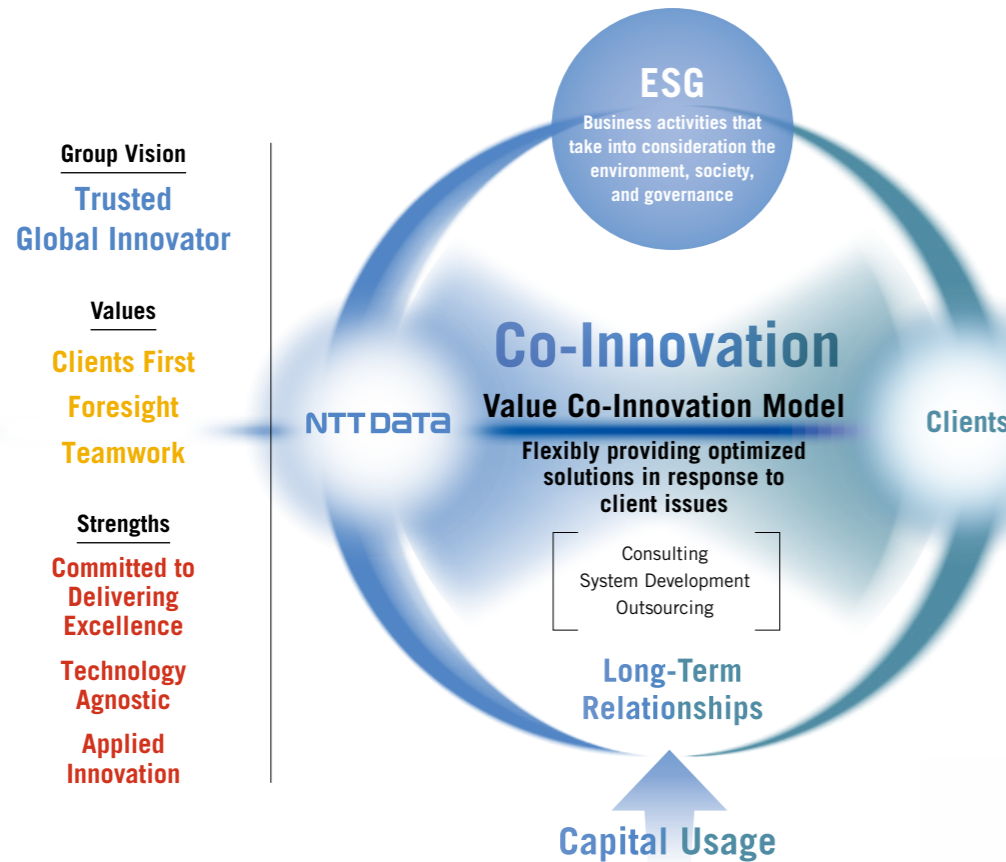
- In addition to NTT DATA's advanced solutions, by engaging in partnerships with players of various product and service domains, we are able to incorporate a wide range of advanced products and technologies and provide solutions that are optimal for clients.
- Amid ongoing business transformations in a variety of industries, we respond to market and client changes and capture business opportunities in a wide range of domains, enabling the co-innovation of new business models with clients using IT.
- We are able to develop social infrastructure systems requiring the consolidation of numerous vendors and cross-industrial businesses.
- Alliances with other companies enable us to avoid needless investment, improving investment efficiency and reducing risk.

### NTT DATA Positioning Image



## Our Way of Value Creation

Using our refined strengths to resolve client issues will contribute to a more affluent and harmonious society and enhance corporate value. This is the very embodiment of our mission statement.



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

- Client Issues**
- Global development
  - Response to increasingly sophisticated economic activities
  - Realization of smart communities
  - Creation of new products and services
  - Reliable and convenient infrastructure development
  - Lower electric power and energy consumption
  - Provision of high-quality medical services
  - Lower paper consumption
  - Ensuring cybersecurity
  - Client needs analysis
  - Support for workstyle innovations
  - Rational and efficient operational processes



- Social Issues**
- Realizing a more affluent and harmonious society
  - Realizing a social foundation with convenience, safety, and reliability
  - Creating sustainable cities and regions
  - Lowering environmental burdens
  - Developing infrastructure to prevent disasters and respond to natural disasters
  - Ensuring stable and efficient energy provision
  - Realizing society of health and longevity
  - Eliminating labor shortages

Non-Financial Capital				
<p><b>Client Base</b></p> <ul style="list-style-type: none"> <li>Number of clients with ¥5.0 billion or more (in Japan), or US\$50 million or more (outside Japan), in annual IT spend (net sales) 65 clients</li> </ul>	<p><b>Human Resources and Organizational Capabilities</b></p> <ul style="list-style-type: none"> <li>Employees working overseas Approx. 70%</li> <li>Employees More than 118,000</li> <li>Worldwide offshore and near-shore development personnel More than 35,000</li> <li>SAP consultants More than 10,000</li> </ul>	<p><b>Technologies</b></p> <ul style="list-style-type: none"> <li>Named by IDC as a "company with a strong image as a provider of big data solutions" among IT vendors in Japan, and as a top-tier system integrator<sup>*1</sup></li> <li>Positioned as a Leader in Avasant's Blockchain Services RadarView™</li> <li>Received the Fiscal 2017 PM Application Award from the Society of Project Management</li> </ul>	<p><b>NTT DATA Brand</b></p> <ul style="list-style-type: none"> <li>Global IT service ranking (Net sales) 8th</li> <li>CMMI certification Level 5 (the highest level)</li> </ul>	<p><b>Partners</b></p> <ul style="list-style-type: none"> <li>Global Services Partnership concluded with SAP SE NTT DATA Group the first Asian company to be an SAP service partner</li> <li>Number of companies certified under the business partner system<sup>*2</sup> 157</li> </ul>

Financial Capital
<p><b>Fiscal 2017</b></p> <p><b>Consolidated Net Sales (JGAAP)</b> ¥2,117.1 billion (IFRS: ¥2,039.7 billion)</p> <p><b>Operating Income (JGAAP)</b> ¥123.5 billion (IFRS: ¥123.1 billion)</p>

Non-Financial Capital				
<p><b>Client Base</b></p> <ul style="list-style-type: none"> <li>Increase global accounts (multinational companies as clients)</li> <li>Create Long-Term Relationships with local accounts</li> </ul>	<p><b>Human Resources and Organizational Capabilities</b></p> <ul style="list-style-type: none"> <li>Retain and develop a variety of high-level, professional human resources</li> </ul>	<p><b>Technologies</b></p> <ul style="list-style-type: none"> <li>Improve competitiveness through development knowledge sharing on a global level</li> <li>Create new businesses using cutting-edge technologies</li> </ul>	<p><b>NTT DATA Brand</b></p> <ul style="list-style-type: none"> <li>Establish a global brand</li> </ul>	<p><b>Partners</b></p> <ul style="list-style-type: none"> <li>Maintain and strengthen partnerships with cloud vendors, software vendors, hardware vendors, and other companies to enhance our resources and solutions</li> </ul>

Financial Capital
<p><b>Medium-Term Management Plan (Fiscal 2016-2018)</b></p> <p><b>Consolidated Net Sales</b> Over ¥2 trillion</p> <p><b>Operating Income</b> +50%*</p> <p><small>* Compared to fiscal 2015 (Adjusted for incremental investments in new fields)</small></p>

<sup>\*1</sup> Source: "2017 Trends in the Domestic Big Data Solutions Market," December 2017, IDC Japan (JPJ41767217)  
<sup>\*2</sup> A certification system NTT DATA employs to build positive relationships with external suppliers

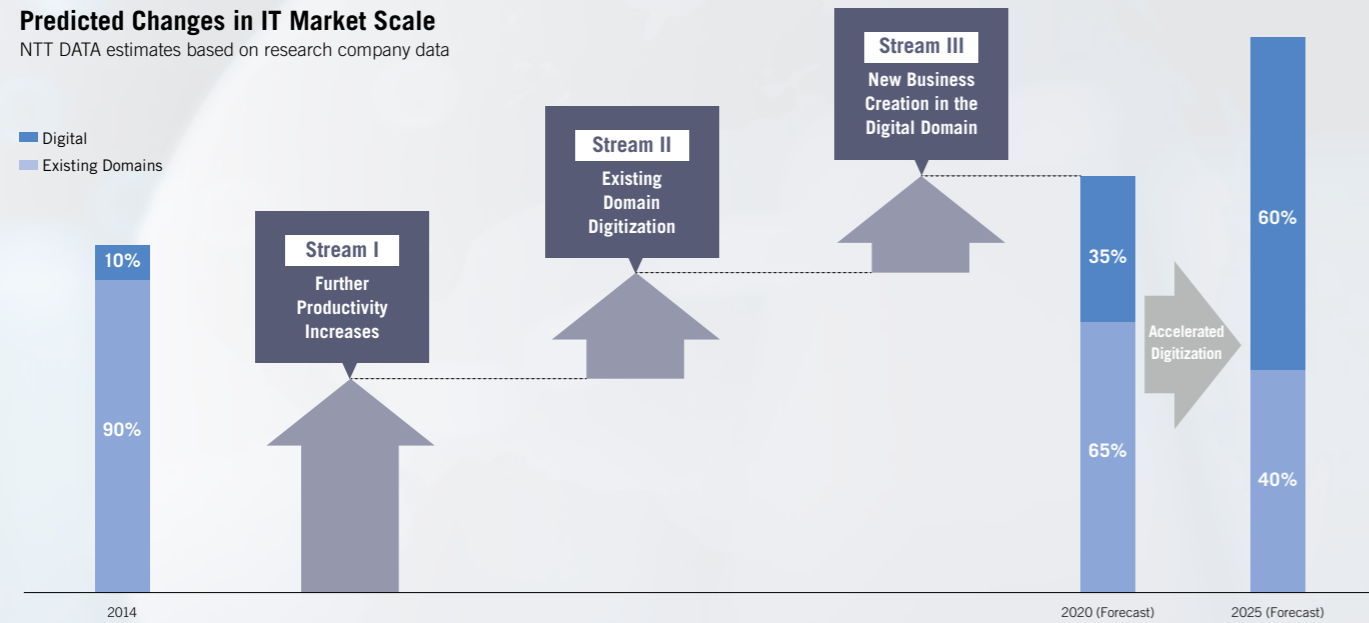
## Digital Business Expansion and NTT DATA Initiatives

Digital business has been increasing gradually from around 2014, when conventional business occupied the majority of the IT market, and the proportion of the two are expected to be reversed in the near future. NTT DATA defines these changes as “the three streams (stages)” and is promoting initiatives to respond to each stream.

### Changes in Scale of Conventional and Digital Businesses in the IT Market

#### Predicted Changes in IT Market Scale

NTT DATA estimates based on research company data



### NTT DATA Initiatives for Each Stream

	Stream I	Stream II	Stream III
<b>Goals</b>	<b>Further Productivity Increases</b> <ul style="list-style-type: none"> <li>To further increase productivity in traditional domains, thoroughly improved efficiency by automating overall system development, maintenance, and operations, moving away from labor consolidation</li> </ul>	<b>Existing Domain Digitization</b> <ul style="list-style-type: none"> <li>Identification of systems and data for digital convergence</li> <li>Perpetuation, reuse, and overall IT optimization of existing assets through modernization</li> <li>Value creation through use of existing data</li> </ul>	<b>New Business Creation in the Digital Domain</b> <ul style="list-style-type: none"> <li>Creation of innovative services using AI, IoT, and other digital technologies</li> </ul>
<b>Initiatives</b>	<ul style="list-style-type: none"> <li>Promotion of standardization and automation leveraging the TERASOLUNA Suite</li> <li>Further aggregation of the development environment (NTT DATA Integrated Development Cloud) and operating environment</li> </ul>	<ul style="list-style-type: none"> <li>Digital consulting: Formulation of client digitization initiatives, evaluation of existing IT assets, creation of utilization roadmaps</li> <li>Lift and shift: Moving system infrastructure from on-premises to clouds (lift) and the revamping of applications for cloud use (shift)</li> <li>Data democratization*1: The eliciting and attachment of meaning to data from existing information systems, as well as methodologies and platform configurations so that any business user can make use of data</li> </ul>	<ul style="list-style-type: none"> <li>The speedy creation of new services by leveraging agile development</li> <li>Roll out of processes (Altemista*2 Project Now!*) and platforms (Altemista Cloud)</li> <li>Taking on large-scale Agile development</li> <li>Alliances with universities and startups to promote innovation</li> </ul>

AI | IoT | AR / VR | Blockchain

▶ For details on NTT DATA initiatives, see page 28.

\*1 Creation of a data warehouse collecting a massive amount of information that enables the use of that information through organic connections.  
 \*2 This group of NTT DATA solutions speeds the development of service plans and supports the creation of startups and innovation.  
 \*3 This one-stop service (methodology) helps realize digital innovation through the application of service plans, agile development, value verification, and verification environments.

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#### Cautionary Statement Regarding Forward-Looking Statements

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



## Toward the Global 3<sup>rd</sup> Stage Powerful and Speedy Steps Forward, Centered on Digital and Global Business

I would like to take this opportunity to introduce myself as NTT DATA's new President and Chief Executive Officer appointed in June 2018.

I realize that the mission entrusted to me is to take powerful and speedy steps toward the Global 3<sup>rd</sup> Stage. I am determined to devote every effort to further enhance NTT DATA's corporate value.

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

### What I Live By

#### I Always Want to Stay Firm to My Beliefs but Be Brave Enough to Change

The principle that has guided me throughout my career is to always stay firm to my beliefs but be brave enough to change.

This year marks the 30th anniversary of NTT DATA becoming a separate entity in 1988 from NIPPON TELEGRAPH AND TELEPHONE CORPORATION. As I look back at the history of our Company, its founding concept of becoming a “value creator to draw vitality from information” in particular caught my eye. At present, our mission statement is to “use information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” and we strive to share and practice our Values. In fact, we have been able to consistently exert our efforts to “shape an affluent society with information technologies” over the 30 years since our establishment. And rather than pursuing short-term profits or shying away from challenges, we have remained focused on placing “Clients First,” as this is one of our Values. The Company has stayed firm to this belief and must continue to do so going forward. Long-Term Relationships built upon this principle are a cornerstone of NTT DATA's competitive advantage.

At the same time, I believe that we need to continue to boldly change with courage and a strong will when it is required.

In 2010, I was appointed Head of the Retail and Service Business Sector. It was a time of multiple problematic projects, with employees exhausted as they were unable to deliver results despite their hard work. And so we decided to analyze issues in each team and then worked with the teams to transform by “starting small” to address issues wherever possible. These steady efforts helped us to deliver projects on time, recovering employee satisfaction from its lowest to highest level in the process. This experience taught me how important it is to “give it your all in everything you do,” to draw on the “vitality” of employees to enhance organizational capabilities, and that “you can change if you have a strong will.”

At present, many clients are working aggressively on digital transformation to change their business models with artificial intelligence (AI), the Internet of Things (IoT), and other technologies. NTT DATA should help in this regard as well as transform itself in order to come up with higher value-added proposals in new fields as an IT specialist. Going into new markets always comes with its set of challenges, however, we will unleash the vitality of our employees and transform ourselves with a strong will by building up successes based on a spirit of “giving it our all.”

# Trusted Global Innovator

## NTT DATA's Competitive Advantage

### Thoroughly Refining Our Capabilities in Areas Where We Can Demonstrate Our Strengths



I have consistently ensured that we clearly identify our competitive advantages and thoroughly refine capabilities in those areas where we can demonstrate our strengths.

We have achieved a deep understanding of our clients' businesses thanks to the Long-Term Relationships we have established. It is this understanding that serves as a competitive advantage in "co-creating" new business models with clients. Also, partnerships with a variety of players are essential, and another of our strengths is our project management skills to launch and promote projects. We will need to choose what to do and what not to do, while leveraging our strengths. For example, we aim to further refine our capabilities in especially the core banking and settlement areas in the financial services sector, where we have demonstrated our strengths for many years, and in customer touchpoint areas in the enterprise sector, which has been a focus area in recent years and where we have strengths.

When I was leading the Enterprise & Solutions Segment, we promoted so-called "green tomato" projects. Since there is no way of knowing what will morph into a big business in the future, we created a cycle whereby we would sow seeds and then nurture them in order to set fruit quickly so that we could keep making "green tomatoes" that had the potential to grow into "red tomatoes" in the future. Rather than continuing to sow seeds everywhere, we took a more selective approach and focused on areas in which we had strengths, such as AI analytics and IoT, self-driving vehicles, and embedded software, while at the same time identifying new areas where we could leverage our strengths. For example, we identified customer touchpoint area "green tomatoes," which was historically a weak area, and worked tirelessly but expeditiously to grow them by leveraging our strengths in the payment settlement and customer management fields. As a result, the group effort came to fruition, delivering multiple significant results, based on which we were able to further grow the business. Consequently, customer touchpoint areas have evolved to become an area of strength for NTT DATA. As in the saying "dream big, start small," it is important to look at the big picture, to consider a wide range of ideas while focusing on specific targets and then working diligently toward those targets.

#### P.2--: NTT DATA's Strengths

## The NTT DATA Group in Fiscal 2017

### Global 2<sup>nd</sup> Stage Coming into an Attainable Range

Under the previous Medium-Term Management Plan (fiscal 2012–2015), which set out an objective to "increase global coverage," NTT DATA was able to grow its overseas sales ratio to 30%, reaching the Global 1<sup>st</sup> Stage. Since fiscal 2016, we have continued to advance toward the Global 2<sup>nd</sup> Stage. Enhancing our value as a global brand by increasing our local presence forms the basis for our strategy under the current Medium-Term Management Plan, "NTT DATA: ASCEND—Rise and grow our global brand." Gaining a 2% or higher market share in each key country will allow us to rank in around the top 10 in net sales, providing more business opportunities to serve multinational corporations and various clients throughout the world. To this end, we are promoting initiatives based on our key strategies of taking a "Game-Changing Approach" and leveraging "Breakthrough Technology."

In fiscal 2017, the second year of the current Medium-Term Management Plan, new orders received, net sales, and operating income outperformed results of the previous fiscal year, helped along by robust business in Japan and business growth abroad. In addition, we successfully achieved our sales target, one of the objectives of the current Medium-Term Management Plan, one year early. The post-merger integration (PMI) of former Dell Services is on track and the overseas sales ratio exceeded 40%.

With the former Dell Services consolidated into our results, our operations encompass 214 cities across 53 countries and regions globally with approximately 118,000 employees, nearly 70% of whom are outside Japan. We are steadily making progress in terms of increasing our local presence, with our local market share now exceeding 2% in countries such as Spain and Italy.

In terms of our "Game-Changing Approach," as we have successfully built trusted relationships with numerous clients by pursuing our Clients First approach, large accounts with ¥5.0 billion or more in annual IT spend (net sales) grew from 36 in fiscal 2011 to 65 in fiscal 2017. In this way, by leveraging "Japan Quality," NTT DATA is building Long-Term Relationships with clients, strengthening its customer base, and establishing a stable foundation to manage business.

Regarding "Breakthrough Technology," we are promoting initiatives to comprehensively support clients' digital journey, including consulting services to help digitization in "front-end systems" and the provision of technologies for digitization using existing IT assets within "back-end systems."

#### P.26--: Medium-Term Management Plan

## Challenges Ahead

### Reinforcing Control of Unprofitable Projects and Improving the Profits of Business Outside Japan

Fiscal 2017 yielded positive results in various aspects, while having also left some challenges. One of those is unprofitable projects. Large losses were incurred with one project that was unique in nature and extremely difficult from a technical perspective, as it had never been attempted anywhere by anyone before. Except for this project, we faced few unprofitable projects and losses from unprofitable projects have been controlled within 0.3%–0.5% against consolidated net sales, which is our parameter to measure unprofitable projects. Still, we will continue to focus on managing loss-making projects as a key agenda. As overseas sales have grown, now accounting for over 40%, we will reinforce control of unprofitable projects in our business in Japan as well as abroad.

Another challenge is improving the profits of business outside Japan. In North America, we have seen a trend toward insourcing projects where clients initiate digital transformation with in-house IT resources, while also noticing a move to consolidate vendors in areas like ITO and BPO to reduce order value. Against such a backdrop, orders are not growing as expected and profit margins are on the decline. As such, in addition to augmenting digital and sales capabilities, we will work on reducing costs. EMEA and Latin America are enjoying great results in both orders and net sales, but their profitability has not made progress as anticipated due to a temporary uptick in selling, recruiting, and training costs as the result of business expansion. We will continue to grow orders and sales while controlling costs to enhance profit margins.

#### P.48--: Challenges Ahead "Profitability"

**The NTT DATA Group in Fiscal 2018**

**Drawing Up Concrete Measures to Achieve the Global 3<sup>rd</sup> Stage**

We are targeting net sales of ¥2.1 trillion, a year-on-year increase of ¥60.3 billion, in fiscal 2018, the year in which we adopted the International Financial Reporting Standards (IFRS). Operating income is forecast to reach ¥142.0 billion, an increase of ¥18.9 billion compared to fiscal 2017, while we expect to generate ¥152.0 billion, which is 50% higher than fiscal 2015, in operating income after adjustments excluding additional investments of ¥10.0 billion in new areas, thus bringing us within reach of an objective of the current Medium-Term Management Plan. In fiscal 2018, we plan to pay an annual dividend of ¥17 per share, an increase of ¥2 per share compared to fiscal 2017.

From fiscal 2019, we will begin moving toward the Global 3<sup>rd</sup> Stage, aiming roughly for the year 2025. In formulating the next Medium-Term Management Plan, to be announced in spring 2019, I will clearly define concrete measures for the Group as well as incorporate my own thoughts into it. I would like to take you through our current thoughts on the plan's basic direction.

**What We Have Infused in the Group Vision: "Trusted Global Innovator"**

**Setting Ourselves Apart in Global Markets through Trust**

As we celebrated our 30th anniversary in May 2018, we launched our new Group Vision of "Trusted Global Innovator." Since 2005, when we set out our Group Vision to become a "Global IT Innovator," we have been building a foundation to drive global business. At present, we have achieved our goal of becoming a global company, operating across 53 countries and regions with approximately 118,000 employees. Although the precise picture of what the future will bring is unpredictable, one thing remains clear. And that is our competitive advantage, which I discussed earlier, of Long-Term Relationships with clients and a deep understanding of our clients' businesses.

We will work side by side with clients as a trusted partner, connecting their abundant ideas with cutting-edge technologies throughout the world to help create business innovations and address social issues. Once we have embarked on a project, we will never turn our back on it, working closely with clients as their partner through to the very end. This is what we aim for as a "Trusted Global Innovator." Our goal is to differentiate ourselves by gaining "trust" to continuously win out in the coming age.

**How to Reach the Global 3<sup>rd</sup> Stage**

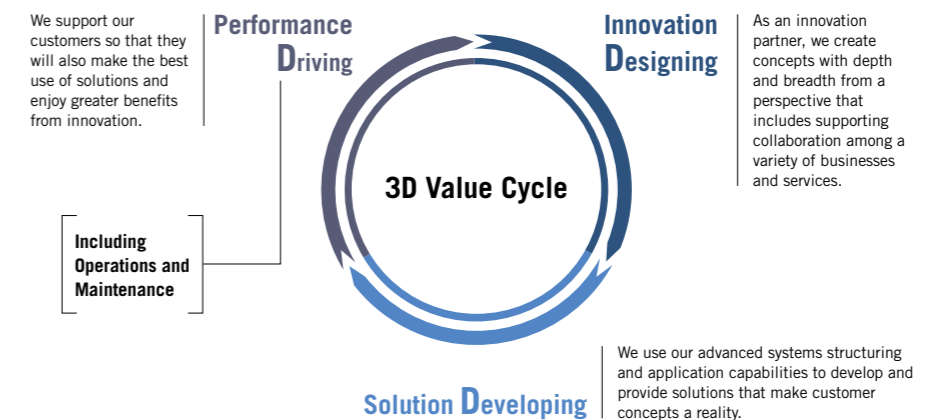
**"Growth with Quality" Driven by Digital and Global Business**

In the Global 3<sup>rd</sup> Stage, we aim to grow the number of large accounts with ¥5.0 billion or more in annual IT spend (net sales) to 100 companies and to break into the top 10 in key countries and top 5 globally in sales. To achieve this goal, we plan to focus on delivering "growth with quality" based on the keywords "digital" and "global," with M&As as an option.

New services are emerging in all areas combining the online and physical world, leveraging such cutting-edge technologies in the so-called "digital arena" as AI, IoT, Big Data, VR, robotics, and others. Companies all over the world are creating innovations to provide their customers with new experiences and value by tapping into IT which was once considered only as a means to increase efficiency. Discussions with various corporate executives made me deeply realize the potential inherent in Japanese companies with factories and other facilities to lead the digital age. Also, in light of the arrival of the "digital" world, the competitive landscape is also changing. Consulting firms abroad are growing their presence through the acquisition of IT businesses, replacing traditional IT vendors. Instead of the traditional approach of considering "what you can do with IT," the approach needed now is one in which you imagine what consumers will need in the future and how you can enable it with IT. In this context, consulting in the upstream layer is becoming increasingly important.

In strengthening these upstream capabilities, Long-Term Relationships again serve as our cornerstone. We will continue to build even stronger relationships by repeating what we call our "3D Value Cycle," which is comprised of three phases—"Design," which includes consulting where we work closely with clients on how to tap into a "mechanism" and what kind of value should be provided to society; "Development," which includes application development; and "Driving," involving operations and maintenance, then feeding all of this back to the Design phase.

**P.17: Global 3<sup>rd</sup> Stage**





## Message from the CEO

In the global business, we believe that clearly defining our strengths, enhancing our competitive advantage, and providing even higher added value are of the utmost importance, and we will promote various initiatives in these areas. These efforts include creating “Global Offering,” solution services that can be offered across the globe. We have a high degree of expectation for our AW3D Global Digital 3D Map and MarkLogic as globally competitive solutions. Furthermore, we will respond to high-level requirements even more than ever from “global accounts” who roll out business globally, as a “Global One Team” by forging teamwork across the NTT DATA Group. In addition, through proactive investments in production technologies such as high-speed, high-quality development and automation technologies, as well as infrastructure, methodologies, performance design, and security technologies, we will provide high-quality services in each country while also striving to improve profitability. Creating global synergies through these efforts will become a critical agenda in the global business.

### Building a Foundation to Promote Our Strategies

## Maintaining Diversity, Promoting Workstyle Reforms, and Reinforcing Global Governance

Between now and 2025, the IT industry is expected to face a severe talent shortage of around 750,000 people. Amid intensifying competition to recruit personnel, it is critical for NTT DATA to continue recruiting and training talented personnel to grow sustainably. Creativity in the digital age is often best nurtured through contact with those that have different viewpoints and come from different backgrounds. We would like to accelerate initiatives to increase human resource diversity to help realize a world where diversity is commonplace.

NTT DATA has remained ahead of its peers in the IT industry with regard to workstyle reforms, including the reduction of working hours, which has been a problem in the industry. Our persistent efforts led to lowering total hours worked per employee from 2,066 hours to 1,901 hours between fiscal 2007 and fiscal 2017. This level is far below the average for Japanese companies in the IT industry as well as across industries overall. We will continue to strengthen these initiatives going forward to provide a better work environment and make efforts to become a company where our employees feel motivated to work. We want to have NTT DATA seen as an attractive company to both our people and our business partners.

We will also reinforce global governance to help create more global synergies. At the Ordinary General Meeting of Shareholders held in June 2018, John McCain was appointed as the first non-Japanese director of NTT DATA Corporation. We will drive the global business by drawing on his global insights, new perspectives, and ideas. At the same time, we are making progress in putting a governance structure in place to run business in a unified manner as NTT DATA at large. We will move forward as a Trusted Global Innovator by sharing our mission statement, Group Vision, and Values to bring all employees across NTT DATA together as one NTT DATA.

▶ P.52- : Human Resource Management / P.60- : Corporate Governance

### Toward Sustainable Development

## Continuing to Help Realize a More Affluent, Harmonious, and Sustainable Society

In 2002, NTT DATA announced its branding message as “Shaping the Future with IT.” Sixteen years later, a dramatic societal transformation dubbed “the Fourth Industrial Revolution” is becoming a reality.

“Digital” in a broader sense opens up possibilities for addressing social issues limitlessly. As Japan is facing a variety of societal challenges including labor shortages, a declining population, an aging population, and regional problems (depopulation), public-private partnerships (PPPs) are under way to realize “Society 5.0,” a new society leveraging cutting-edge technologies. Turning to the world, it is hoped that various challenges are resolved that threaten the sustainability of global society, including food and water problems caused by growing populations and urbanization, social infrastructure issues such as transportation, education, healthcare, and disaster prevention as well as energy and environmental problems.

Since our foundation, NTT DATA has consistently striven to “use information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society,” and our role continues to increase even now more than ever. The paradigms we will create for the interest of a variety of stakeholders will also contribute to achieving various objectives set forth under the United Nations Sustainable Development Goals (SDGs).

NTT DATA will continue to take solid steps forward as a “Trusted Global Innovator” by leading initiatives to realize a more affluent and smart society, as we manage business with due consideration to environmental, social, and governance (ESG) factors. We appreciate the continued support of our shareholders, investors, and all stakeholders.

▶ P.56- : Sustainable Solutions



# Value Creation and History of Self-Transformations

The NTT DATA Group has continued to transform itself in line with changing environments and client needs. As a result, we have achieved an increase in net sales for 29 consecutive years since the Company was founded.



## Global 1<sup>st</sup> Stage (Fiscal 2016)

### Increased Global Coverage

Expanded geographical coverage to 185 cities in 45 countries and regions  
The NTT DATA Group employed approximately 80,000 people (At present, approximately 118,000 people in 53 countries and regions)



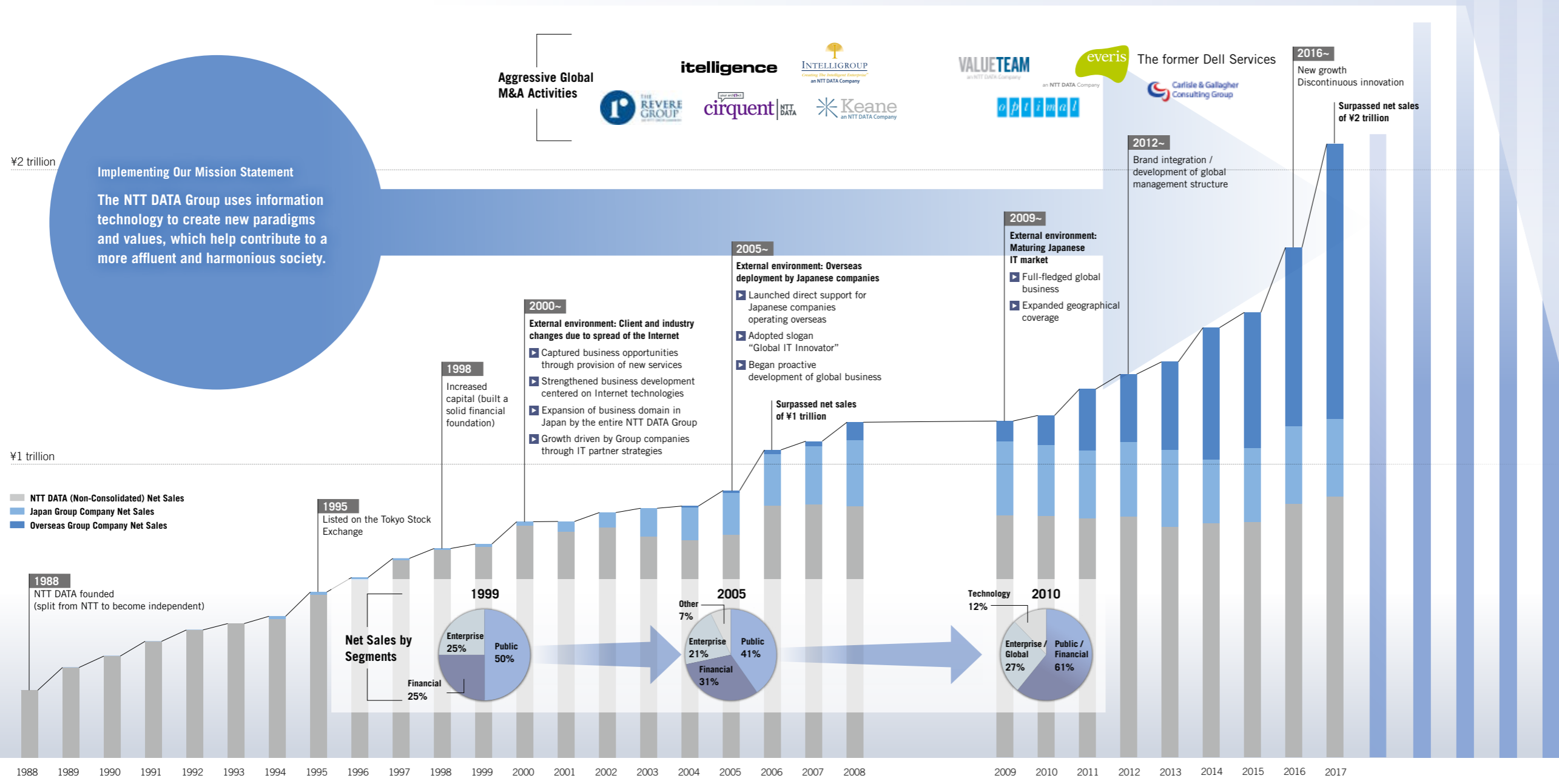
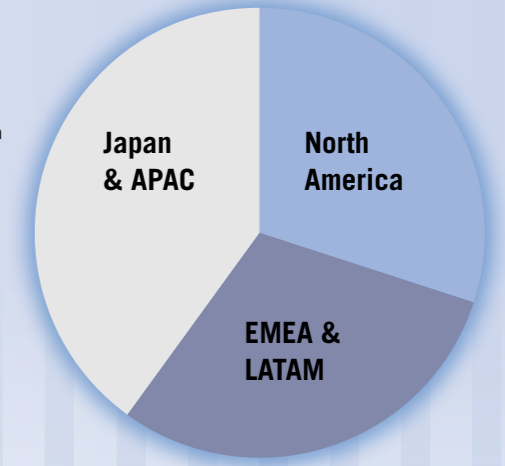
## Global 2<sup>nd</sup> Stage (Fiscal 2018)

### Recognized Global Brand

Aiming to establish a global brand targeting an overseas sales ratio of 50% and consolidated net sales in excess of ¥2 trillion



## Global 3<sup>rd</sup> Stage (Around Fiscal 2025)



# Trusted Global Innovator

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

Client base\* of more than 100 companies

Rank in TOP 10 in major countries

## Global Synergy

\* Clients with ¥5.0 billion or more (in Japan), or US\$50 million or more (outside Japan), in annual IT spend (net sales)

## Our Businesses

NTT DATA Group (Fiscal 2017)

Net Sales  
¥2,117.1 billion

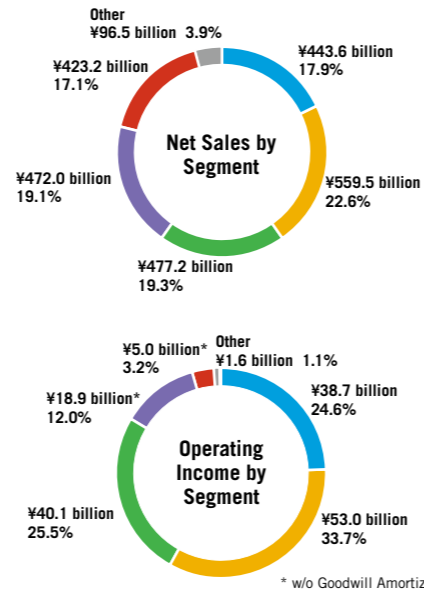
Operating Income  
(w/o Goodwill Amortization)  
¥150.4 billion

Operating Income  
¥123.5 billion

Total Assets  
¥2,234.2 billion

Employees  
118,006 people

Consolidated Subsidiaries  
303 companies



### NTT DATA Achievements and Growth Efforts

Achievements	Net sales ranking among Japanese companies specializing in IT services <b>1st</b> <small>(Based on research by NTT DATA)</small>	Ranking in the Japanese IT services market for financials* 2017 <b>1st</b> Net sales	Ranking in the global IT services market for insurance* 2017 <b>6th</b> Net sales
	Ranking in the global IT services market for banking and securities firms* 2017 <b>4th</b> Net sales	Revenue growth for <b>29</b> consecutive years since our founding	
Additional Growth Efforts Going Forward	Employee Turnover Rate Telecommunications industry <b>10.2%</b> <small>(Source: 2016 Survey on Employment Trends, Ministry of Health, Labour and Welfare)</small>	Securing talented human resources	
	NTT DATA (non-consolidated) <b>3.0%</b> (Fiscal 2017)	Ranked <b>1st</b> in overseas sales among Japanese specialized systems companies <small>(Based on research by NTT DATA)</small>	Capture growth in the global IT market

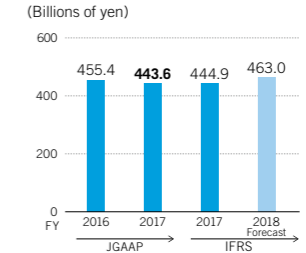
\* Gartner "Market Share: IT Services, 2017" 11 June 2018.  
Financials = Banking & Securities, Insurance, Banking and securities = Banking & Securities, Insurance = Insurance  
Based on vendor revenue  
The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

## Business Overview by Segment\*

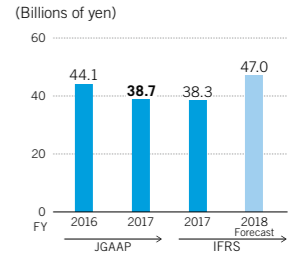
### Public & Social Infrastructure

Net sales were ¥443.6 billion (a 2.6% decrease compared to the previous year), due mainly to less orders compared to the previous fiscal year, such as for services for government ministries and the utilities industry. Operating income was ¥38.7 billion (a 12.2% decrease compared to the previous fiscal year), due mainly to a decline in sales and an increase in the amount of loss from unprofitable projects.

#### Net Sales



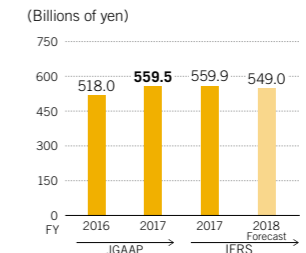
#### Operating Income



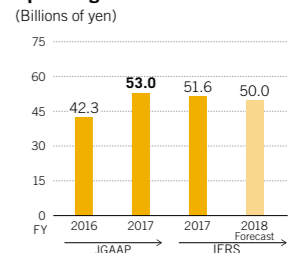
### Financial

Net sales were ¥559.5 billion (an 8.0% increase compared to the previous fiscal year), due mainly to expansion of businesses for banks and cooperative financial institutions. Operating income was ¥53.0 billion (a 25.2% increase compared to the previous fiscal year), due to growth in sales and improvement in the cost of sales ratio attributable to a decrease mainly in depreciation of some systems.

#### Net Sales



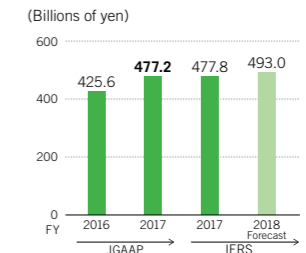
#### Operating Income



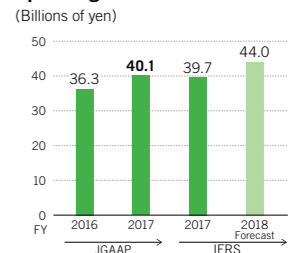
### Enterprise & Solutions

Net sales were ¥477.2 billion (a 12.1% increase compared to the previous fiscal year), due mainly to expansion of digital-related businesses and businesses for the manufacturing industry including M&As. Operating income was ¥40.1 billion (a 10.4% increase compared to the previous fiscal year), due mainly to growth in sales.

#### Net Sales



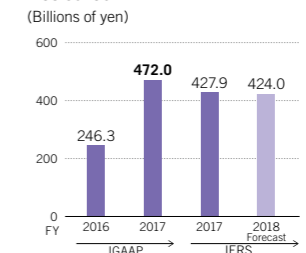
#### Operating Income



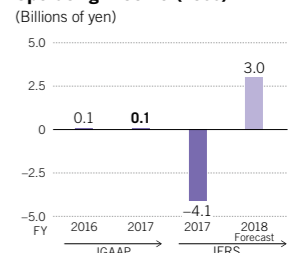
### North America

Net sales were ¥472.0 billion (a 91.6% increase compared to the previous fiscal year), due mainly to the expansion of businesses as a result of the acquisition of the former Dell Services and the increase in months to be consolidated associated with the unification of the accounting periods. Operating income without goodwill amortization was ¥18.9 billion (a 104.4% increase compared to the previous fiscal year), due mainly to profit contribution by the acquisition of the former Dell Services, and the increase in months to be consolidated associated with the unification of the accounting periods. Operating income was ¥0.1 billion (3.0% decrease compared to the previous fiscal year).

#### Net Sales



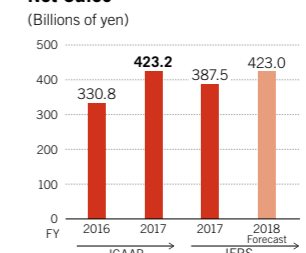
#### Operating Income (Loss)



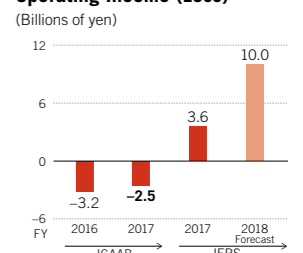
### EMEA & LATAM

Net sales were ¥423.2 billion (a 27.9% increase compared to the previous fiscal year), due mainly to the increase in months to be consolidated associated with the unification of accounting periods of some Group companies, and as a result of expansion of businesses in Spain, Germany, and Latin America. Operating income without goodwill amortization was ¥5.0 billion (a 13.8% increase compared to the previous fiscal year), due to the increase in months to be consolidated associated with the unification of accounting periods of some Group companies. Operating loss was ¥2.5 billion (a 22.0% increase compared to the previous fiscal year).

#### Net Sales



#### Operating Income (Loss)



\* Segment results based on IFRS in fiscal 2017 are unaudited reference values and may change due to the results of accounting audits.

## Consolidated Financial Highlights

NTT DATA Corporation and Subsidiaries

Fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>For the Year:</b>											(Millions of yen)
New Orders Received	¥1,012,278	¥1,035,242	¥1,181,549	¥ 988,484	¥1,098,400	¥1,197,168	¥1,400,221	¥1,429,117	¥1,662,662	¥1,781,565	<b>¥2,021,195</b>
Net Sales	1,074,405	1,139,092	1,142,940	1,161,962	1,251,177	1,301,941	1,343,772	1,511,812	1,614,897	1,732,473	<b>2,117,167</b>
Cost of Sales	813,343	861,942	870,589	882,329	941,881	980,524	1,031,213	1,147,302	1,216,795	1,293,600	<b>1,592,745</b>
Gross Profit	261,061	277,150	272,351	279,632	309,295	321,416	312,559	364,509	398,101	438,872	<b>524,421</b>
Selling, General and Administrative Expenses	165,149	178,603	190,662	201,326	228,878	235,720	249,975	280,495	297,216	321,763	<b>400,899</b>
Operating Income (w/o Goodwill Amortization)	—	101,550	85,918	82,260	87,502	96,492	75,235	98,513	112,963	134,343	<b>150,453</b>
Operating Income	95,911	98,546	81,689	78,306	80,416	85,696	62,583	84,013	100,885	117,109	<b>123,522</b>
Income before Income Taxes	51,492	91,431	71,789	68,471	71,882	77,019	54,259	73,995	107,789	105,332	<b>100,083</b>
Net Income Attributable to Owners of Parent (w/o Goodwill Amortization)	—	51,365	39,892	41,266	37,531	54,314	35,939	46,644	75,452	82,921	<b>85,103</b>
Net Income Attributable to Owners of Parent	30,454	48,360	35,662	37,313	30,446	43,517	23,287	32,144	63,373	65,686	<b>58,173</b>
Capital Expenditures	176,826	180,068	162,570	139,069	133,965	122,113	147,725	140,900	134,028	158,140	<b>198,664</b>
Depreciation and Amortization / Loss on Disposal of Property and Equipment and Intangibles	159,263	166,681	161,981	158,566	159,721	153,877	143,681	158,567	155,212	160,010	<b>163,253</b>
Research and Development Expenses	10,749	10,090	11,389	10,742	13,507	12,105	12,831	12,911	12,410	12,359	<b>14,569</b>
Free Cash Flow	39,653	(6,902)	83,667	(56,468)	30,406	46,283	44,837	26,742	44,020	(189,801)	<b>24,252</b>
EBITDA*1	—	270,375	251,176	242,651	248,527	250,369	220,274	257,355	272,162	297,199	<b>313,706</b>
<b>At Year-End:</b>											
Total Assets	1,193,827	1,275,091	1,279,256	1,468,617	1,474,894	1,524,309	1,689,940	1,822,837	1,860,319	2,238,941	<b>2,234,277</b>
Total Equity	548,133	566,308	584,537	601,601	605,709	651,312	676,824	773,493	740,908	802,148	<b>833,859</b>
Interest-Bearing Debt	241,204	304,735	272,299	404,292	371,673	369,907	405,677	439,131	400,387	650,814	<b>592,003</b>
Number of Employees (People)	23,080	31,739	34,543	49,991	58,668	61,369	75,020	76,642	80,526	111,664	<b>118,006</b>
(Repeated) Number of Overseas Employees (People)	2,629	4,792	5,622	20,855	26,007	28,820	42,241	43,781	47,541	77,123	<b>81,362</b>
Number of Shares Issued*2 (Thousands)	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	1,402,500	<b>1,402,500</b>
<b>Per Share:</b>											(Yen)
Net Income Attributable to Owners of Parent*2,3	¥ —	¥38.15	¥30.78	¥30.73	¥27.69	¥38.73	¥26.59	¥33.45	¥56.64	¥61.15	<b>¥60.68</b>
Annual Dividends*2	10	12	12	12	12	12	12	12	14	15	<b>15</b>
<b>Other Information:</b>											(%)
Overseas Sales Ratio	1.7	5.3	6.1	8.7	17.5	18.8	23.4	30.7	32.2	34.8	<b>44.1</b>
Operating Income Margin*3	—	9.1	7.8	7.2	7.1	7.4	5.7	6.5	7.2	7.9	<b>7.1</b>
Return on Sales*3	—	4.7	3.8	3.7	3.1	4.2	2.8	3.1	4.9	5.0	<b>4.0</b>
Return on Equity (ROE)*3	—	9.5	7.4	7.1	6.2	8.2	5.3	6.0	9.6	9.9	<b>9.1</b>
Return on Assets (ROA)*3	—	4.3	3.4	3.1	2.6	3.5	2.3	2.6	4.1	4.0	<b>3.6</b>
EBITDA Margin*1,4	—	23.7	22.0	20.9	19.9	19.2	16.4	17.0	16.9	17.2	<b>14.8</b>
Equity Ratio	45.9	44.4	45.7	41.0	41.1	42.7	40.1	42.4	39.8	35.8	<b>37.3</b>
D/E Ratio (Times)	0.51	0.59	0.49	0.69	0.63	0.58	0.61	0.58	0.55	0.81	<b>0.71</b>
Payout Ratio	46.1	34.8	47.2	45.1	55.3	38.7	72.3	52.4	31.0	32.0	<b>36.2</b>
Cash Flow Dividend Payout Ratio*5	—	41.9	39.5	26.9	26.1	19.6	50.6	26.1	19.5	24.0	<b>42.3</b>
Ratio of Women among New-Graduate Hires*6	28.9	24.9	27.6	29.2	34.6	31.7	29.7	30.9	32.7	34.7	<b>36.4</b>
Number of Female Managers*7 (People)	50	55	57	67	80	96	106	112	120	135	<b>146</b>

\*1 EBITDA = Operating income + Depreciation + Loss on retirement of fixed assets + Goodwill amortization and Others

\*2 A 1:5 stock split was implemented with an effective date of July 1, 2017. Figures for fiscal 2016 and before, are calculated as if the stock split had been conducted previously.

\*3 Figures shown are adjusted for goodwill amortization, etc.

\*4 EBITDA margin = EBITDA / Net sales

\*5 Cash Flow Dividend Payout Ratio = Total dividends / (Net income attributable to owners of parent + Depreciation + Loss on retirement of fixed assets + Goodwill amortization, etc. - Capital expenditures).

\*6 The number of women among new-graduate hires is presented on a non-consolidated basis.

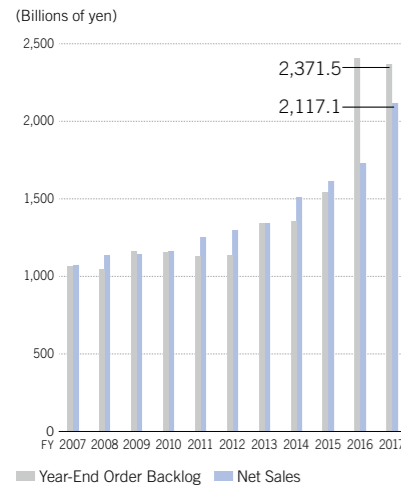
\*7 The number of female managers is presented on a non-consolidated basis.

Consolidated Financial Highlights

NTT DATA Corporation and Subsidiaries

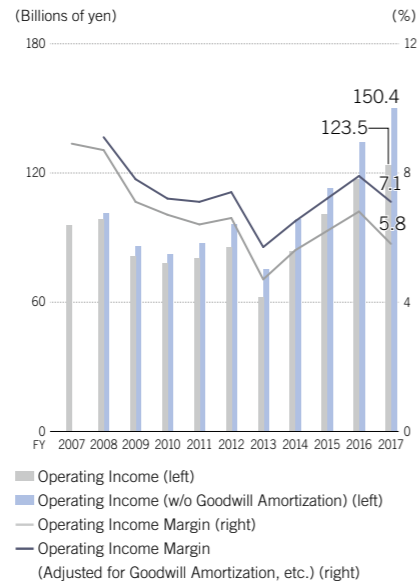
Order Backlog / Net Sales

Net sales increased due to business expansion in line with the acquisition of the former Dell Services in North America, an increase in the number of months for consolidation due to the unification of the accounting periods of some overseas Group companies, business expansion in Spain, Germany, and Latin America, and increased scale of digital-related businesses and businesses for manufacturing industry, including M&As, in Japan. Order backlog remained at a high level as in the previous fiscal year.



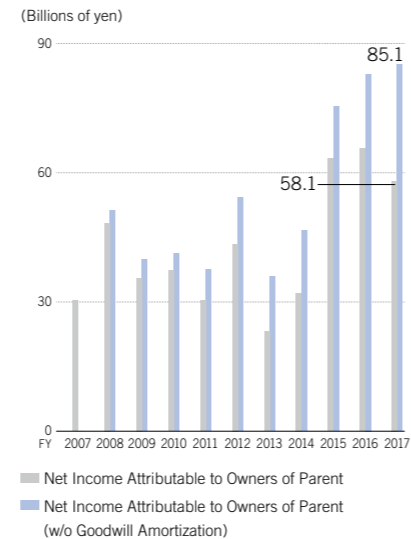
Operating Income / Operating Income Margin

Despite the impact of lower profits due to an unprofitable project, higher sales in the Financial and Enterprise & Solutions businesses resulted in increased operating income.



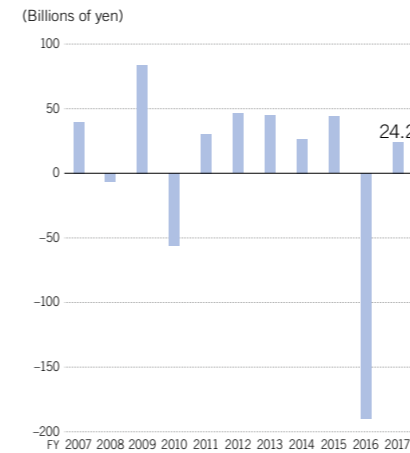
Net Income Attributable to Owners of Parent

Net income attributable to owners of parent decreased due to the impact of gain on sales of investment securities in the previous fiscal year despite an increase in operating income.



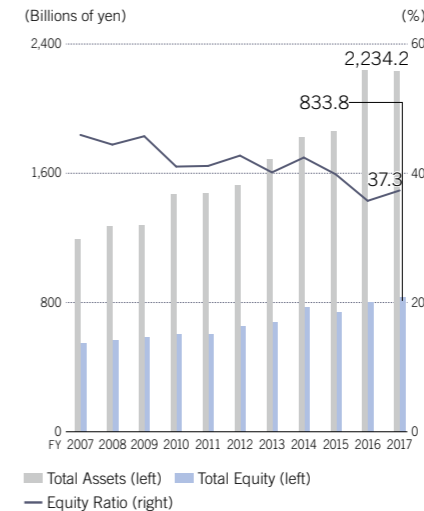
Free Cash Flow

Although cash flows from operating activities remained nearly the same as in the previous fiscal year, a reduction in payments associated with the acquisition of the former Dell Services in the previous fiscal year substantially reduced cash flows used in investing activities, causing free cash flow to increase.



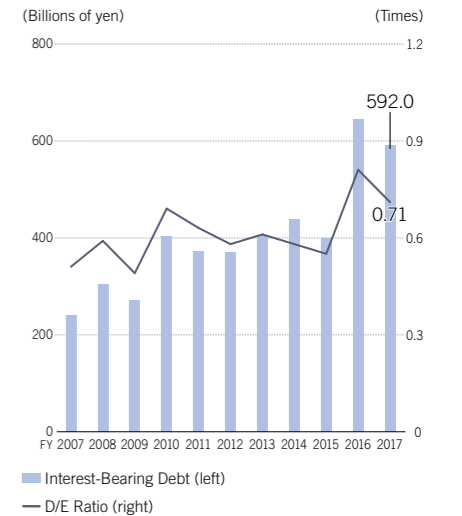
Total Assets / Total Equity / Equity Ratio

Despite a decrease in liabilities due to the constriction of interest-bearing debt, higher retained earnings resulted in an increase in equity, thus total assets remained at the same level as in the previous fiscal year.



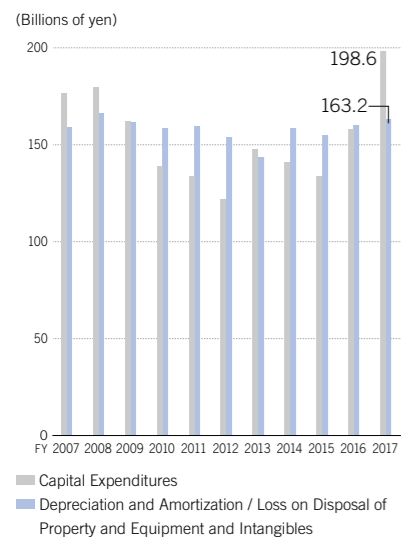
Interest-Bearing Debt / D/E Ratio

The D/E ratio improved by 0.1 on the contraction of interest-bearing debt and other factors.



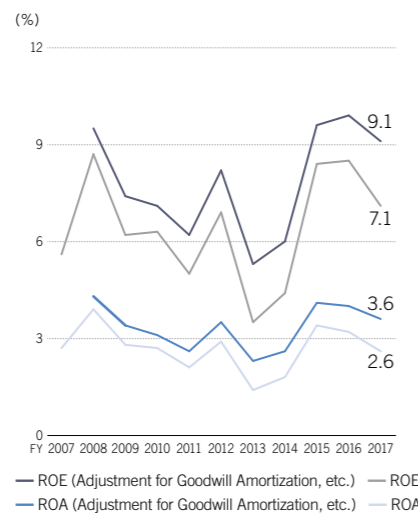
Capital Expenditures / Depreciation and Amortization / Loss on Disposal of Property and Equipment and Intangibles

Capital expenditures increased in line with the expansion of business in Japan and the acquisition of the former Dell Services. Depreciation and amortization / loss on disposal of property and equipment and intangibles rose due to the acquisition of the former Dell Services.



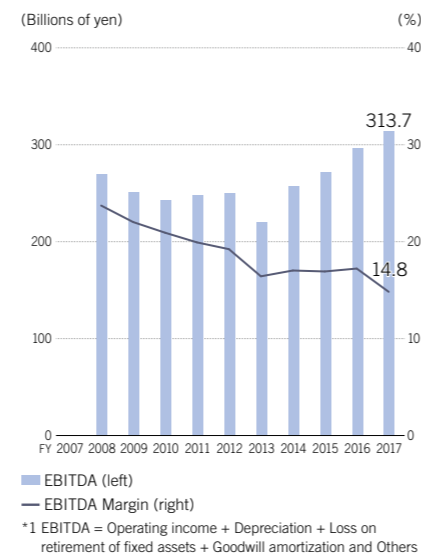
Return on Equity (ROE) / Return on Assets (ROA)

ROE and ROA both declined due to lower net income attributable to owners of parent.



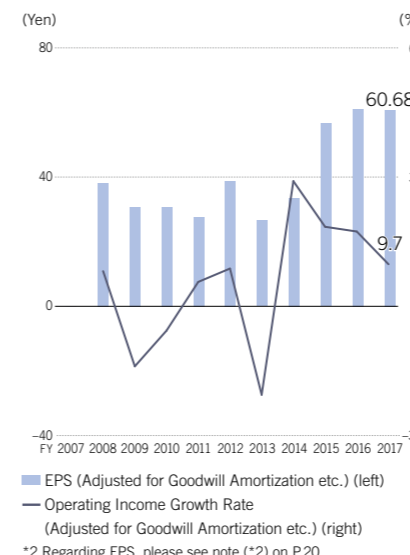
EBITDA\*1 / EBITDA Margin

EBITDA remained on a solid upward trend in line with growth in operating income and other factors.



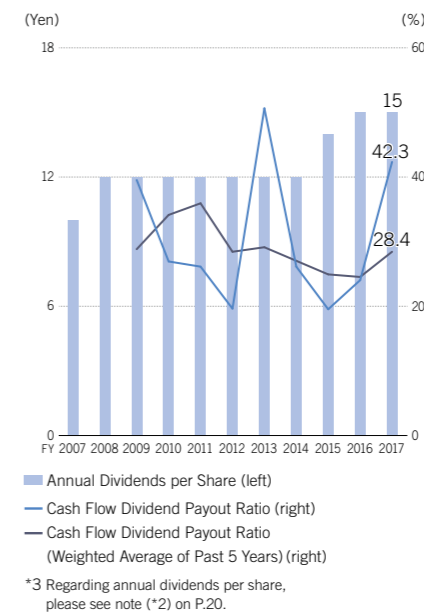
EPS(Adjusted for Goodwill Amortization, etc.)\*2 / Operating Income Growth Rate (Adjusted for Goodwill Amortization, etc.)

EPS declined due to lower net income attributable to owners of parent.



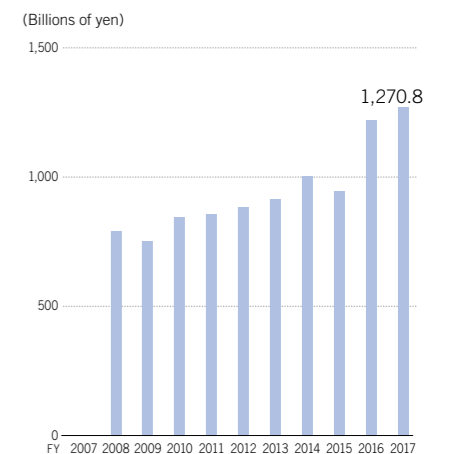
Annual Dividends per Share\*3 / Cash Flow Dividend Payout Ratio

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



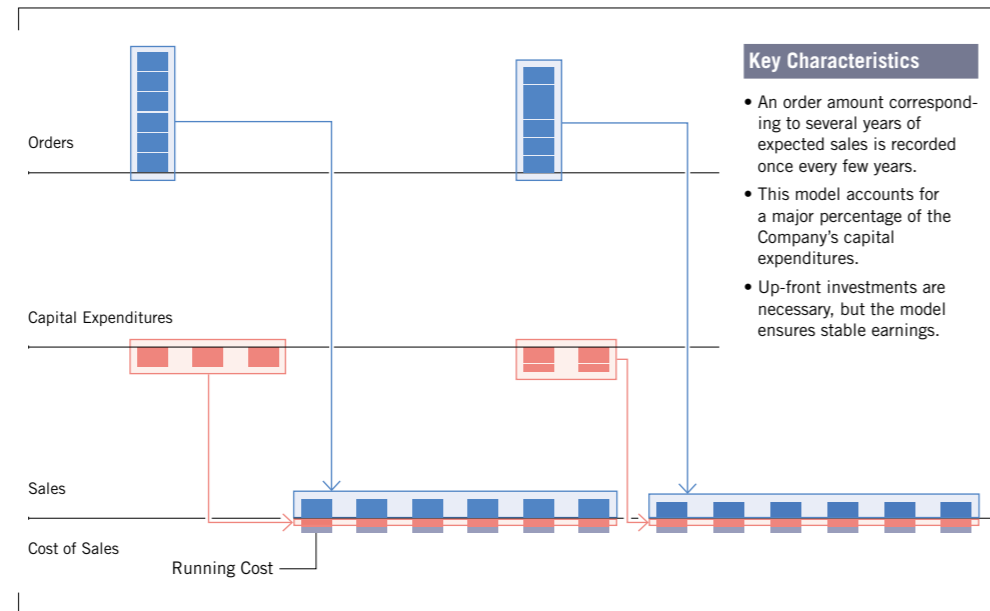
Invested Capital

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



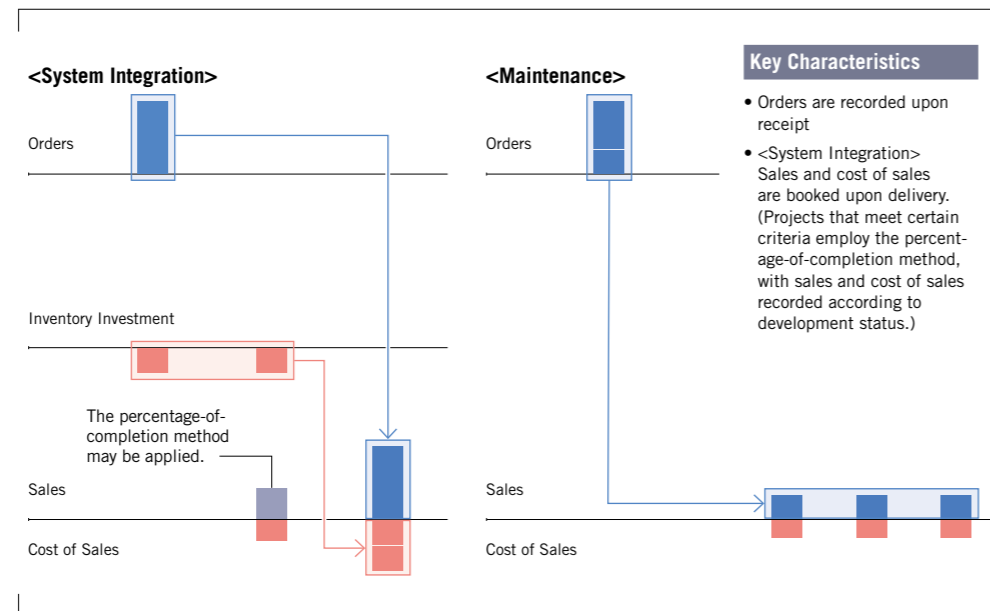
## Full Outsourcing

- ▶ In this model, after receiving an order from a client, the Company makes capital expenditures (held as an assets) and covers all needs throughout the client system's lifecycle, from requirement definitions to maintenance and management, and generates sales over multiple years.
- ▶ This model primarily targets Japanese central government offices and financial institutions.



## System Development (System Integration)

- ▶ Under this model, NTT DATA handles the planning, design, and development of a client's information systems, delivering these systems to the client.
- ▶ After the systems are delivered, we handle the operation and maintenance of the client systems.

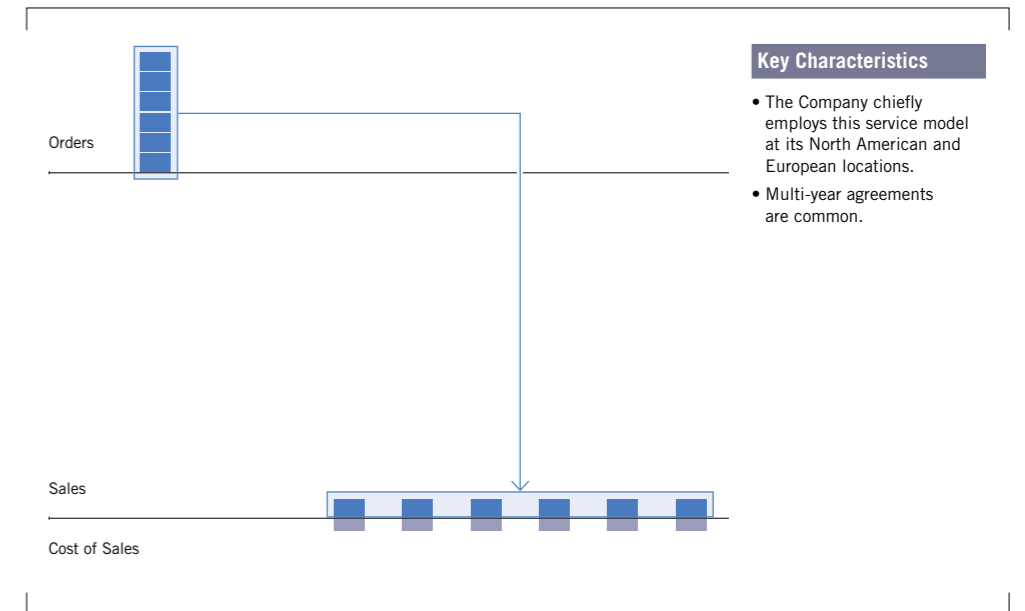


## AMO Application Management Outsourcing

- ▶ AMO: An outsourcing service in which the Company operates and provides maintenance on a client's custom applications
- ▶ ITO: A one-stop maintenance and management service
- ▶ BPO: An outsourcing service in which a client company outsources certain operations to achieve operational efficiency

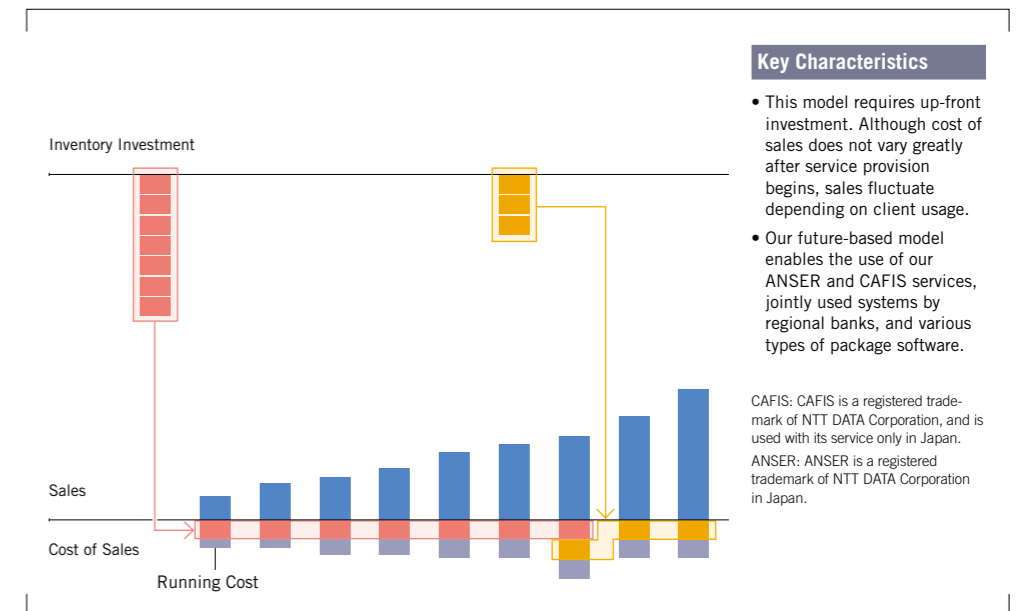
## ITO Information Technology Outsourcing

## BPO Business Process Outsourcing



## Plan-Based Services

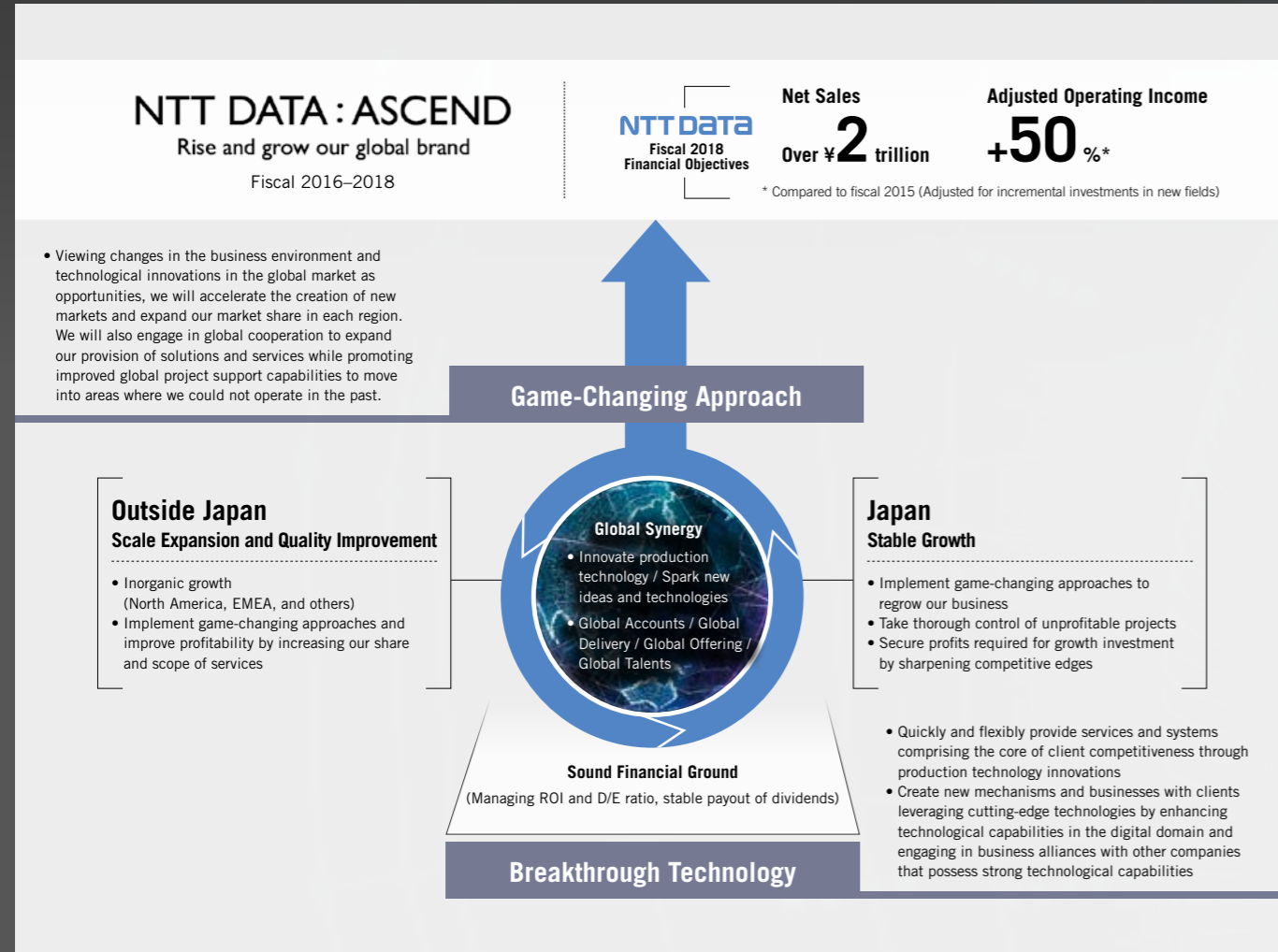
- ▶ In this model, the Company makes capital expenditures, which it holds as assets, providing services in the expectation of offering them to multiple clients. The Company records services fees as sales when clients use the services.
- ▶ This model is mainly used for Japanese financial institutions, mainly in the settlement sector.



Medium-Term Management Plan Overview

Under the current Medium-Term Management Plan (fiscal 2016–2018), we are increasing our local presence and targeting consolidated net sales of over ¥2 trillion and a 50% or higher

increase in adjusted operating income (compared to fiscal 2015). We are executing the global strategies of “Game-Changing Approach” and “Breakthrough Technology.”

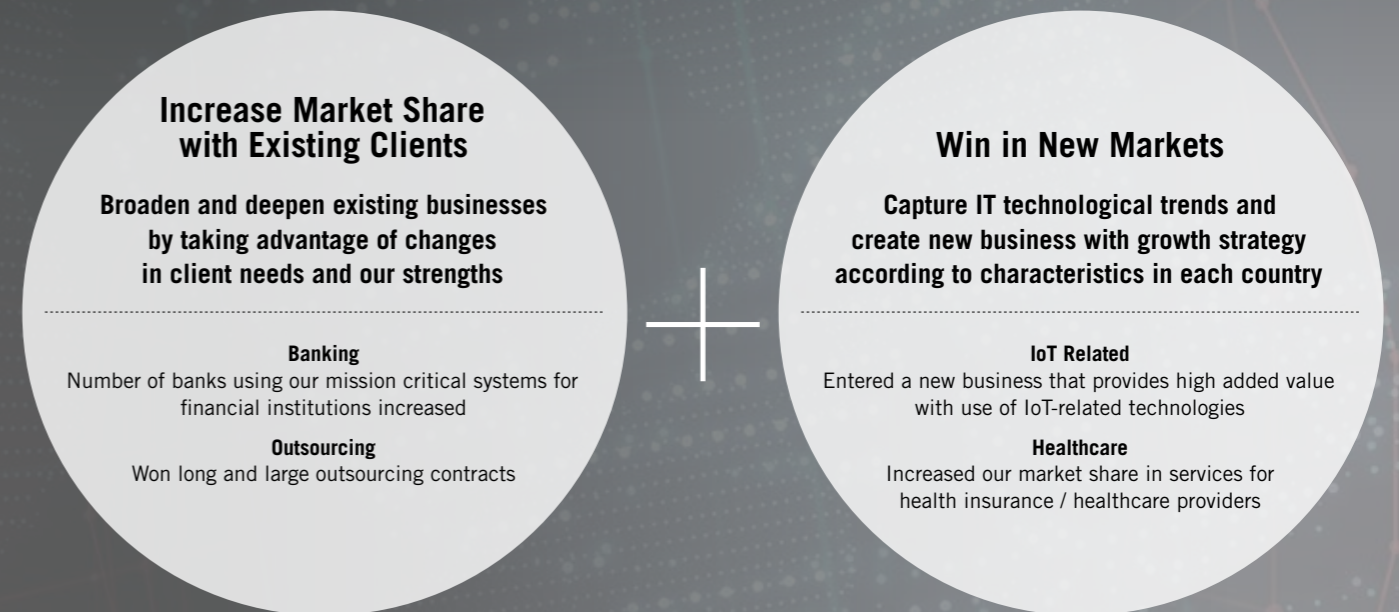


Game-Changing Approach

Through game-changing initiatives, we worked to further expand the market. By changing initiatives targeting client digitization and leveraging our strengths in existing markets, we augmented business in banking and outsourcing, among others.

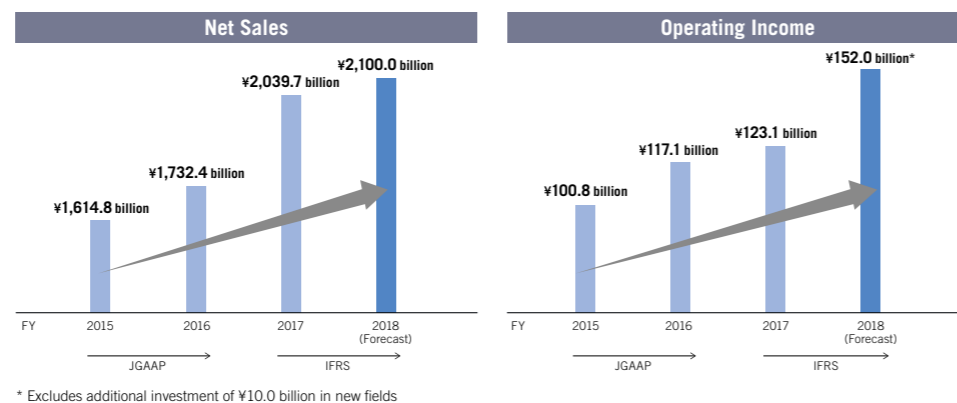
As for new markets, in light of the accelerating trend toward digital businesses in recent years, efforts toward new business creation utilizing our cutting-edge technologies and alliance strategies through collaborations with partner companies resulted in business expansion in new markets.

We have accelerated our growth both with existing clients and in new markets such as “Digital business.”



Achievements Up to Now and Future Prospects

Businesses in Japan and overseas are growing sustainably. We expect to achieve our targets in fiscal 2018, the final year of the current Medium-Term Management Plan.



Status of Efforts and Achievements

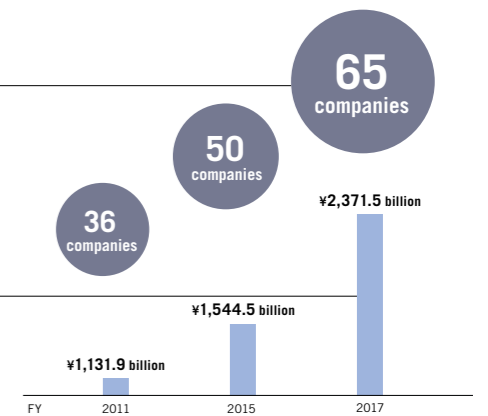
Built a stronger client base by forging Long-Term Relationships while establishing a stable business foundation

Client Base\*

Built deep trusted relationships with clients by practicing our value of Clients First

Order Backlog

Strengthened relationship with clients and ensured business stability



\* Clients with ¥5.0 billion or more (in Japan), or US\$50 million or more (outside Japan), in annual IT spend (net sales)

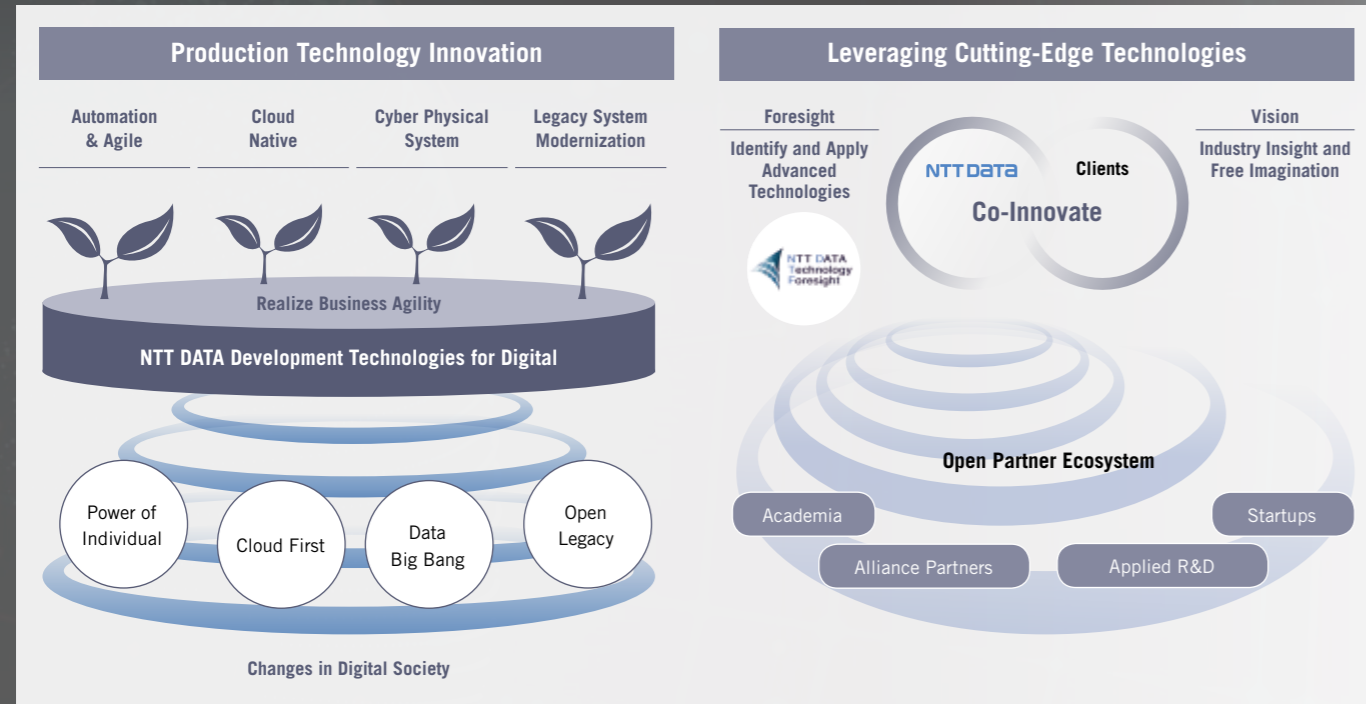
## Breakthrough Technology

Innovate technologies to provide systems and services that are the core of clients' competitiveness with agility and flexibility  
Leverage global cutting-edge technologies for co-innovation of unprecedented paradigm and business with clients

In order to promptly and flexibly provide the services and solutions that are crucial to the competitiveness of our customers, who are facing tough changes in the business environments in which they operate, we will push ahead with further innovation in production technology, combining the production technologies that we have developed to date with new production technologies that respond to the needs of the digital society.

In addition, NTT DATA will strengthen our technological capabilities in the digital field to respond to our clients' growing needs

for a strategic use of IT, by placing the right resources for research and development—including our expertise, personnel and bases—in the right place globally. We will also continue to adopt cutting-edge technologies by closely cooperating with other companies that have advanced technological capabilities. Through these initiatives, NTT DATA is determined to create new paradigms and values that did not exist before, by enabling the application of the cutting-edge technologies to business operations through co-innovation with our clients.



## Status of Efforts and Achievements

**Ongoing Efforts to Increase Business Agility through Proactive Deployment of NTT DATA Integrated Development Cloud in Japan and Overseas and to Reduce Costs**

**Expanding Applications in Development Environments in Japan and Overseas**

- Promoting and accelerating efforts aimed at expanding applications in development environments in Japan and overseas
- Start applying in China offshore development environments and European Group company development environments

**Rolling out to Client Commercial Environments**

- Launching services as an SoE platform for OpenCanvas cloud service for financial institutions, among others
- Launching the provision for commercial use in Europe

**Status of NTT DATA Integrated Development Cloud applications**

	EMEA & LATAM	China / APAC	Japan	North America
Expanding applications in global development environments	●	●	●	●
Rolling out to client commercial environments	●	●	●	●

Production Technology Innovation

## Leveraging Cutting-Edge Technologies

**Implement Co-Innovative Efforts Globally with Multiple Client and Partner Companies**  
Continue Efforts toward New Value Creation

**IoT**

Example

**Supply Chain Visualization Service**

- Made an agreement with Skuchain, Inc. (U.S.), to jointly provide NTT DATA's IoT platform mainly for Japanese domestic manufacturing industry
- Enables the optimization of traceability, operating and capital costs in supply chain through the visualization of distribution and contracts across corporate barriers

**AI**

Example

**Analysis Automation Framework**

- Conducted tests in aircraft engine blade manufacturing processes at Mitsubishi Heavy Industries Aero Engines, Ltd.
- Achieves a decrease in incidence of incompatible products and a reduction in the time required to update quality prediction models without manual operations in manufacturing processes. It also contributes in resolving the data scientist shortage.

**Blockchain**

Example

**Trade Data Sharing Platforms**

- NTT DATA is currently the secretariat of a consortium to develop trade data sharing platforms using blockchain technology, working with 14 companies representing industries involved in trade such as banking, insurance, integrated logistics, and imports / exports.
- The sharing of data across companies and types of business using trade data sharing platforms will enable more efficient and convenient administrative procedures at trading companies.

## Initiatives of Investments in New Fields

### Necessity of Investments in New Fields

- Digitization is causing massive changes in market environments and client IT investment is also changing, from existing business areas to focusing on digital business areas.
- In response to these changes, we have determined that ensuring our presence in these newly created business areas is necessary for sustainable growth going forward. Our aim is to secure our competitive advantage into the future by conducting proactive upfront investments.

### Major Investment Areas

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

### Major Investment Areas

<b>Game-Changing Approach and Breakthrough Technology</b>	<ul style="list-style-type: none"> <li>Next-generation core banking</li> </ul>
<b>Enhanced Response to Digital Business</b>	<ul style="list-style-type: none"> <li>Realization of a connected car society</li> <li>Trade data sharing platforms using the blockchain</li> <li>R&amp;D related to quality maintenance technology of prediction models using AI technology</li> <li>R&amp;D aimed at brain information communications</li> </ul>
<b>Paradigm for Disruptive Innovation</b>	<ul style="list-style-type: none"> <li>Business creation activities* from open innovation “<i>Toyosu no Minato kara</i>”</li> </ul>

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



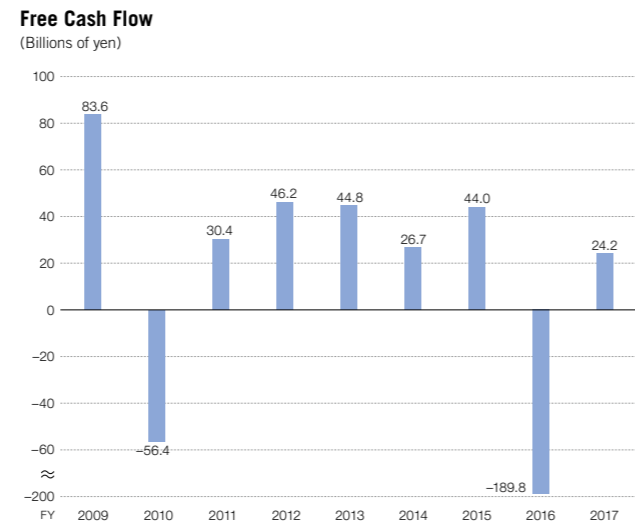
Basic Strategy

Regarding the use of cash, our policy is to first set aside for **1 business investment necessary for sustainable growth**. Next, we believe it is important to **2 maintain a sound financial base** to stably maintain the information infrastructure supporting society, finance, and the economy. Our **3 shareholder returns policy** is to enhance returns over the medium- to long-term in consideration of the comprehensive balance of the above factors. Regarding **4 improving capital efficiency**, our policy is to pursue improvements through increased profit.

1 Business Investment Necessary for Sustainable Growth

Our basic policy is to conduct M&As within the scope of free cash flow. However, in the event of large-scale M&A projects with high investment profitability, there is also a possibility we may temporarily procure funds through interest-bearing debt.

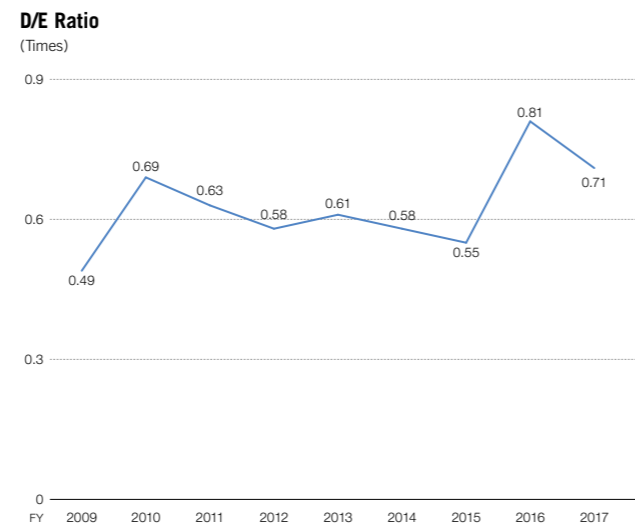
In fiscal 2017, free cash flow amounted to ¥24.2 billion. We expect this surplus will remain as long as we do not invest in large-scale M&As or other activities going forward.



2 Maintain a Sound Financial Base

Regarding the soundness of our financial base, we believe it is important to maintain a strong financial base to enhance corporate value over the medium- to long-term and stably continue business activities as a company tasked with the development and operation of large-scale systems that support society, finance, and the economy. Meanwhile, developing and operating information infrastructure supporting the society requires a large-scale prior investment. We position the debt-to-equity (D/E) ratio as an important indicator and closely monitor the soundness of our financial base, considering it our critical mission (in terms of finance) to secure funds for such purpose favorably, flexibly, and reliably.

In accordance with the acquisition of the former Dell Services in fiscal 2016, funds were procured via long-term and short-term borrowings, resulting in a temporary increase in interest-bearing liabilities. However, interest-bearing liabilities decreased after repayments in fiscal 2017, causing the D/E ratio to improve from 0.81 in fiscal 2016 to 0.71 in fiscal 2017. Given that the resultant D/E ratio level of 0.71 times remains within an appropriate range, we have maintained our ratings (AA (R&I), AA+ (JCR)). While maintaining an awareness of credit ratings, in the event that the D/E ratio rises due to M&As or other activities, we will engage in management activities giving priority to realizing a healthier balance sheet.



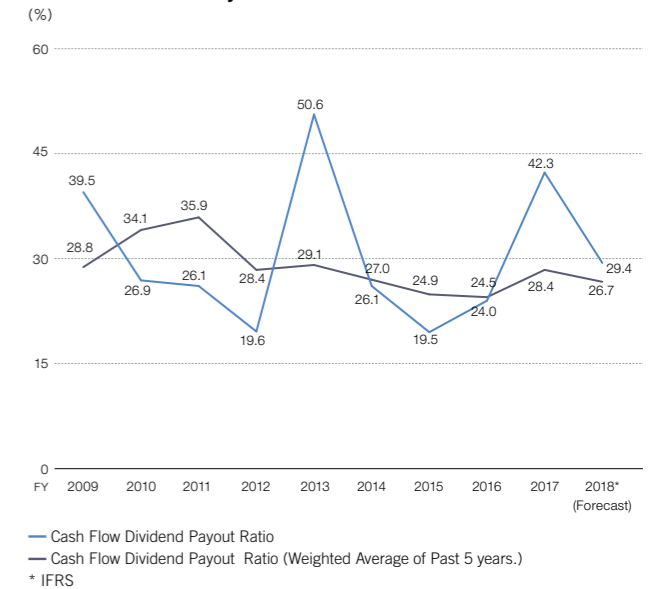
3 Shareholder Returns Policy

We implement stable dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance among business investments, technological developments aimed at sustainable growth in the future, and the maintenance and strengthening of our financial structure and dividend payments. When determining the dividend amount, we place emphasis on maintaining the medium- to long-term consolidated cash flow dividend payout ratio. In fiscal 2018, we plan to increase the dividend per share by ¥2 compared to the previous fiscal year.

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

\* Consolidated cash flow payout ratio = Total dividends / (Net income attributable to owners of parent + Depreciation + Loss on retirement of fixed assets + Goodwill amortization, etc. - Capital expenditures).

Cash Flow Dividend Payout Ratio (%)



4 Improving Capital Efficiency

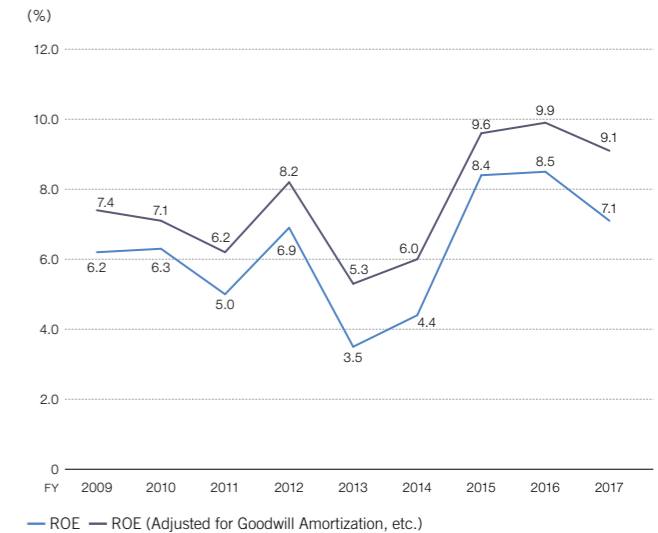
In terms of return on equity (ROE), our policy is to maintain a level that exceeds shareholders' equity costs over the medium- to long-term. In fiscal 2017, ROE was 7.1% and ROE adjusted for goodwill amortization etc., was 9.1%.

We recognize that the Company is in a revenue growth stage based on medium- to long-term strategies. Thus, rather than constricting capital equivalent to the denominator of ROE, our basic policy aims to improve capital efficiency via pursuing profit growth corresponding to the numerator by proactively setting aside funds for business investment and technological development.

To increase profits, we will increase our presence (sales) in global markets including Japan and increase profitability through increased management efficiency in each country to secure the profits necessary for ongoing investments and shareholder returns. In terms of profitability, we will strive to control unprofitable projects, improve overseas business profitability, increase productivity through production technology innovations and thoroughly monitor performance related to M&A projects.

With regard to M&As and other business investments in particular, we have always made decisions based on investment profitability for individual projects and manage planning and performance. Going forward, we will continue enhancing return on investment.

ROE (%)



# Public & Social Infrastructure Segment

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

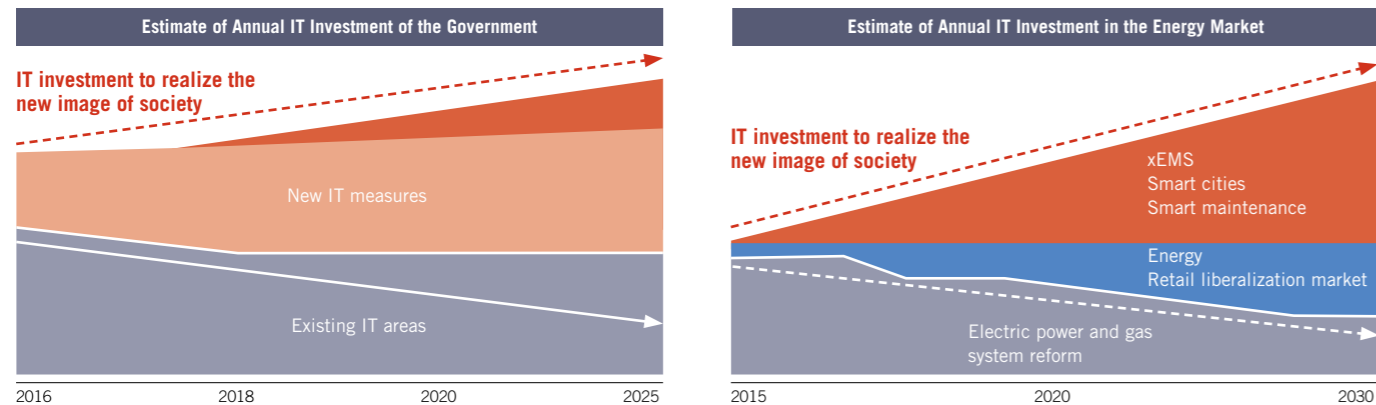
## Market Environment

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

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

\*1 A human-centered society that balances economic development with the resolution of social issues by highly integrated systems combining cyberspace with physical space. This refers to a new society following hunting society (Society 1.0), agricultural society (Society 2.0), industrial society (Society 3.0), and information society (Society 4.0), which was proposed for the first time as the ideal future society Japan should aim for under the 5th Science and Technology Basic Plan.

\*2 A new energy management system for electricity, gas, etc., using IT



Source: Reference materials of the Cabinet Secretariat at the IT Comprehensive Strategy Office (as of January 2017)

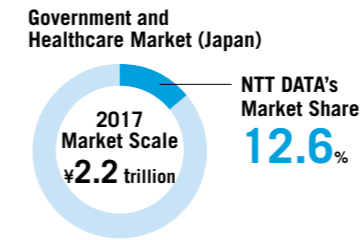
## Opportunities and Threats

	Opportunities	Threats
<b>Government Ministries</b>	<ul style="list-style-type: none"> <li>Investment targeting public infrastructure reforms and enhancements</li> <li>Large-scale system upgrades</li> <li>Increased business opportunities aimed at realizing a society utilizing IT of the world's highest standards such as Internet of Things (IoT) and artificial intelligence (AI)</li> <li>Increased business opportunities by e-government</li> </ul>	<ul style="list-style-type: none"> <li>Increasing demand to reduce cost of government information systems</li> </ul>
<b>Local Governments</b>	<ul style="list-style-type: none"> <li>Investment in improved resident services</li> <li>Increased business opportunities from the promotion of regional revitalization through the use of IT</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for cost reduction</li> <li>Intensified competition</li> </ul>
<b>My Number</b>	<ul style="list-style-type: none"> <li>Increased number of institutions connected to Cooperation Network System for Personal Information</li> <li>Increased scope of use for My Number cards</li> <li>Expansion of Mynportal service</li> <li>Review on qualification confirmation in medical fields</li> <li>Demand for responses to My Number system in public and private sectors based on policy trends</li> </ul>	<ul style="list-style-type: none"> <li>Decreasing need for large-scale IT investments after launch of My Number system</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Increased need to use AI, IoT, and other digital technologies</li> <li>Responses to practical application of specialized networks in medical and other fields</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for cost reduction in existing system integration (SI) areas</li> </ul>
<b>Telecom and Utilities</b>	<ul style="list-style-type: none"> <li>Business initiatives aimed at collaborations between non-communications businesses and other industries</li> <li>Shift from investment in infrastructure and network system equipment to IT investments in new services</li> <li>Legal unbundling, expansion of business for retail customers</li> </ul>	<ul style="list-style-type: none"> <li>Further cost reductions of IT investment in existing domains</li> <li>Return to normal of IT investments following market changes such as electric power and gas system reforms</li> </ul>

## Market Share / Strengths

NTT DATA's Ranking among IT Services Vendors in the Government and Healthcare Market

2<sup>nd</sup>\*



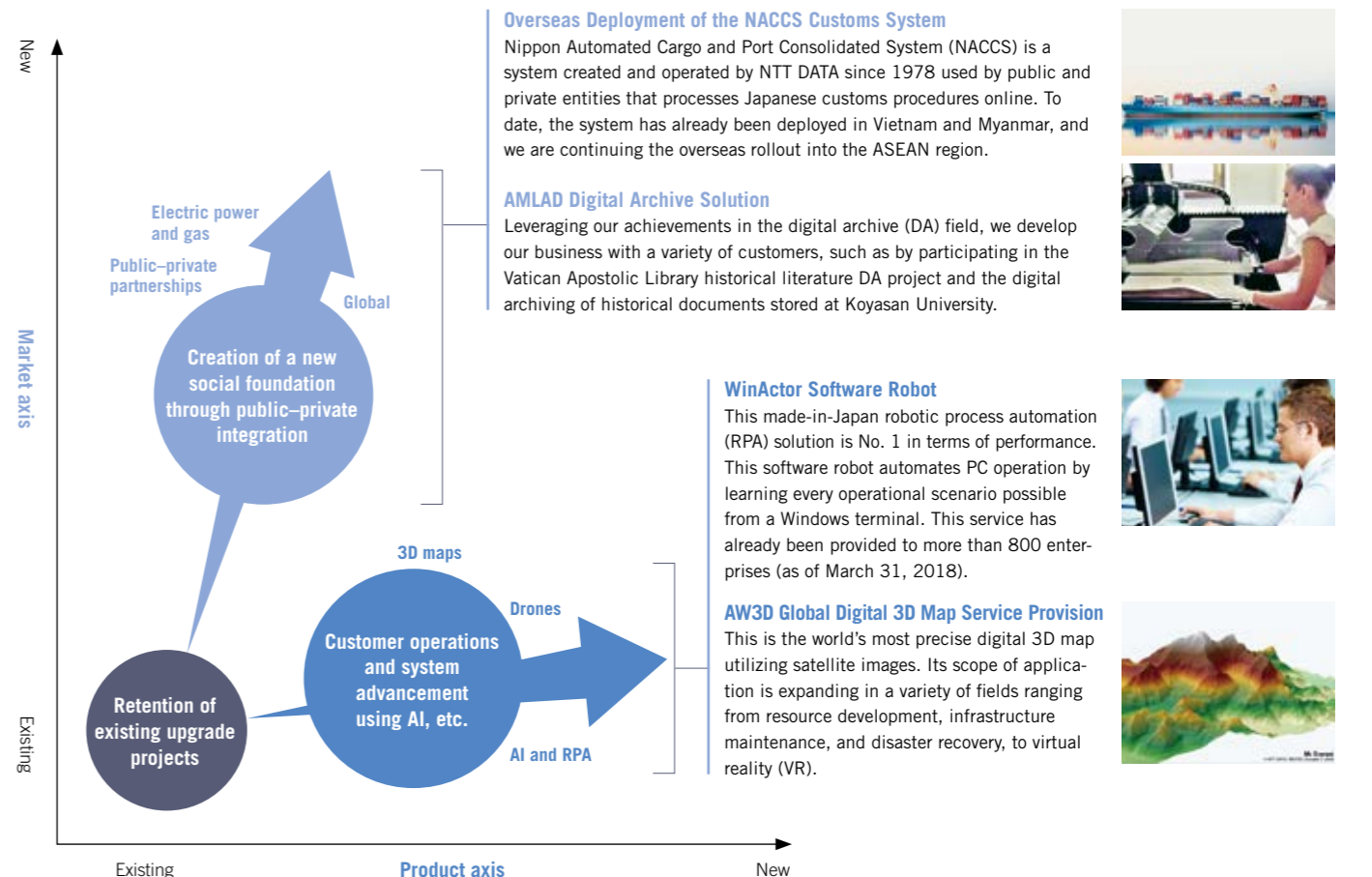
### Strengths

NTT DATA possesses top-class technological and project management capabilities in Japan, which it has accumulated through many years of mission-critical social infrastructure construction and management, such as for large-scale systems for government ministries as well as the telecom and utilities industries.

\* Gartner "Market Share: IT Services, 2017" 11 June 2018  
 Chart created by NTT DATA based on Gartner research  
 Government and healthcare = Government, Education, Healthcare Providers, Utilities based on Vendor Revenue  
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## Basic Strategy

In the Public & Social Infrastructure Segment, we will maintain existing projects such as by consistently receiving renewal orders for core businesses from the government and infrastructure companies, while at the same time cultivate business in new markets through creation of new social infrastructure integrating public and private entities leveraging our achievements, technologies, and know-how accumulated up to now. In addition, we will proactively utilize digital technologies such as AI, realize sophisticated customer operations and systems, and expand new business in existing markets. We will aim for medium- to long-term growth that does not rely solely on existing projects through the development of new markets and the expansion of new business.

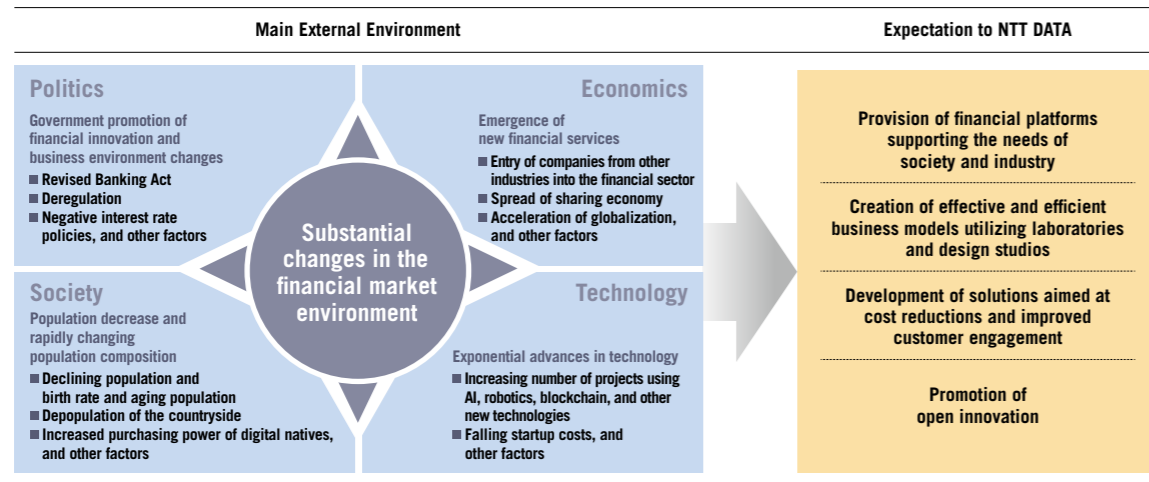


# Financial Segment

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

## Market Environment

The Japan's Financial Segment's market environment is undergoing substantial changes, including negative interest rate policies, legal reforms, deregulation and other policy trends, the increasing need to globalize financial businesses, and the rapid deployment of digital technologies. Due to these changes, entry of new players and emergence of new financial businesses are expected.



## Opportunities and Threats

	Opportunities	Threats
<b>Banking</b>	<ul style="list-style-type: none"> <li>Increased need for the provision of services utilizing FinTech and other new technologies and legislative support (Banking Act amendments, deregulation)</li> <li>Increased need for operational efficiency, automation, and other cost reduction measures</li> <li>Aggressive investment in digital domains</li> <li>Aggressive promotion of globalization (major corporations)</li> <li>Active IT investment in light of business integration, restructuring, and alliances (smaller corporations)</li> </ul>	<ul style="list-style-type: none"> <li>Curbed IT investment to strengthen management foundations</li> <li>Decreasing need for investment in the conventional system domain (major corporations)</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Cultivating and strengthening new customer touchpoints, and active IT investment addressing sophistication of information usage</li> </ul>	<ul style="list-style-type: none"> <li>Curbed IT investment in consideration of reduction in existing insurance products</li> </ul>
<b>Securities</b>	<ul style="list-style-type: none"> <li>Active IT investment in expanding business through asset formation in the retail segment (supporting shift from savings to investment)</li> <li>Investment motivation for addressing system changes</li> </ul>	<ul style="list-style-type: none"> <li>Concerns over curbed IT investment due to geopolitical risks and environmental changes such as overseas political conditions</li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>Expanded IT investment for advanced settlement systems (infrastructure reforms, cashless transactions, etc.)</li> <li>Expanded IT investment aimed at strengthening security measures</li> <li>Active IT investment aimed at 24-hour, 365-days-a-year support</li> </ul>	<ul style="list-style-type: none"> <li>Curbed IT investment due to decreasing use of credit cards in line with response to new settlement methods</li> </ul>

## Market Share / Strengths

NTT DATA's Ranking among IT Service Vendors in the Financial Market

**1<sup>st</sup>\***

Financial Market (Japan)



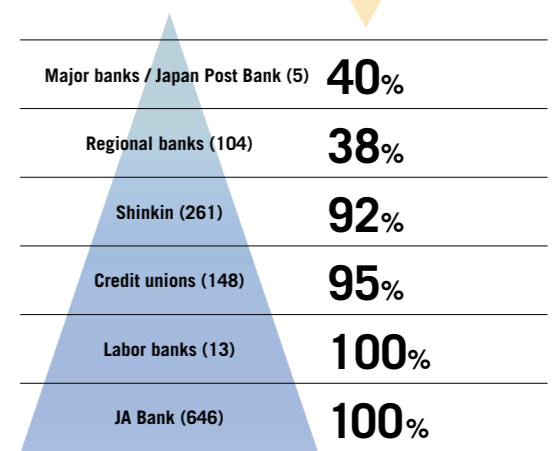
NTT DATA's Market Share  
**16.1%**

\* Gartner "Market Share: IT Services, 2017" 11 June 2018  
Chart created by NTT DATA based on Gartner research  
Financial = Banking & Securities, Insurance based on vendor revenue  
The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research 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.

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

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

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



Share related to "OpenCanvas" API\*1  
For individuals: Approx. **54%**  
For companies: Approx. **73%**

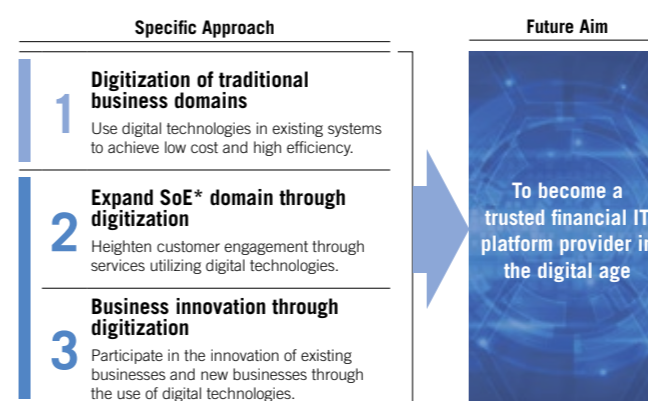
Financial institutions connected to "ANSER"  
ParaSOL\*2 **834** institutions  
BizSOL\*3 **882** institutions

\*1 According to NTT DATA's research as of July 2017: Banks that disclose the names of vendors that provide API infrastructure (ratios of megabanks, regional banks, and second-tier regional banks)  
\*2 Internet banking for individuals \*3 Internet banking for companies

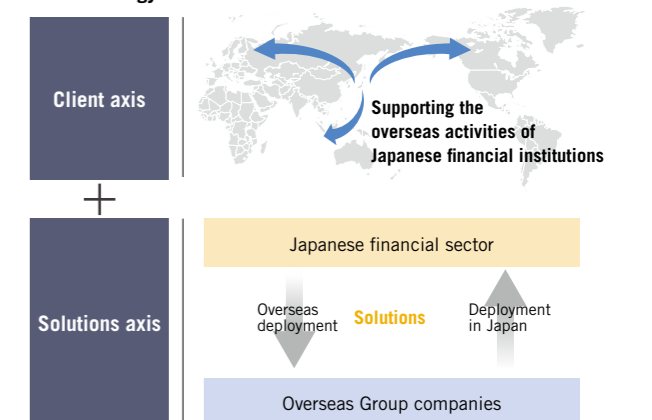
## Basic Strategy

In the Financial Segment, we will continue to provide systems leveraging NTT DATA's strengths in social infrastructure and shared systems to large-scale financial institution systems, as well as the provision of high-quality systems based on strong relationships of trust with clients. We will also promote digitization and globalization as new focus areas. In terms of digitization, we aim to engage in client business model innovation and become a trusted financial IT platform provider in the digital age through the provision of new value based on the combined digital technologies possessed by NTT DATA and the NTT Group. Further, in terms of globalization, we will make an effort toward the "client axis" supporting the overseas activities of Japanese financial institutions and the "solutions axis" in collaboration with overseas Group companies for the overseas deployment and introduction in Japan of solutions possessed by the NTT DATA Group.

### Basic Approach to Future Challenges



### Basic Strategy



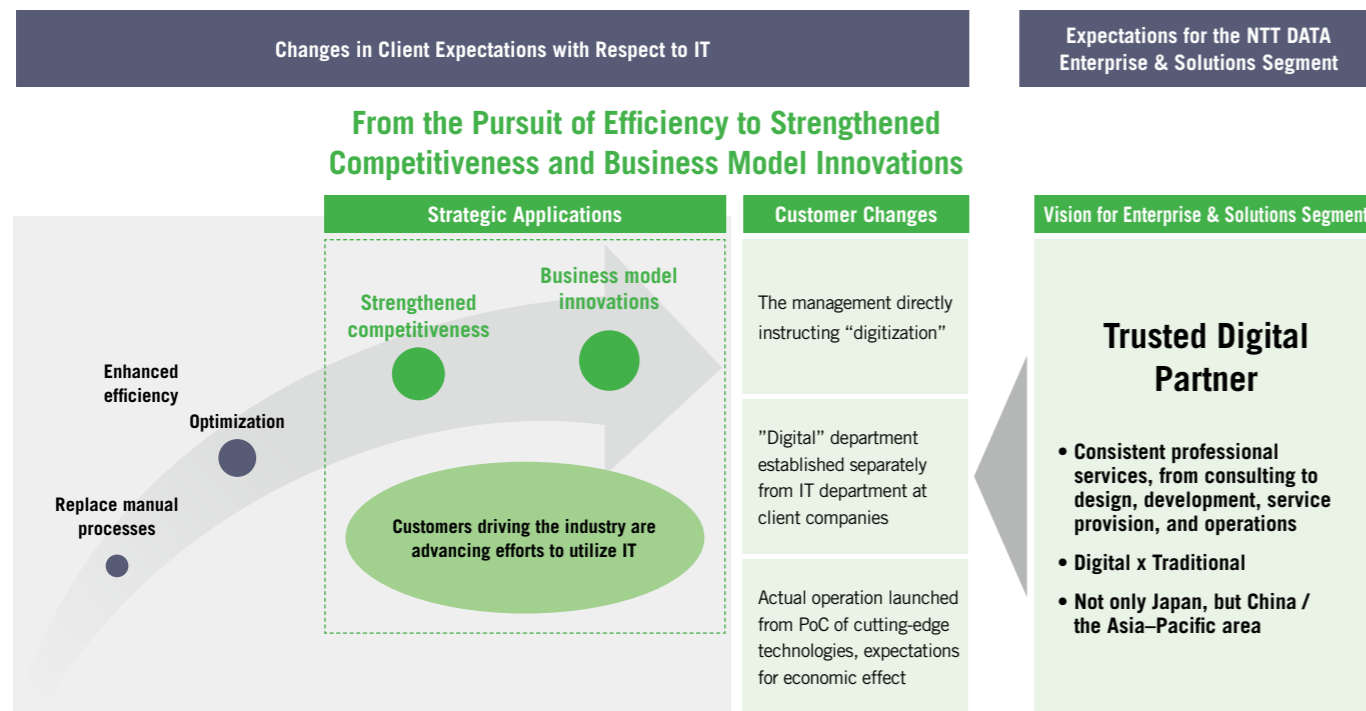
\* Systems of Engagement: A system that fosters digital innovation, including corporate business process innovation and new business creation

# Enterprise & Solutions Segment

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

## Market Environment

In the past, clients required the use of IT mainly for the purpose of increasing efficiency. Today, there are signs of massive expansions in the scale of the enterprise market within the overall Japan market due to an increase in the number of clients proactively using IT to strengthen competitiveness and innovate business models to increase sales, among other objectives.



## Opportunities and Threats

	Opportunities	Threats
<b>Logistics, Services, and Payments</b>	<ul style="list-style-type: none"> <li>Demand for IT investment aimed at expanding sales through the utilization of digitization to strengthen customer touchpoints</li> <li>Diversifying needs related to expanding settlement methods and settlement functions supporting inbound tourism</li> </ul>	<ul style="list-style-type: none"> <li>Rapid changes in logistics and retail business models</li> <li>Entry of new payment system players</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>Expanding demand for core banking systems, ERP restructuring, and corporate group integration</li> <li>Visualization, improvement of efficiency, and advancement throughout the supply chain aimed at enhancing global competitiveness</li> <li>Business model reforms, such as the offering of services utilizing IoT</li> </ul>	<ul style="list-style-type: none"> <li>Constrained IT investment due to changes in customer management environments</li> </ul>
<b>Artificial Intelligence (AI) / Internet of Things (IoT)</b>	<ul style="list-style-type: none"> <li>IT investment in the use of AI and IoT in the digital domain</li> </ul>	<ul style="list-style-type: none"> <li>Rise of players with new technologies</li> </ul>
<b>Networks, Data Center, Cloud Services</b>	<ul style="list-style-type: none"> <li>Demand for deployment of networks to global bases</li> <li>Expanding need for hybrid / multi-cloud services</li> <li>Need for business innovations utilizing digitization</li> </ul>	<ul style="list-style-type: none"> <li>Network commoditization</li> <li>Intensified competition among vendors providing cloud services</li> </ul>

## Market Share / Strengths

NTT DATA's Ranking among IT Service Vendors in the Enterprise Market

5<sup>th</sup>\*

Enterprise Market (Japan)



NTT DATA's Market Share 4.9%

\* Gartner "Market Share: IT Services, 2017" 11 June 2018  
 Chart created by NTT DATA based on Gartner research  
 Enterprise = Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail based on vendor revenue  
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## Strengths of Each Solution Service

Solution Service	Strengths
<b>Digital commerce</b>	<ul style="list-style-type: none"> <li>Successful creation of numerous e-commerce and omnichannel systems</li> </ul>
<b>AI and IoT</b>	<ul style="list-style-type: none"> <li>Successful creation of analytical frameworks, analytical consulting, and infrastructure</li> <li>Employ the largest number of embedded software engineers in Japan</li> </ul>
<b>ERP</b>	<ul style="list-style-type: none"> <li>Around 1,000 SAP experts in Japan alone</li> <li>Global SAP delivery capabilities</li> </ul>
<b>Payments</b>	<ul style="list-style-type: none"> <li>Japan's largest domestic settlement infrastructure network supporting a variety of settlement methods</li> </ul>
<b>Networks, data centers, and cloud services</b>	<ul style="list-style-type: none"> <li>Successful implementation of numerous integration and comprehensive outsourcing projects in the infrastructure domain</li> </ul>

## Basic Strategy

In the Enterprise & Solutions Segment, we have defined three growth strategies and four focus areas and are promoting business enhancements and expansion.

**Growth Strategies**

- Focus efforts in industries with advanced customers and industries that are substantially impacted by digitization
- Provide new value to clients by leveraging AI, IoT, and other cutting-edge technologies combined with NTT DATA's accumulated know-how
- Seamlessly support global deployment by Japanese corporations

**Focus Areas**

**Strengthen and develop digital commerce and payments**

Target  
Retail and logistics sectors and settlement

**Proactively deploy AI, IoT, and other cutting-edge technologies**

Target  
Manufacturing, retail and logistics industries

**Global deployment of ERP**

Target  
Manufacturing industry

**Infrastructure supporting digitization**

Target  
All industries

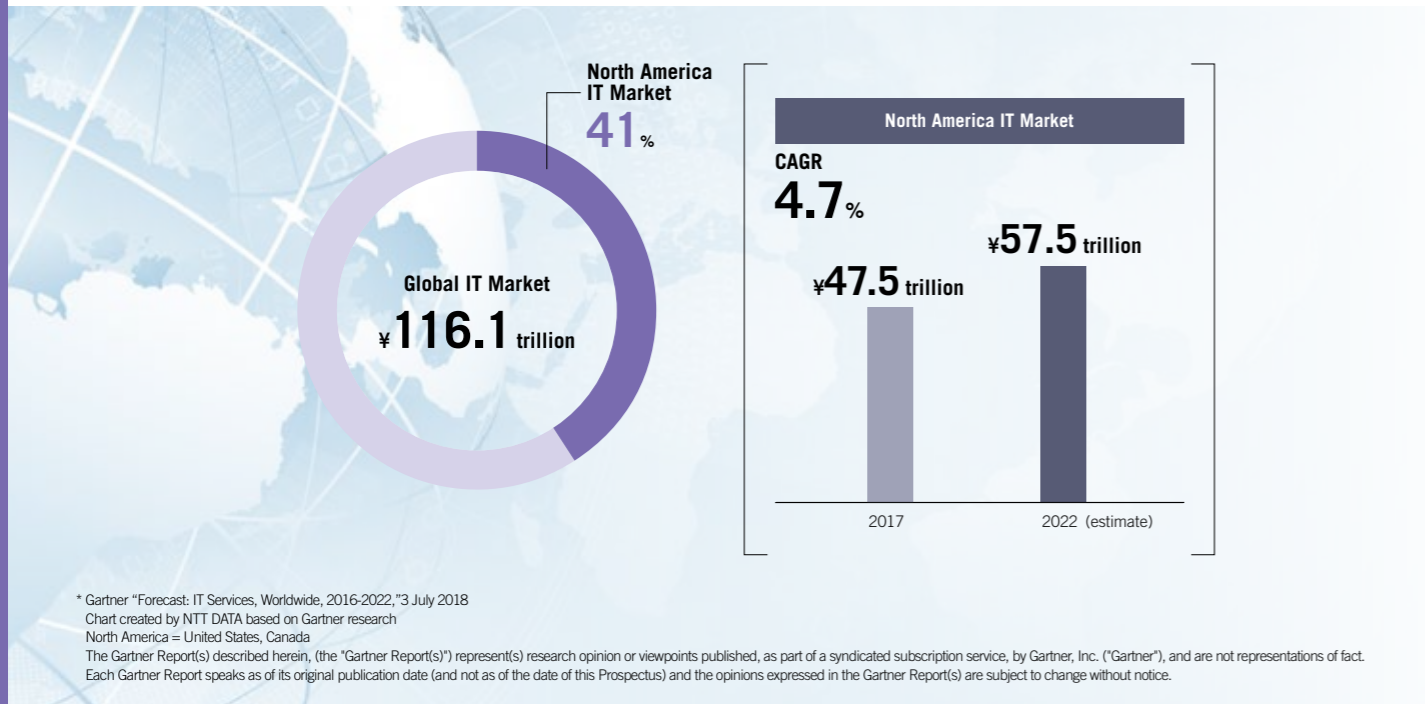
- Expand business in the retail and logistics sectors with the provision of new services combining digital commerce and payments
- In addition to supporting new settlement methods, enhance value-added services realizing diverse customer experiences
- Provide comprehensive services, from analytical consulting to analytical operation services that support resolutions for customer operational issues
- Digitalize overall business processes with technological superiority as the starting point
- Supply chain optimization, after-sales service, and smart factory deployment
- Leverage achievements with multinational corporations in the automotive industry, and deploy in the machinery, healthcare, and food and beverage industries
- Deployment from accounting and management administration sectors to global lifecycle management, and logistics systems
- Cultivate infrastructure directors and other upstream human resources
- Provide IT infrastructure service comprehensively, from consulting to integration and operational management

# North America Segment

We provide high-value-added IT services, centering on North America.

## Market Environment

The North America IT market is the world's largest, accounting for approximately 41% of the global IT market. In terms of future outlook, this market is expected to grow by ¥10 trillion (CAGR of approximately 5%) over five years, from ¥47.5 trillion in 2017 to ¥57.5 trillion in 2022.



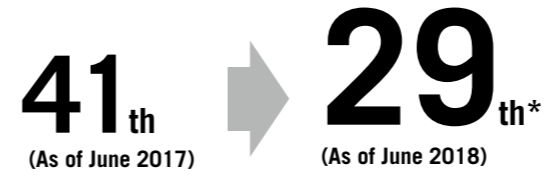
\* Gartner "Forecast: IT Services, Worldwide, 2016-2022," 3 July 2018  
 Chart created by NTT DATA based on Gartner research  
 North America = United States, Canada  
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## Opportunities and Threats

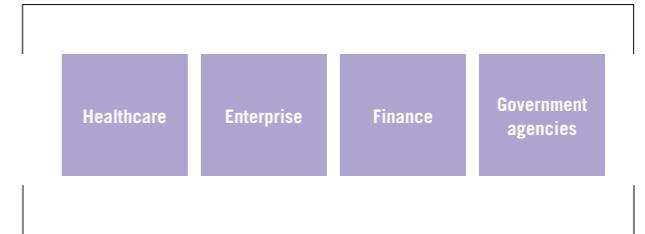
	Opportunities	Threats
North America	<ul style="list-style-type: none"> <li>The onward march of business innovation due to digitization</li> <li>Increased investment in automation, AI, blockchain, and other new technologies</li> <li>Expanded investment in the hyper-scale cloud and infrastructure as a service (IaaS)</li> <li>Demand for updating IT environments at governmental and other institutions in response to the Modernizing Government Technology Act (the modernization of legacy systems and a heightened response to cybersecurity)</li> <li>Large-scale increases in investment plans at companies and other entities due to tax incentives on capital investment</li> </ul>	<ul style="list-style-type: none"> <li>Trend toward insourcing aimed at enhancing high-value-added internal resources in line with rapid digitization</li> <li>Rapid vendor consolidation in attempt to thoroughly reduce costs in the outsourcing domain</li> <li>Contraction in the conventional infrastructure services market</li> <li>Impact on trade caused by the "America First" policy</li> </ul>

## Inter-Sector Ranking / Strengths

North America Market (Gartner Ranking)



Strength Industries



\* Gartner "Market Share: IT Services 2017" 11 June 2018  
 Chart created by NTT DATA based on Gartner research  
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## Strength Areas

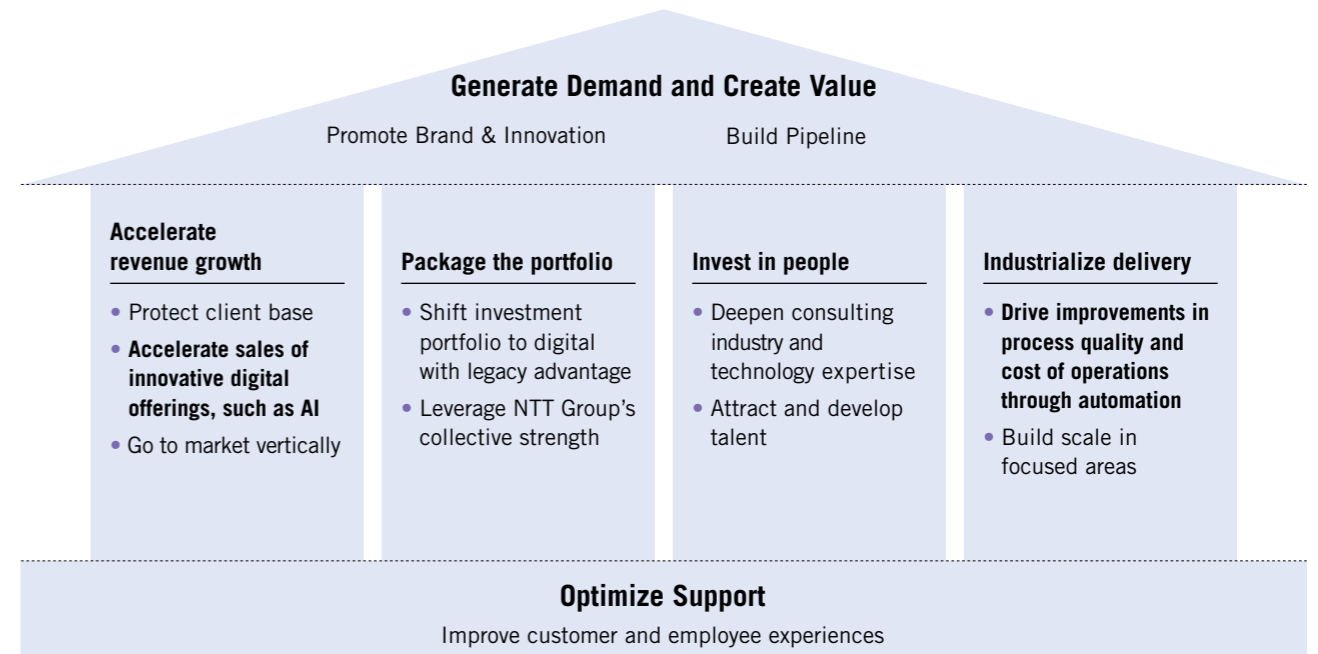
Category	Report	Ranking
Healthcare	Everest PEAK Report 2016—Everest Group PEAK Matrix for Provider IT Services	Leader
	Everest PEAK Report 2017—Everest Group PEAK Matrix for Healthcare Payer IT Services	Leader
	Everest PEAK Report 2016—Everest Group PEAK Matrix for Healthcare Payer BPO	Leader

## Strength Solutions

Category	Report	Ranking
Cloud	HfS Blueprint—IT Infrastructure Management and Enterprise Cloud Services 2017	Winner's Circle
Workplace Services	Everest Workplace Services—Market Trends and PEAK Matrix Assessment: "End Users are no Less than Customers!"	Leader & Star Performer
	ISG Provider Lens Quadrant Report—Digital Workplace Services	Leader

## Basic Strategy

We are accelerating the development and sales of innovative offerings in digital, cloud and security to help our clients around the globe adapt to changing market dynamics to drive their businesses forward.

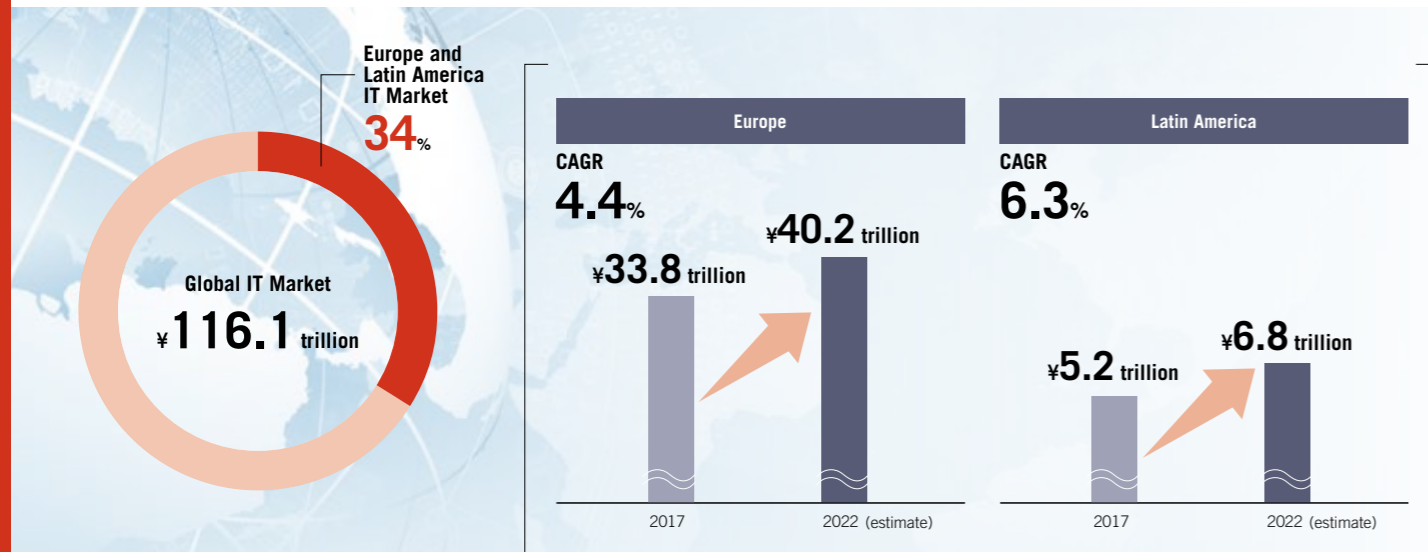


# EMEA & LATAM Segment

We provide high-value-added IT services, centering on EMEA & Latin America.

## Market Environment

The scale of the Europe and Latin America IT market is second only to that of North America, accounting for approximately 34% of the global IT market. In terms of future outlook, both markets are expected to grow at a CAGR of approximately 4% in Europe, and approximately 6% in Latin America during the five-year period from 2017 to 2022.



\* Gartner "Forecast: IT Services, Worldwide, 2016-2022," 3 July 2018  
Chart created by NTT DATA based on Gartner research  
Europe = Western Europe, Eastern Europe  
Latin America = Latin America  
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## Opportunities and Threats

	Opportunities	Threats
<b>EMEA / Latin America</b>	<ul style="list-style-type: none"> <li>Firm rise in IT investment against a backdrop of changes in investing sentiment at companies and other organizations</li> <li>Expansion of new IT markets in domains, mainly those experiencing digital transformation, such as Big Data analytics, mobile technologies, cloud computing, and Industry 4.0</li> <li>Progress in digitization, mainly in the German automotive industry, in such areas as connected cars and autonomous driving</li> <li>Growing security consulting and other needs in response to personal information protection regulations and a growing number of cyberattacks</li> <li>Growing outsourcing needs</li> </ul>	<ul style="list-style-type: none"> <li>Impact on overall economic activity of discussions on US trade policy</li> <li>Increasingly robust regulation, including for personal information protection</li> <li>Curtailed corporate and other investment due to future uncertainty, centering on the European market, in preparation for the United Kingdom's exit from the European Union</li> <li>Impact on clients' investment decisions of uncertainty surrounding the political and economic future in certain parts of Latin America</li> <li>A shortage of IT personnel and correspondingly sharp rises in human resource costs</li> </ul>

## Inter-Sector Ranking / Strengths / Market Share

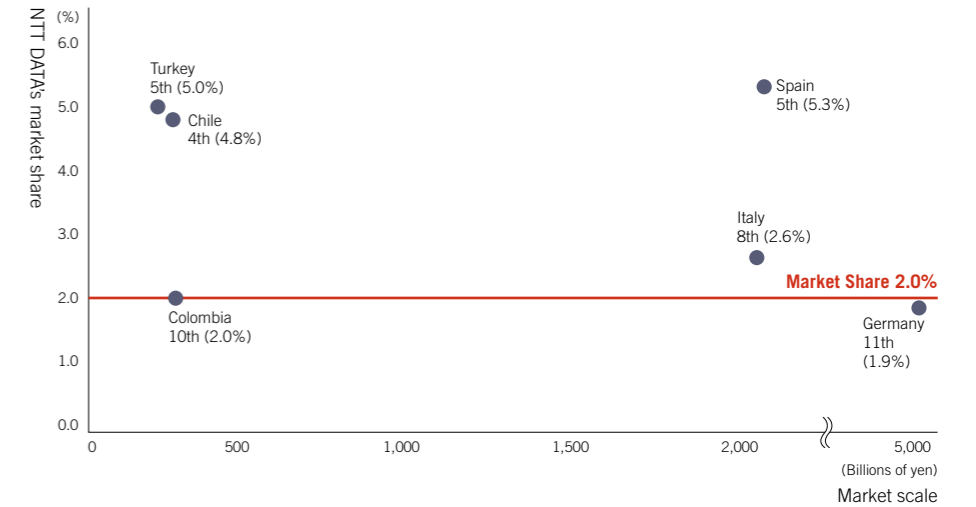
Europe and Latin America IT Market (Gartner Ranking)

**17<sup>th</sup>\***

(As of June, 2018)

\* Gartner "Market Share: IT Services 2017" 11 June 2018  
Chart created by NTT DATA based on Gartner research  
Europe = Western Europe, Eastern Europe  
Latin America = Latin America  
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NTT DATA's Market Share Ranking in Major Countries within the Europe and Latin America Regions



### Industries and Domains of Strength

Germany	Spain	Italy
<p>We provide IT services globally for large companies, centered on those in the German automotive industry, and have robust client relationships.</p> <p>For small and medium-sized German companies, we also provide consulting on the introduction of SAP software (SAP being the ERP market leader) and have a solid client base.</p> <p>Our delivery capabilities take advantage of our development base in Romania, which has excellent German-speaking human resources.</p>	<p>We provide broad-ranging IT services on a global scale, centering on Spanish banks and telecom companies, and have strong customer relationships.</p> <p>We respond to a wide range of needs for digitization with multiple design studios, strong consulting capabilities, and the application of advanced digital technologies.</p> <p>We have strong delivery capabilities that make use of our development bases in Europe and Latin America, leveraging core countries in the Spanish-speaking world.</p>	<p>We provide IT services that mainly target media, telecom, and utility companies headquartered in Italy and other parts of Europe, and have strong client relationships.</p> <p>In addition, in response to demands for digitization centered on customers in the banking and retail industries we have human resources skilled in digital technologies and strong delivery capabilities.</p>

## Basic Strategy

Organic Growth	Profitability Improvement	M&As
<ul style="list-style-type: none"> <li>Leverage strengths in specified industries and fields</li> <li>Expand portfolio / strengthen service provision capabilities</li> <li>Synergies through NTT DATA Group and NTT Group alliances</li> </ul>	<ul style="list-style-type: none"> <li>Establish flexible delivery model through combination of near shore in Eastern Europe, etc., and offshore in India</li> <li>Achieve cost efficiency through integrated business management</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;As with enterprises that have capabilities NTT DATA lacks related to upstream processes and digitization</li> </ul>
<ul style="list-style-type: none"> <li>Increase local presence in the EMEA &amp; LATAM region</li> <li>Achieve growth strategy through expanded synergies in terms of geography, lifecycle, and offering</li> </ul>		

The NTT DATA Group targets the sustainable enhancement of corporate value from three standpoints: Growth Drivers, Profitability, and Sustainability.



## Profitability ▶ P.48

### Manage Unprofitable Projects, and Increase Overseas Business Margins

To enhance corporate value as a Trusted Global Innovator, NTT DATA believes it is important to not only increase sales but also to work toward improved profitability. To this end, we will sort out issues on a global basis and make efforts toward improved profitability.



## Growth Drivers ▶ P.44

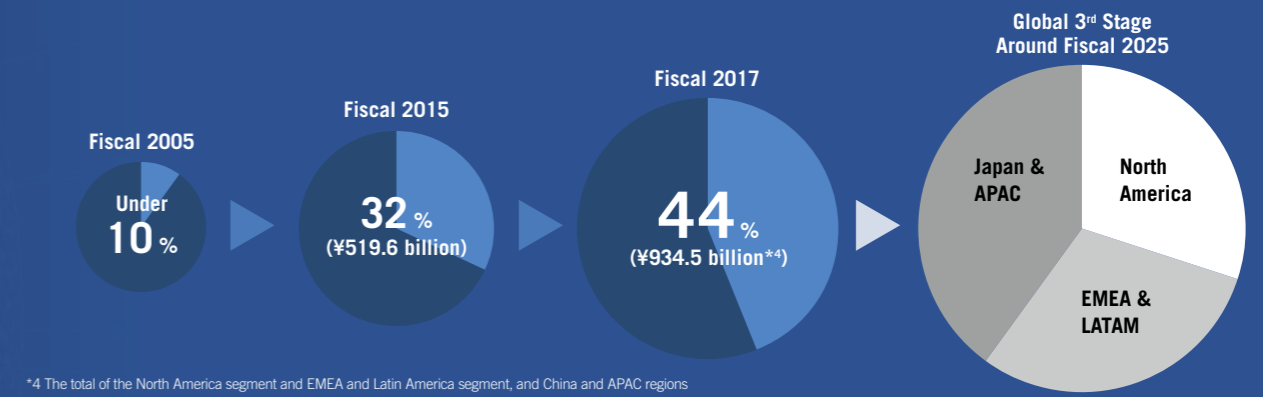
### Overseas Sales Expansion

Since around 2005, NTT DATA has been engaged in full-fledged global expansion. In fiscal 2017, overseas sales grew to over ¥900.0 billion among consolidated net sales of approximately ¥2.1 trillion.

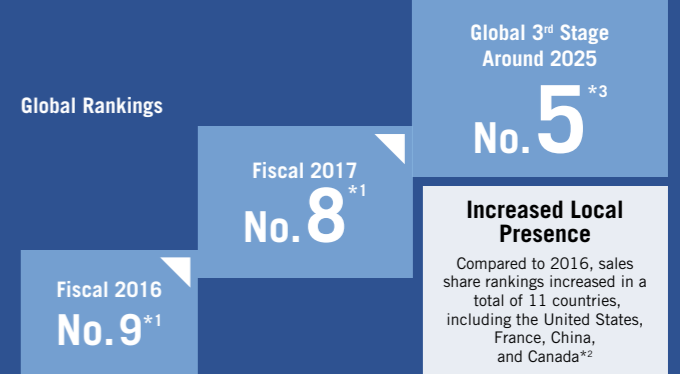
Going forward, we believe the expansion of overseas sales will be a major driver of corporate growth.

We aim to expand overseas sales by organic growth leveraging global synergies as well as M&As and increase our local presence.

#### Overseas Sales Ratio



#### Global Rankings



\*1 Gartner "Market Share: IT Services, 2017" 11 June 2018, Based on vendor revenue. The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or view-points 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 Gartner "Market Share: IT Services, 2017" 11 June 2018, Based on vendor revenue, 11 countries = United States, France, China, Canada, Germany, Australia, Italy, Brazil, Netherlands, India and Singapore. The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or view-points published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.  
 \*3 NTT DATA's aim

## Sustainability ▶ P.50

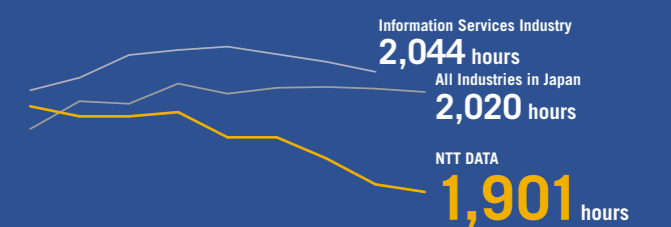
### Growth through Resolving Social Issues

In addition to reducing ESG risks related to human resource management and environmental management, the Company utilizes IT to create new paradigms that contribute to resolving social issues. Through these efforts, the Company is working to expand corporate value sustainability.

#### Number of Female Managers



#### Trends in Annual Hours Worked per Employee



# Growth Drivers

## Expand Overseas Sales

Under the previous Medium-Term Management Plan (Fiscal 2012–2015), which was aimed at expanded global coverage, we achieved our objective of reaching the Global 1<sup>st</sup> Stage with an overseas sales ratio of 30%.

NTT DATA entered the Global 2<sup>nd</sup> Stage in fiscal 2016 and is engaged in establishing a global brand. Under the current

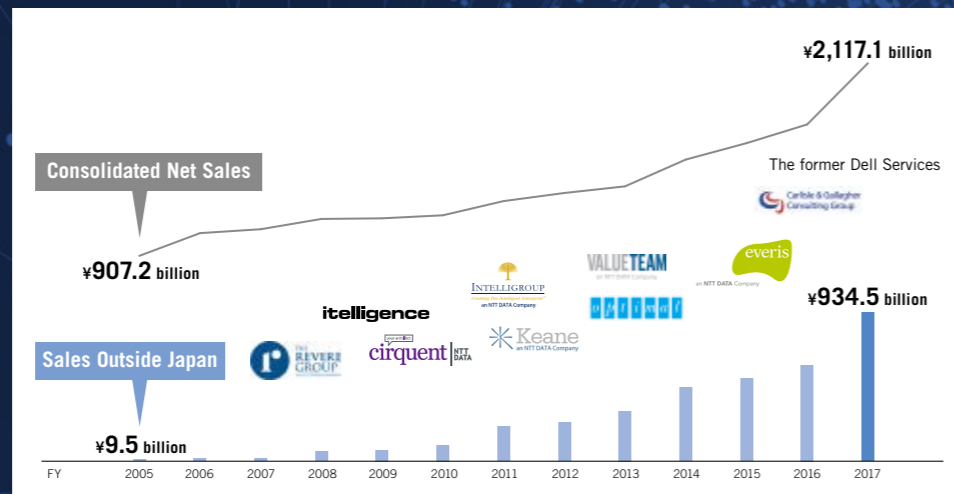
Medium-Term Management Plan (Fiscal 2016–2018), we have achieved the consolidated sales target of ¥2 trillion one year early and grown the overseas sales ratio to over 40%.

NTT DATA further promotes overseas business, looking ahead to the Global 3<sup>rd</sup> Stage at around the year 2025, in which we aim to be in the Global Top 5.

## Consolidated Sales and Overseas Sales

In fiscal 2005, NTT DATA began full-fledged global business development with its support for the overseas expansion of Japanese companies.

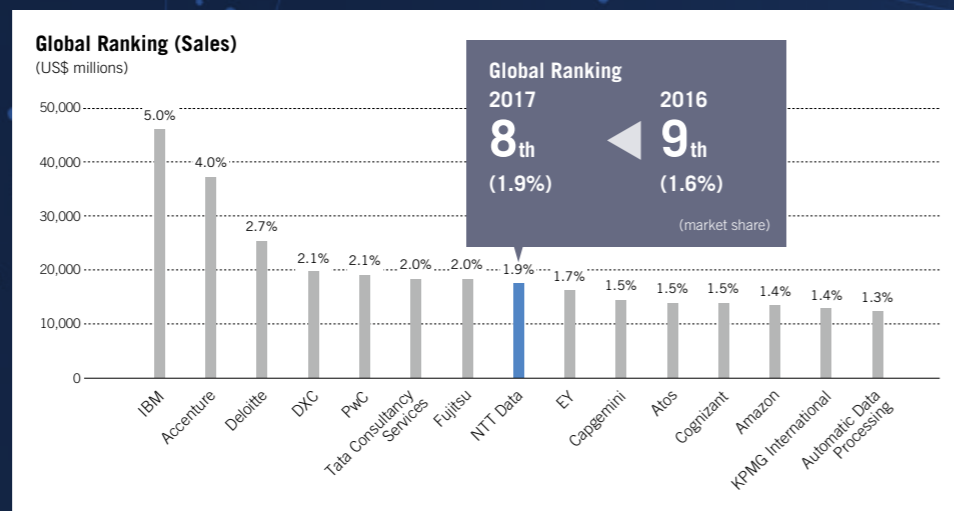
Overseas sales for that fiscal year accounted for approximately ¥10.0 billion of consolidated net sales, which amounted to approximately ¥900.0 billion. Afterward, numerous M&A projects and overseas business expansions resulted in overseas sales growing to account for over ¥900.0 billion of consolidated net sales amounting to approximately ¥2 trillion in fiscal 2017.



## Global Positioning

In 2017, NTT DATA's global ranking (in Sales) was 8<sup>th</sup>, after having been ranked 9<sup>th</sup> in the previous year.

We will continue efforts to expand business with the aim of achieving a Global Top 5 ranking in the Global 3<sup>rd</sup> Stage.



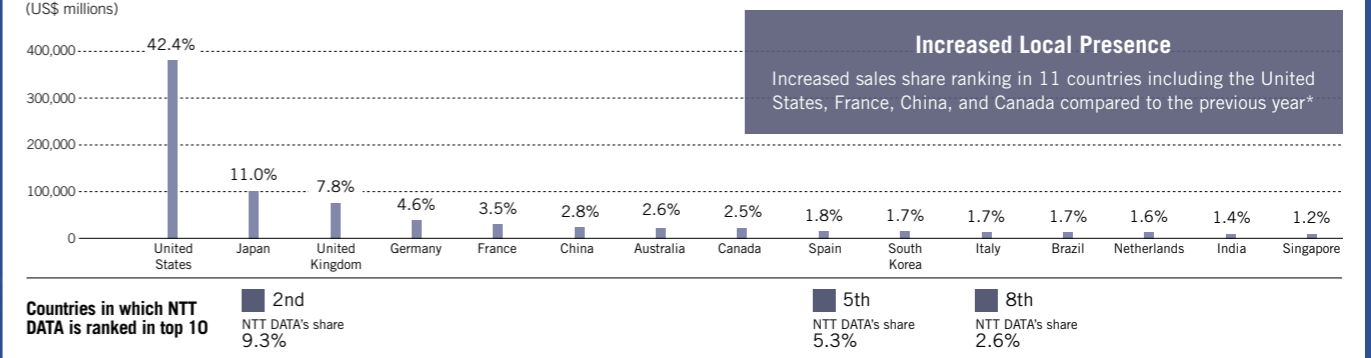
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## Increasing Local Presence

To expand sales globally, it is important to acquire opportunities to propose IT services to a variety of customers throughout the world, including national governments and multinational corporations. To this end, NTT DATA must gain a market share of 2% or higher and rank within the top 10 in terms of sales in all major nations throughout the world.

In 2017, within the 15 largest IT service markets, NTT DATA's sales ranked within the top 10 in Japan, Spain, and Italy. In the United States, which is the largest IT services market in the world with a scale approximately four times larger than that of Japan, NTT DATA was ranked 24<sup>th</sup>. We will maintain our focus on expanding sales through organic growth and M&As to increase our local presence.

IT Services Market Scale by Country (Top 15 countries ranked according to 2017 end-user expenditures)



\* Gartner "Market Share: IT Services, 2017" 11 June 2018, Based on vendor revenue, 11 countries = United States, France, China, Canada, Germany, Australia, Italy, Brazil, Netherlands, India and Singapore. The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research 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. Chart created by NTT DATA based on Gartner research.

## Trusted Global Innovator M&A Strategy

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

Utilize M&A Activities to Drive Growth Strategies by Expanding Synergies between Geography, Lifecycle, and Offering.

### Geography

The scale of the IT services market is huge, and although NTT DATA already develops business in this market, its share is less than 2% in some countries and regions. We will utilize M&A activities to expand market share and increase presence.

### Lifecycle

We will acquire consulting capabilities and outsourcing service delivery capabilities to enable support from the upstream phase for client management issues, with superior project proposal capabilities for client company management and formation capability and utilize these capabilities globally.

### Offering

We will obtain skills enabling support for global accounts and clients in all countries and regions to enhance service provision capabilities and acquire solutions for the automobile and financial industries.



Integrate and conduct ongoing consulting, application development, and operation and maintenance to create and provide new value as a business partner to our clients.



Interview with the Head of the Global Marketing Headquarters



**Robb Rasmussen**  
Head of Global Marketing Headquarters

**About the Global Marketing Headquarters**

In July 2017, the Global Marketing Headquarters was established as a corporate organization to manage our global businesses cross-regionally, and I, Robb Rasmussen was appointed as its head.

It is the first challenge in our company's history to have a non-Japanese appointed as the head, and I recognize that it indicates high expectations of the top management team for "NTT DATA's globalization".

**1 Purpose of Establishing the Global Marketing Headquarters**

Up until now, NTT DATA has been expanding its global presence through aggressive M&As.

With offices around the world, we have succeeded in improving our delivery capability to customers. However, in order to create more synergies, we are now in need of a central management of the strengths and services of each region. Therefore, we have installed the Global Marketing Headquarters as an organization to manage the global brand improvement of our company cross-regionally.

While our company's brand power is established in Japan, we are faced with the challenge to build one that will lead us to receiving orders overseas. Therefore, we intend to take all kinds of measures to improve our brand power, which would lead to profit, and present our company's "world-class capability."

**2 Missions of the Global Marketing Headquarters**

The missions of the Global Marketing Headquarters are (1) to provide support for "growth with profitability" and (2) to improve our company's brand power outside Japan. In order to carry out these missions, we provide support for our global customers as a global and cross-regional function and promote smooth collaboration across the regions on a global level.

In our group, with more than 110,000 employees working worldwide, rich human resources, solutions, intellectual properties, methodologies, and networks exist as a large power. I believe that by cooperating globally, we can exert our company's true power.

**3 Marketing Strategy**

What we're trying to focus on the most is our digital strategy. We will externally communicate our company's digital strategy by defining six focus areas of digitization that we can appeal to our customers in a way that is easy to understand. We also intend to work with our customers on projects and solution investments in order to become their partner in advancing their digital strategy together.

For this purpose, we will rebuild our structure for approaching global clients to strengthen our ties with the customers.



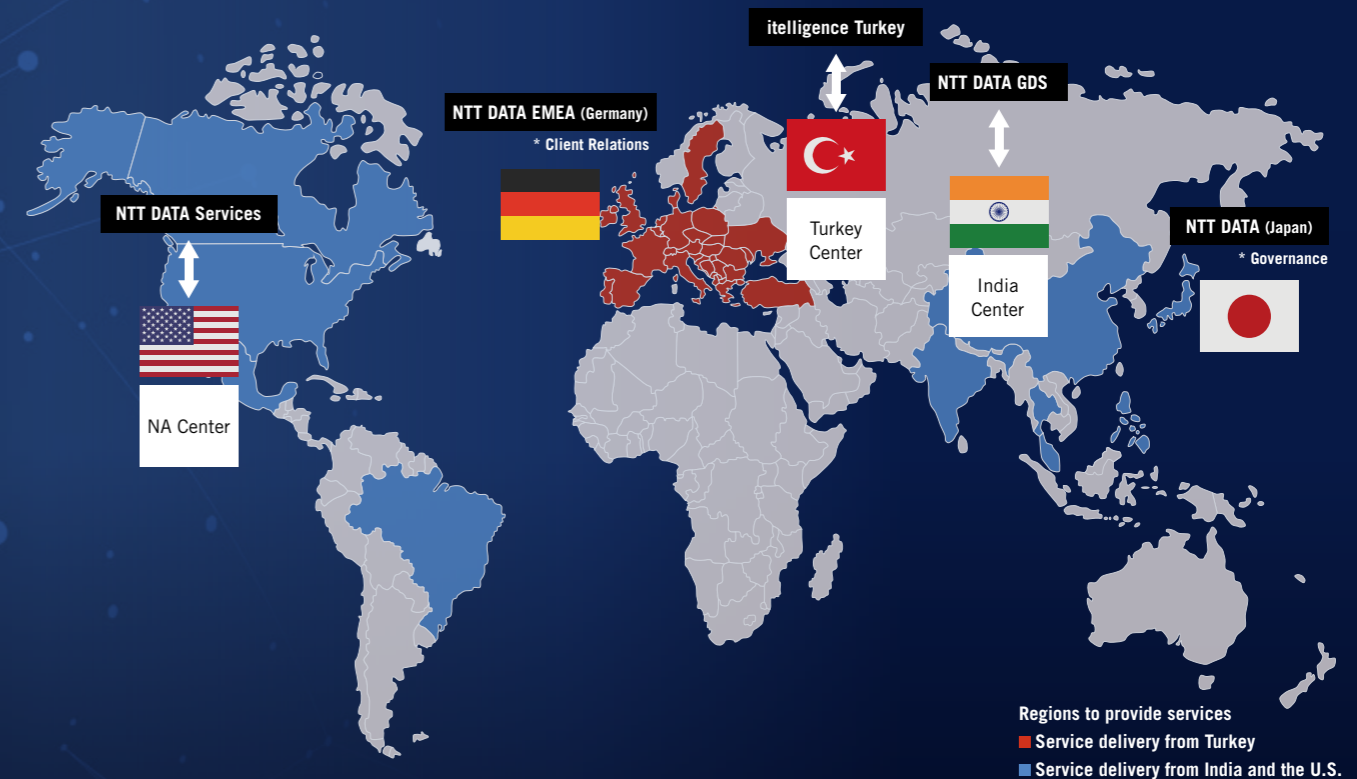
**4 Future Prospects**

We are already collaborating across regions for the auto motive industry worldwide, and similarly intend to play the role of a hub office for our global business for the financial, telecom, and insurance industries to boost collaboration among regions. To become a Trusted Global Innovator, we will continue to contribute to the achievement of the business goals of our customers worldwide.

**Achievement from Cross-Regional Collaboration**

**Received a large-scale project order from a major German automaker through regional alliances at the global level  
Realized provision of high-quality services to 70,000 users in 30 locations across 25 countries**

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



**North America**

- Application maintenance and operations
- Over 4,000 users in-scope
- Delivery to 4 countries

**Europe**

- Application development, Application maintenance and operations
- Over 37,000 users in-scope
- Delivery to over 15 countries

**APAC + RoW**

- Application development, Application maintenance and operations
- Over 27,000 users in-scope
- Delivery to over 10 countries

# Profitability

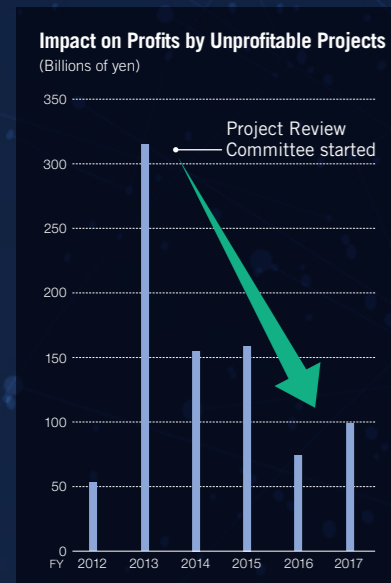
## Issue 1

### Managing Unprofitable Projects

The Project Review Committee, established in October 2013, strives to curtail unprofitable projects. Amid efforts to acquire new projects, NTT DATA management views a ratio between 0.3%–0.5% of consolidated net sales to be a condition in which risk control is possible. In fiscal 2017, there was one unprofitable project that had a major impact on performance due to its high degree of difficulty demanding advanced technological capabilities,

but except for this project, we faced few unprofitable projects. This was because of the risk management aimed at curtailing unprofitable projects by the Project Review Committee, resulting in our ability to control the level of unprofitable projects to within the established target throughout the Company.

NTT DATA recognizes this as an important management issue and will continue its efforts to control unprofitable projects.



#### ► Prevention Mechanisms

##### 1. Establish Project Review Committee

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

From the establishment of the Project Review Committee in October 2013 until March 31, 2018, the committee has reviewed 53 projects upon receiving orders. As a result of review, some projects were decided not to proceed to proposing due to their extremely high risk of unprofitability.

##### 2. High Risk Project Status Reports

Projects with a high degree of difficulty are regularly assessed for quality and progress and for risk and risk mitigation measures, so that data visualization of the project risk is communicated throughout the Company.

##### 3. Recurrence Prevention Committee

When a project produces significant losses, a third party is engaged to thoroughly ascertain and analyze the root cause of the loss, and preventive measures are formulated to prevent recurrence. In addition, this information is shared within the Company and expertise and knowledge aimed at preventing recurrence is deployed throughout the organization.

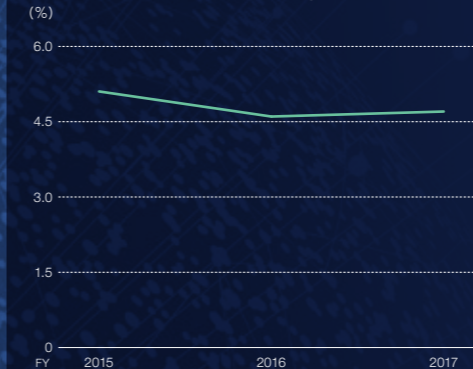
##### 4. Enhance Management Capabilities Necessary for Project Completion

The Company fosters flexible and applicable management capabilities for a project's specific circumstances through such measures as 1) assigning experienced experts, 2) providing case method training on unprofitable projects, and 3) establishing rules for Company standards and providing various internal administration tools.

## Issue 2

### Improving the Profitability of Overseas Business

Overseas Business EBITA\*1 Margin (%)



\*1. EBITA = Operating income + Amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisitions, etc.

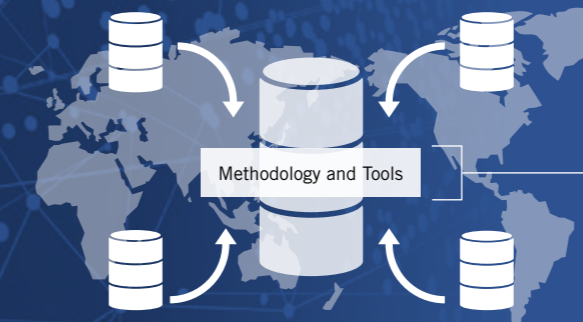
- As the EBITA margin on overseas\*2 business remains around 4.7%, boosting profitability is an important focus.
- To bolster profitability over the medium- to long-term, we are promoting both globally concerted and region-specific initiatives.

\*2. Overseas: In fiscal 2017, the total of the North America segment and EMEA and Latin America segment, and China and APAC regions

#### ► Establishing Global Development Standards

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

Specifically, when developing in collaboration with multiple overseas Group companies, it contributes to enhanced development efficiency and quality improvements



Integrate next-generation development standards globally and assemble a knowledge database

Expand gradually by incorporating SAP, Oracle, Salesforce, and other development methodologies

Expand and roll out to overseas  
Launch utilization in EMEA and APAC regions

#### ► Initiatives by Region

- North America: Promote cost reductions via increased productivity at offshore facilities in India and acquisition of upstream projects with high profitability through strengthened consulting and other efforts
- EMEA & LATAM: Promote reductions in administrative and common expenses by integrating staff departments of the three core companies

# Sustainability

## Value Creation through Contribution to Society and the Environment

In recent years, business has become evaluated more and more in terms of its relationships with society, which hinge on environmental, social, and governance (ESG) activities. Based on our mission statement, "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society," we will engage in business activities that are mindful of issues related to society and the environment. In doing so, we will work toward increasing sustainable corporate value.

### Achieving the Sustainable Development Goals

Selected at the United Nations (UN) Sustainable Development Summit in September 2015, the Sustainable Development Goals (SDGs) outline 17 objectives and 169 targets to achieve by 2030 on a global scale. These goals, agreed upon by governments around the world, position companies of all industries as important partners and require their positive action in order to realize these goals.

As a member of the NTT Group, the NTT DATA Group endorses the SDGs and will utilize ICT in collaboration with its customer and other stakeholders in order to help realize a sustainable society.



### Third-Party Evaluation (As of September 2018)

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



#### Dow Jones Sustainability World Index / Asia Pacific Index

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



#### Oekom Prime

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



#### FTSE4Good Index

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



#### Morningstar Socially Responsible Investment Index

NTT DATA was selected as a constituent of the Morningstar Socially Responsible Investment Index (MS-SRI), the first SRI in Japan. Morningstar selects listed companies in Japan that excel in social responsibility and indexes their stock prices.



#### FTSE Blossom Japan

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



#### RobecoSAM Sustainability Award

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

### Efforts Toward Important Environmental and Social Themes

The NTT DATA Group has directed its sustainable growth efforts toward environmental and social themes. From a social standpoint, we engage in human resource management, which is necessary in order to provide stable, high-quality services and "sustainable solutions," dedicated to resolving social issues. Creating sustainable solutions is also connected to enhanced business performance. From an environmental standpoint, we employ "environmental management," an important theme which plays a part in how we manage our business and provide services that take into account reduced impact on the environment.

	Important Themes	Efforts
Society	<b>Human Resource Management</b> ▶ P.52- ■ We are working to acquire, employ, and develop a diverse group of exceptional human resources while also cultivating an environment in which they can be active. ■ We will promote workstyle reform throughout the IT industry. Principal SDGs: 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	We are working to create an organization that can create sustainable value by recruiting and retaining exceptional human resources, developing a variety of training programs, and promoting active participation of diverse human resources and workstyle reforms.
	<b>Sustainable Solutions</b> ▶ P.56- ■ We contribute to society by way of a highly reliable, people-friendly system. ■ We work to help resolve issues in the countries and regions in which the Group operates. Principal SDGs: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS	We strive for a convenient, safe, and reliable social infrastructure by providing various IT services and solutions.
Environment	<b>Environmental Management</b> ▶ P.58- ■ NTT DATA contributes to achieving a green society alongside its customers by way of IT. ■ The NTT DATA Group is also contributing to resolving environmental issues through its business activities. Principal SDGs: 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION	With the goal of promoting environmental activities across the Group, the NTT DATA Group has established the Groupwide Organization for Promoting Environmental Activities and remains committed to promoting environmental management based on a PDCA cycle.





**Sustainability** | **Human Resource Management**

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

**Employment and Recruitment**

► **Employing Exceptional Human Resources in Japan and Overseas**

We decide the number of employees to recruit based on our human resource plan, which takes sustainable growth and our medium-term business plan into account. In addition, our hiring practices prioritize suitability, motivation, and ability and disregard academic background, age, gender, and nationality. In recent years, we have proactively conducted hackathons and other events to attract technical-minded human resources. To become a Trusted Global Innovator, we recruit diversified human resources, including students who studies abroad in Europe and North America as well as other foreign nationals. NTT DATA has unified the recruitment sites of its overseas Group companies and is hiring exceptional human resources on a global basis. As we provide work environments that enable maximization of employee skills and training systems, we are positioned among the top IT companies ranked as the most popular companies to work for.



NTT DATA Global Career Sites

► **Recruitment and Retention of Diverse Human Resources**

M&As are an effective means for recruiting human resources at NTT DATA, where human resources are valuable assets for business. For M&As in overseas markets with high labor mobility, employee retention is considered an important issue. For this reason, executives make a point to visit main business offices and hold town hall meetings to answer various questions from employees. In cases where transition periods for integration are extended over long periods of time, or when employees are dispatched to multiple sites for reasons such as dealing with multiple customers, we provide smartphone apps and an online onboarding portal to maintain constant communication. Despite numerous M&A activities, the number of consolidated employees has been constantly increasing, without a single decrease (on a quarterly basis).

**Employee Skills Development**

► **Provision of Various Development Programs and Training Systems that Support Employee Skills Development**

NTT DATA offers business training to facilitate business skill improvement and technical training to boost specialized expertise. Employees are able to select courses attuned to their position and job assignment when needed. Through mentoring and certification evaluation conducted by highly professional personnel throughout our organization, we are actively promoting programs to further enhance employee skills, in accordance with training plans from an organizational perspective and the level of professionalism of individual employees. The average annual time employees spend learning under these programs is 60 hours per person.

► **Developing Professional Human Resources**

NTT DATA and its Group companies introduced the Professional Career Development Program\*<sup>1</sup> (CDP), a unique human resource development program that in fiscal 2017 certified 5,200 employees in Japan and overseas\*<sup>2</sup>. This program has certified a cumulative total of more than 35,700 employees. We monitor the increase in certification numbers and certification level improvements, which is linked to appropriate skills development management. We also promote development of innovative human resources through activities including open innovation business creation and other activities and diverse professional human resource development that includes cutting-edge domains such as AI and IoT.

In addition to training approximately 6,600 professionals specializing in security throughout the NTT DATA Group, we develop a large number of talented human resources with cutting-edge mentality in a variety of domains.

\*1 A human resource development program aimed at nurturing professional personnel with a high level of expertise and the ability to respond to changes  
\*2 Includes accredited employees certified by similar certification systems used by overseas Group companies

**Diverse Employees with Cutting-Edge Mentality**

- NTT DATA Mathematical Systems Inc.:  
Data analysis / mathematical professionals (includes development of AI and IoT algorithms)
- NTT DATA INTELLILINK Corporation:  
Advanced professional services in the system platform area
- XNET Corporation:  
Providing solutions for the financial industry using advanced knowledge of the field

► **Human Resources Who Are Able to Actively Participate in Global Markets**

To develop industry-ready global human resources, we provide opportunities for international business exchanges targeting employees from management to younger employees as well as opportunities to improve global business skills. A cumulative total of 665 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 (accepting 200 people a year), and deployment to overseas subsidiaries for training.



Global Leadership Program

**Diversity and Inclusion**

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

► **Initiatives for Promoting Active Participation of Diverse Human Resources**

Since fiscal 2012, we have focused efforts on promoting active participation by women and optimizing overall work hours through workstyle innovations. In accordance with the passage of the Act on Promotion of Women's Participation and Advancement in the Workplace, NTT DATA formulated and announced the General Enterprise Action Plan (April 1, 2016–March 31, 2021) and is engaged in, the achievement of these objectives.

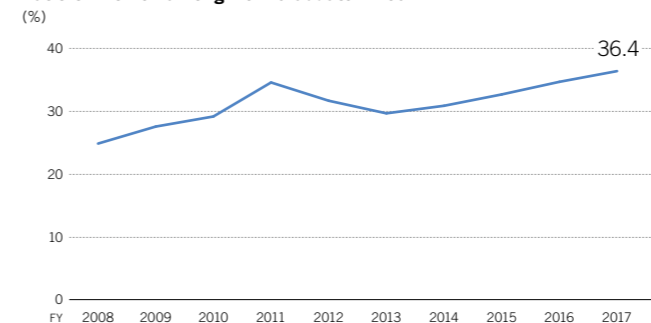
employees, including management, by providing career-advancement support and implementing workstyle reforms. These ongoing Companywide efforts received further recognition of diversity management "Top of Top" company in the form of the Diversity Management Selection 100 Prime. Out of 70 companies that applied for this award, only two received it.



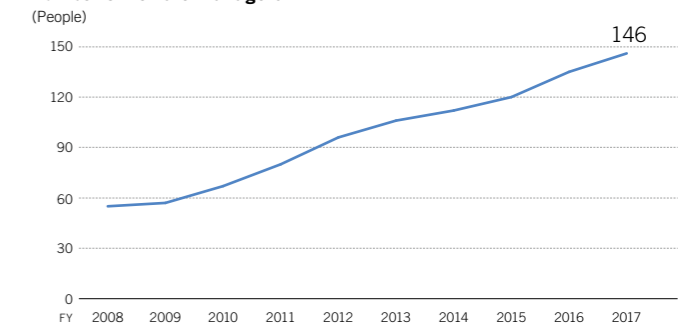
Fiscal 2017 New Diversity Management Selection 100 Awards Ceremony (Ministry of Economy, Trade and Industry)

**Receipt of the Diversity Management Selection 100 Prime Award**  
After being selected for the Diversity Management Selection 100, NTT DATA has continued to reform its governance while management continued to deliver messages on diversity. At the same time, the Company has continued its efforts for the self-betterment of its

**Ratio of Women among New-Graduate Hires\***



**Number of Female Managers\***



\* Non-consolidated NTT DATA

Promoting Success of Women

Since fiscal 2015, we have continuously promoted the success of women by a variety of methods, such as strengthening measures for female supervisors and section chiefs, creating training plans for female employees, providing career advancement support training for women and their supervisors to attend together, sending employees for training outside the Company, and providing diversity training for management. We also provide career advancement support for employees who are facing various life events. For example, for those employees who are returning from childcare or nursing leave, we have three-way consultation sessions between the returning employees, their supervisors, and the director of human resources of the employee's organization.

**Quantitative Diversity Targets** (As of March 31, 2018)

- Target 1: Continue to aim for a female employment rate of over 30% by the end of fiscal 2020**
  - Maintaining roughly 30% for the past 10 years
- Target 2: Overall hours worked**
  - Aim for average annual hours worked per employee of 1,890 hours by the end of fiscal 2018**
    - The initiative, which has been promoted since 2013, already reduced the average hours worked per employee to 1,901 hours in fiscal 2017
- Target 3: Aim for 200 or more female managers by the end of fiscal 2020**
  - Added 11 female managers compared to the previous fiscal year, for a total of 146 female managers (Applicable number of incumbent managers, but excludes employees in scope of Target 4)
- Target 4: Aim for 10 or more female senior managers (Directors, organizational heads, etc.) by the end of fiscal 2020**
  - Currently, there are nine female senior managers

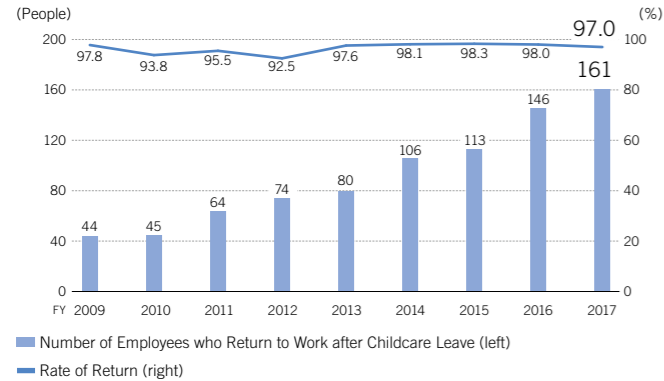
Women's Initiative

In May 2017, the Global Summit of Women, a gathering of women leaders in world economic and political circles, was held in Japan. At this summit, the Managing Director and CFO from NTT DATA Germany delivered a speech and several women leaders from NTT DATA, including women from overseas Group companies, were also in attendance.

At NTT DATA Global Conference, a gathering of leaders from various countries, we regularly hold sessions on the theme of women's success and promote women's success throughout the NTT DATA Group.



Number of Employees who Return to Work after Childcare Leave / Rate of Return



Initiatives Related to LGBT and Gender Minorities

Our Global Compliance Policy stipulates that we "respect human rights and will not discriminate based on gender, nationality, belief, or religion." NTT DATA continually implements human rights awareness and other activities while also promoting initiatives including the development of system administration and training for staff in personnel, general affairs, and recruiting. In recognition of these efforts, we received a Gold ranking in the PRIDE Index 2017 from private institution "work with Pride" (wwP), Japan's only rating index for this area.

Enhancing Childcare and Nursing Care Systems

To help employees balance childbearing and child-rearing, nursing care, and work responsibilities with a greater sense of relief, the NTT DATA Group is enhancing its leave systems while working to increase the employee's understanding of such systems and improving the workplace environment, making these systems easier to be used. Our childcare support system includes Egg Garden, an in-house daycare facility. Through these and other proactive efforts the Company earned a Ministry of Health, Labour and Welfare Kurumin Next-Generation Certification Mark in 2008. Since then, the Company has earned the mark continuously, most recently in December 2017. In addition, we joined to remote nursing care support services provided by the NPO Umi wo Koeru Care no Te since 2011, to directly support employees engaged in nursing care.

Efforts toward Workstyle Innovations

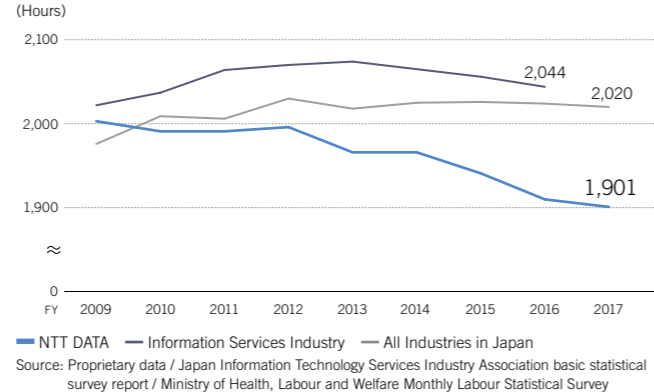
Approach to Workstyle Innovations

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

Initiatives to Reduce Total Hours Worked and the Results

We have established a set of key performance indicators (KPIs), including thorough management of hours worked using methods

Trends in Annual Hours Worked per Employee



such as recording computing log in and log off time, and whether targets for average working hours and target rates of set paid holidays used have been reached. These KPIs have been incorporated as part of our organizational evaluations and promoted across the entire Company. As a result of these efforts, we were able to reduce the amount of annual hours worked per person from 2,066 hours in fiscal 2007 to 1,901 hours in fiscal 2017, which is lower than the average for Japanese companies.

Encouraging the Use of Paid Vacation Time

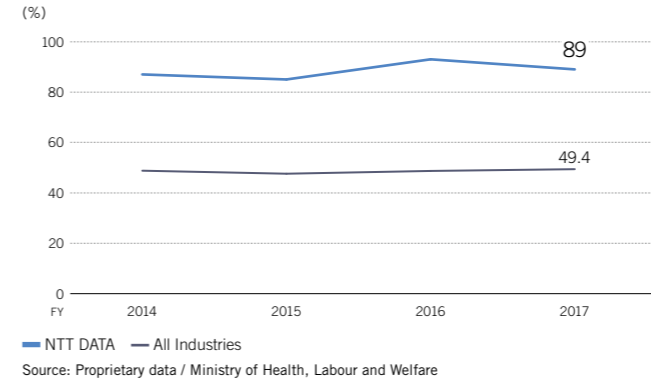
To promote a work-life balance among employees, NTT DATA encourages employees to take advantage of its Refreshment leave\*1 and Anniversary leave\*2 systems. As a company participating in the Ministry of Land, Infrastructure, Transport and Tourism's Positive Off initiative, NTT DATA conducts initiatives encouraging all employees, including management, to plan and take vacations during summer breaks and year-end holidays, and use the Refreshment leave system.

\*1 Refreshment leave: When a work milestone is achieved, employees can take more than five consecutive days of vacation by combining leave days with national holidays.  
 \*2 Anniversary leave: Employees decide their own anniversary date and plan to take vacations.

Initiatives to Improve Productivity

We are moving toward switching to thin-client terminals for work use in order to facilitate work on the same environment from the office, on business trips, or at home. In routine financial, accounting, personnel, purchasing work, and their related duties, we automated some of their processes such as producing slips and entering data into systems via robotic process automation (RPA). This Process not only boosts operational efficiency but also lowers mistakes in transcription and other human errors, leading to improved work quality.

Paid Vacation Utilization Rate



We are also contributing to a more flexible workstyle for our development personnel by utilizing an "NTT DATA Integrated Development Cloud," which integrates our system development environment into the cloud. The benefits of this system include shortened delivery times and other efficiency improvement as well as allowing remote development work.

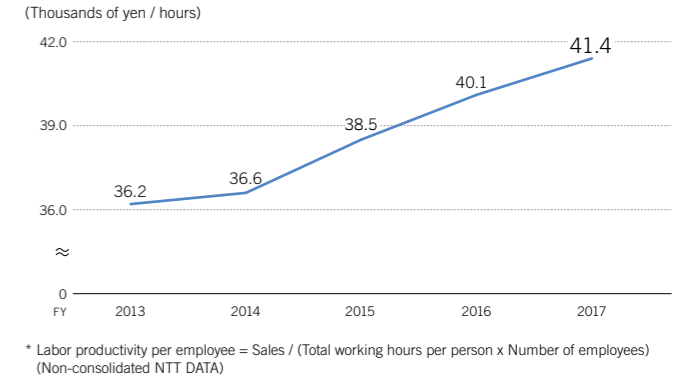
As a result of these efforts to improve productivity, labor productivity per person in fiscal 2017 has improved by 14% from fiscal 2013.

Promoting Flexible Workstyles

Telework has been introduced as a specific way to realize workstyle innovation, and is utilized by approximately 70% of employees. In 2016, in recognition of our introduction and utilization of telework, NTT DATA was selected as one of the top 100 Telework Pioneers by the Ministry of Internal Affairs and Communications. In fiscal 2017, NTT DATA participated in "Jisa Biz" ("jisa" means "time difference" in Japanese), which, in conjunction with Telework Day aims to mitigate traffic congestion during the morning rush hour. For its efforts, the Company was awarded the Jisa Biz Promotion Award in the workstyle division by the Tokyo metropolitan government. In addition, the Company also received the Chairman's Award from the Japan Telework Association for promoting telework.

In fiscal 2018, 33,000 employees took part in the Telework campaign over a five-day period, making use of Companywide measures to eliminate traffic congestion through a combination of telework, commuting during off-peak, and paid leave.

Labor Productivity per Employee\*



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

Maintaining and Enhancing Employee Health

Occupational physicians and nurses in the Health Promotion Office are working in cooperation with each workplace to promote physical and mental health care for employees. In order to discover cases of poor mental or physical health early and to keep employees aware of their own health, we have implemented several initiatives, including health education for young employees and up, an accumulated fatigue check for those who log over 45 hours of overtime work, consultations with occupational doctors

and nurses, Companywide health inquiries via the web, and stress checks. In addition, starting from fiscal 2017 we have provided specialized health guidance for employees over 40 by an in-house nurse. We are working to improve participation in this effort.

These efforts were evaluated and NTT DATA was certified as a Health & Productivity Management Outstanding Organizations (White 500) in February 2018.



# Sustainable Solutions

**NTT DATA Group Approach**

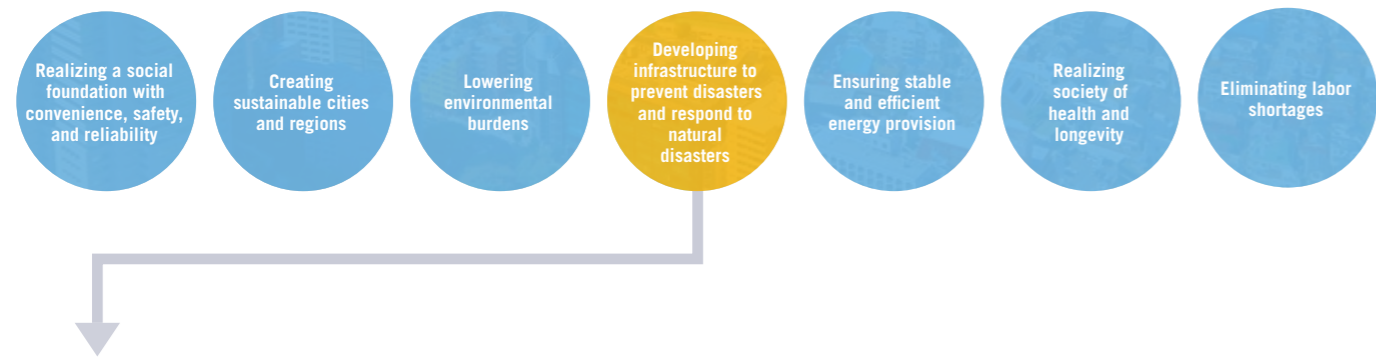
There are a variety of social issues that need to be resolved before a sustainable society, as represented by the SDGs, can be realized. NTT DATA believes that IT can help to resolve many of these issues while also showing great potential in the market.

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

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

**Example of Social Issues that the NTT DATA Group is Helping to Resolve through IT**

Realizing a more affluent and harmonious society



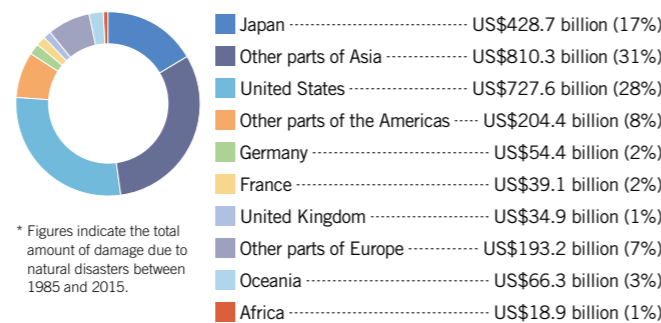
**Examples of Our Initiatives**

**Contributing to the Establishment and Improvement of Infrastructure for Disaster Prevention and Mitigation Measures**

In recent years, the world has experienced a number of natural disasters thought to be caused by climate change, as well as earthquakes. Such disasters, occurring in parts of Asia and Africa where infrastructure development is lagging, wreak economic and environmental damage and can impair sustainable development in developing countries. Around the world, some 200 million people are affected each year, with average annual economic losses due to natural disasters estimated at US\$100 billion. This situation highlights the need to build societies that are resilient in the face of disaster.

In order to solve intensifying climate change, frequently occurring natural disasters, global-scale health damage, and other social issues, effective plans and designs for infrastructure development and disaster prevention and mitigation measures and for measures to prevent the spread of epidemics are required. However, no highly accurate topographical data covering all land areas is available, which makes it difficult in some cases to predict and respond to issues and enact measures to put infrastructure in place.

Global Proportions of Damage Costs and Natural Disaster Damage Costs



\* Figures indicate the total amount of damage due to natural disasters between 1985 and 2015.

There is a need to **set up and maintain key infrastructure** that can help reduce the risk of natural disasters and curtail economic loss.

Source: 2016 White Paper on Small and Medium Enterprises in Japan  
The Small and Medium Enterprise Agency  
[http://www.chusho.meti.go.jp/pamflet/hakusyo/H28/PDF/2016hakusho\\_eng.pdf](http://www.chusho.meti.go.jp/pamflet/hakusyo/H28/PDF/2016hakusho_eng.pdf)

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

NTT DATA has jointly developed and launched AW3D with the Remote Sensing Technology Center of Japan (RESTEC). AW3D creates digital 3D maps displaying a global topography at a resolution and accuracy of five meters.

Using approximately 3 million satellite images taken by "DAICHI (ALOS)," the land-area observation technology satellite of the Japan Aerospace Exploration Agency (JAXA), we finished mapping topographical data for the entire world at the end of March 2016. This map allows consistently high-resolution analysis of terrain throughout the world, including mountainous

regions where local surveys are difficult. In addition, NTT DATA has partnered with DigitalGlobe (see below), a U.S. company operating some of the world's highest-performance satellites, to map at a resolution as high as 0.5 meters in urban areas. At this level of detail, it is possible to represent fine undulations at the building level.

AW3D is utilized by over 100 countries for its high position accuracy, made possible by taking advantage of the latest 3D map processing technology, and for providing AI and Big Data technology with short delivery times and low cost.

**▶ Utilization of AW3D to Create a Tsunami Hazard Map in Macau Made through Flooding Simulation**

We have provided AW3D for use in more than 800 projects to resolve issues in a variety of fields, including mapping, disaster prevention measures, and in the area of hygiene to stop the spread of epidemics.

As one example, when creating a hazard map of Macau, AW3D

elevation data enabled the accurate simulation of tsunami movements. The hazard map thus demonstrates what areas of reclaimed land would hypothetically be flooded by a tsunami in a worst-case scenario. This has enabled effective disaster countermeasures and infrastructure development in Macau.

**▶ Winner of the Grand Prize at JISA Awards 2018**

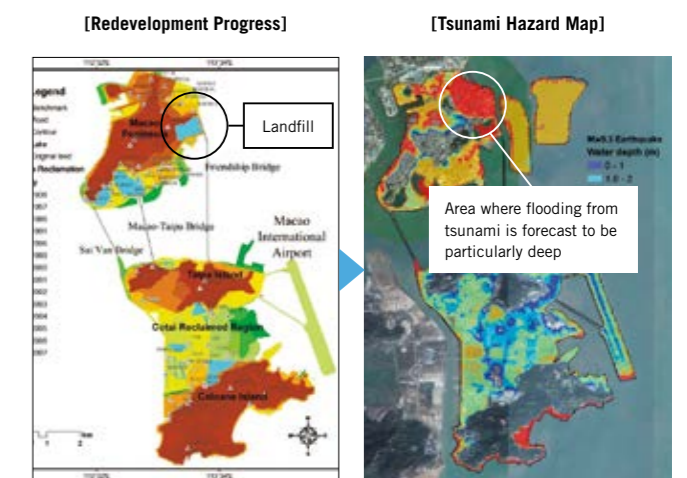
AW3D was declared the winner of the grand prize at JISA Awards 2018, held by the Japan Information Technology Services Industry Association (JISA) in June 2018. The JISA Awards honors creators of highly original and internationally applicable systems.

Going forward, we will continue to provide real-time data in a timely manner; aim to further resolve social issues in a wide range of fields such as urban planning, communication services, transportation, disaster prevention, and aviation; expand the use of geospatial information; and promote market creation around the world.

**Example of Achievements**

Category	Area of Activity (Country)	Contribution
Disaster prevention Disaster mitigation	Vietnam	Identification of locations in danger of landslide disasters along trunk roads
	Nepal	Creation of hazard map for long-term recovery planning following large earthquake
	Indonesia	Disaster mitigation by forecasting products of volcanic eruption
Infrastructure	Countries around the world	In the electricity field, more efficient research into wind power generation locations
Resources	Tanzania	In the water resources field, planning the use of underground water
Hygiene	Nigeria, Niger	In the hygiene field, measures to address epidemics
Urban planning	Countries around the world	In the urban planning field, selecting locations for wireless base stations

**Tsunami Hazard Map Using Flood Simulation (Macau)**



Legend: Brown indicates land  
Source: Reclamation evolution of Macau [Jiang et al., 2011]

Legend: Red indicates flooding of 6.0-8.0m  
Source: Dr. Linlin Li of Earth Observatory of Singapore



**Sustainability**

# Environmental Management

NTT DATA Group Approach

The NTT DATA Group uses IT to contribute to the greening of its clients and to society as a whole while making a Groupwide effort to reduce the environmental impact of its business activities.

To further entrench environmental concerns into business management and maintain efforts to promote environmental activities, we must establish a foundation for promoting actions and create a framework for Groupwide environmental management.

To promote environmental efforts, the NTT DATA Group established the Groupwide Organization for Promoting Environmental Activities and engages in environmental management centered on use of the PDCA cycle.

### Environmentally Oriented Management Policy and Long-Term Goals

The NTT DATA Group established its Environmental Policies in July 1999. Since then, we have focused not only on reducing the environmental impact of our own activities, through such measures as the announcement of our Environmental Messages beginning in fiscal 2010 and the revision of our Environmental

Policies in fiscal 2011, but also on providing environmentally responsible systems and services in our capacity as an information services provider, and participating in activities aimed at reducing the environmental impact of society as a whole.

### Environmental Policies of the NTT DATA Group

We believe that, given the increasingly serious nature of global environmental problems, we must address these as management issues and work toward contributions that resolve the environmental problems facing the world and society.

The NTT DATA Group, which applies IT to create new paradigms and values, contributes to environmental protection by

providing systems and solutions that can replace or alleviate the need for actual movement of people and goods. At the same time, recognizing the major impact of business activities on the environment, we are promoting an ongoing and planned approach to environmental protection so as to realize a more affluent and harmonious society.

#### 1. Environmental Considerations in Conducting Business

The NTT DATA Group is working to lessen the environmental impact of its business activities, setting quantitative goals and targets to the extent possible, and reviewing these periodically as part of an ongoing betterment program.

- 1 We are promoting environmentally responsible system development.
- 2 We are actively carrying out green purchasing.
- 3 We are working to prevent pollution and limit resource use, by implementing policies for saving resources and energy, promoting reuse and recycling, and reducing waste.

#### 2. Meeting Legal Obligations

In carrying out business activities, we observe all applicable environment-related laws and other agreements and obligations.

#### 3. Raising Awareness

Through environmental education and environmental and social contribution activities for our employees and partners, we are enhancing and boosting recognition of environmental awareness activities.

#### 4. Promoting Communications

We work proactively to promote environmental communications with stakeholders both within and outside the NTT DATA Group.

#### Environmental Messages

### Earth Solutions Using IT to Solve Environmental Problems

The NTT DATA Group is applying IT to create new paradigms of resolving the environmental problems facing the world and society.

#### [Action Plans]

##### Contributing to the Greening of Our Clients and Society through IT

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

##### Contributing to the Global Environment by Promoting the Greening of the NTT DATA Group

- Steadily reduce CO<sub>2</sub> emissions by the Group by raising the efficiency and improving operations of its data centers and by such workstyle innovations as hot-desking
- Implement steady cuts to paper usage and waste volumes

##### Engaging Each Employee in Thinking about the Environment and Making His or Her Own Active Contribution

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

### Initiative Example

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

Amid the trend of increasing energy consumption per server rack due to the expansion of cloud services and highly integrated systems, higher energy efficiency from an environmental management perspective is in demand at data centers.

Mitaka Data Center EAST, which commenced operations in April 2018 and boasts state-of-the-art equipment, features this sort of high energy efficiency as one of its main characteristics. For this data center, we have adopted wall-mounted air conditioning, which allows for high cooling efficiency, and hot aisle capping, which encloses the exhaust heat passages of servers and other equipment, physically separating that heat from cold air that cools the servers and improving air conditioning effi-

ciency even further. Moreover, this is NTT DATA's first use of an outside-air cooling system using natural energy (outside air during spring, autumn, and winter), which reduces the operating hours of air conditioning facility. The use of this system is aimed at achieving Japan's top power usage effectiveness (PUE) of 1.3 or less (annual average, design value) and contributing to the conservation of electric power. In addition, the atrium, dubbed the "Multi-Concourse" makes active use of natural lighting to minimize power use. Furthermore, we were able to achieve zero energy use in the Multi-Concourse during the winter by using exhaust heat from the servers for heating and also using solar power for lighting at night time and heating.

#### ▶ About Mitaka Data Center EAST

Mitaka Data Center EAST is the largest data center in Japan, a dedicated facility four stories high with approximately 38,000 m<sup>2</sup> of floor space (upon completion of the second phase of building) accommodating up to 5,600 server racks. Established in the city of Mitaka in Tokyo Prefecture, Mitaka Data Center EAST has an extremely low risk of damage from floods, earthquakes, and other natural disasters. In addition, Mitaka Data Center EAST was constructed with robust infrastructure, including a quake-absorbing structure and emergency power generators that, compared to conventional data centers, provide stronger data recovery and business continuity planning (BCP) response capabilities in case of disasters.

\* Mitaka Data Center EAST is the common name of NTT DATA Mitaka Building EAST.



Multi-Concourse



Solar panels



Mitaka Data Center EAST exterior

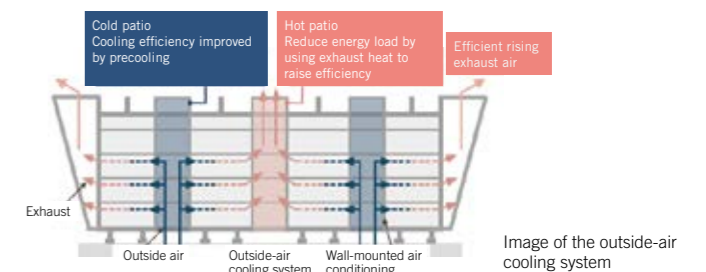


Image of the outside-air cooling system

# Corporate Governance

Directors, Audit & Supervisory Board Members, and Senior Vice Presidents (As of June 20, 2018)



\*1 Yukio Okamoto and Eiji Hirano are outside directors pursuant to Article 2, Paragraph 15 of the Companies Act.  
 \*2 Tetsuro Yamaguchi, Tetsuya Obata, Katsura Sakurada, and Rieko Sato are outside Audit & Supervisory Board members pursuant to Article 2, Paragraph 16 of the Companies Act.  
 \*3 NTT DATA has designated Yukio Okamoto, Eiji Hirano, Katsura Sakurada, and Rieko Sato as independent directors in accordance with the listing regulations of the Tokyo Stock Exchange and notified it.

## Directors

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

#### Yo Honma

1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2013 Senior Vice President, Head of Third Enterprise Sector of NTT DATA  
 2014 Director, Executive Vice President, and Company President, Enterprise IT Services Company of NTT DATA  
 2016 Representative Director and Senior Executive Vice President of NTT DATA  
 2018 Representative Director, President and Chief Executive Officer of NTT DATA (present post)

### 2 Representative Director and Senior Executive Vice President

#### Keiichi Yanagi

Head of HR Headquarters  
 Responsible for Corporate Strategy, Human Resource Management, Finance (CFO), Investor Relations, Risk Management (CRO), and Public Relations  
 1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2009 President and Representative Director of NTT DATA Geonics Corporation  
 2013 Senior Vice President, Head of Second Financial Sector of NTT DATA  
 2016 Director and Executive Vice President, Head of General Affairs Department and Human Resources Department of NTT DATA  
 2017 Director and Executive Vice President, Head of HR Headquarters and ESG Promotion Department of NTT DATA  
 2018 Representative Director and Senior Executive Vice President of NTT DATA (present post)

### 3 Representative Director and Senior Executive Vice President

#### Shigeiki Yamaguchi

Responsible for Public & Social Infrastructure Segment, Enterprise & Solutions Segment, and China & APAC Segment  
 1984 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2013 Senior Vice President, Head of Enterprise Business Consulting Marketing Division of NTT DATA  
 2015 Senior Vice President, Head of IT Services & Payments Services Sector of NTT DATA  
 2016 Executive Vice President, Head of IT Services & Payments Services Sector of NTT DATA  
 2017 Director and Executive Vice President of NTT DATA  
 2018 Representative Director and Senior Executive Vice President of NTT DATA (present post)

### 4 Representative Director and Senior Executive Vice President

#### Toshi Fujiwara

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

### 5 Director and Executive Vice President

#### Tsuyoshi Kitani

Head of Technology and Innovation General Headquarters  
 Responsible for Technology Strategy (CTO) and Information Security (CISO)  
 1983 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2015 Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Platforms Sectors of NTT DATA  
 2016 Director and Executive Vice President, concurrently serving as Head of Technology and Innovation General Headquarters and Head of System Engineering Headquarters of NTT DATA  
 2017 Director and Executive Vice President, concurrently serving as Head of Technology and Information Security (CISO) of NTT DATA (present post)

### 6 Director and Executive Vice President

#### Shunichi Takeuchi

Deputy responsible for Public & Social Infrastructure Segment  
 1985 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
 2013 Head of General Affairs Department of NTT DATA  
 2014 Senior Vice President, Head of General Affairs Department of NTT DATA  
 2015 Senior Vice President, Head of Public Sector 1 of NTT DATA  
 2016 Senior Vice President, Head of Telecom & Utility Business Sector of NTT DATA  
 2018 Director and Executive Vice President of NTT DATA (present post)

### 7 Director and Executive Vice President

#### Koji Ito

Deputy responsible for North America Sector and EMEA & LATAM Sector  
 Deputy responsible for Americas & Europe Segment  
 1986 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
 2015 Senior Vice President, Head of Global Business Sector of NTT DATA  
 2017 Senior Vice President, Head of North America Sector, EMEA & LATAM Sector of NTT DATA  
 2018 Director and Executive Vice President, Head of North America Sector and EMEA & LATAM Sector, Deputy responsible for Americas & Europe Segment of NTT DATA (present post)

### 8 Director

#### Yukio Okamoto

Outside Director\*1, Independent Director\*3  
 1968 Joined the Ministry of Foreign Affairs  
 1991 Representative Director of Okamoto Associates, Inc. (present post)  
 2000 Director of Mitsubishi Materials Corporation (present post)  
 2008 Director of Nippon Yusen Kabushiki Kaisha (NYK LINE) (present post)  
 2014 Director of NTT DATA (present post)

### 9 Director

#### Eiji Hirano

Outside Director\*1, Independent Director\*3  
 1973 Joined Bank of Japan  
 2014 Special Advisor of Toyota Financial Services Corporation  
 2015 Vice Chairman, Director, and Representative Executive Officer of MetLife Insurance K.K. Director of RIKEN CORPORATION (present post)  
 2016 Director of NTT DATA (present post)  
 2017 Advisor of Toyota Financial Services Corporation  
 2017 Vice Chairman and Director of MetLife Insurance K.K. (present post)

### 10 Director

#### Takashi Ebihara

1990 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
 2014 Executive Manager, Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
 2016 Vice President of Business Process Strategy Section, Technology Planning Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
 2017 Director of NTT DATA (present post)  
 Vice President of General Affairs of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (present post)

### 11 Director

#### John McCain

1986 Joined Electronic Data Systems  
 2010 Director and CEO of Keane International, Inc. (current NTT DATA, Inc.) (present post)  
 2012 Senior Vice President of NTT DATA  
 2016 President and CEO of NTT DATA Services, LLC (present post)  
 2018 Director of NTT DATA (present post)



## Audit & Supervisory Board Members

### Standing Audit & Supervisory Board Member

#### Tetsuro Yamaguchi

Outside Audit & Supervisory Board Member\*2  
 1979 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2010 Director of Global Strategy Department, Global Business Division of NTT Communications Corporation  
 2011 Dimension Data Holdings plc, Director of the Board, Group Executive: Joint Business Development  
 2015 Standing Audit & Supervisory Board Member of NTT DATA (present post)

### Standing Audit & Supervisory Board Member

#### Tetsuya Obata

Outside Audit & Supervisory Board Member\*2  
 1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION  
 2004 General Manager of Department IV (current Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
 2011 Director, Head of Kanagawa Branch of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION  
 2013 Director of NTT BUSINESS ASSOCIE WEST Co., Ltd.  
 2017 Representative Managing Director, Head of planning and general affairs department, Head of business cooperation promotion department of NTT BUSINESS ASSOCIE CORPORATION  
 2017 Director of NTT LEARNING SYSTEMS CORPORATION (present post)  
 2018 Standing Audit & Supervisory Board Member of NTT DATA (present post)

### Standing Audit & Supervisory Board Member

#### Katsura Sakurada

Outside Audit & Supervisory Board Member\*2, Independent Director\*3  
 1980 Joined the Board of Audit of Japan.  
 2014 Director General for Secretariat of General Executive Bureau of Board of Audit of Japan  
 2015 Director General of 1st Bureau of Board of Audit of Japan  
 2016 Deputy Secretary General of Board of Audit of Japan  
 2017 Secretary General of Board of Audit of Japan  
 2018 Standing Audit & Supervisory Board Member of NTT DATA (present post)

### Audit & Supervisory Board Member

#### Rieko Sato

Outside Audit & Supervisory Board Member\*2, Independent Director\*3  
 1984 Registered as an attorney at law (present post)  
 1998 Partner of Ishii Law Office (present post)  
 2008 Corporate Auditor of GignoSystem Japan, Incorporated (present post)  
 2012 Audit & Supervisory Board Member of NTT DATA (present post)  
 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)

## Executive Vice Presidents

### Sachihiko Okimura

Head of Third Financial Sector

### Hisashi Matsunaga

Head of First Financial Sector

## Senior Vice Presidents

### Tadashi Uihira

Head of China & APAC Sector  
 Chair of the Board, NTT DATA (CHINA) Co., Ltd.  
 Chair of the Board, NTT DATA (CHINA) INVESTMENT Co., Ltd.  
 Chair of the Board, NTT DATA Asia Pacific Pte. Ltd.

### Tetsu Sato

President and Chief Executive Office of NTT DATA Asia Pacific Pte. Ltd.

### Hidegori Chihara

Head of Public Sector 2

### Tomoaki Kitamura

Head of Business Solutions Sector

### Yutaka Sasaki

Head of Manufacturing IT Innovation Sector

### Isao Arima

Head of IT Services & Payments Services Sector

### Tomofumi Murayama

Head of Public Sector 1

### Shinichiro Miyake

Head of Fourth Financial Sector

### Masanori Suzuki

Head of Second Financial Sector

### Miwako Akahane

Head of ESG Promotion Department

### Naoyuki Mori

Head of Strategy Office

### Takashi Nakamura

Head of Finance Department

### Ken Tsuchihashi

Chair of the Board, NTT DATA EMEA Ltd.

### Yoshiharu Kouno

Head of Telecom & Utility Business Sector

### Benito Vázquez

Deputy Head of EMEA & LATAM Sector  
 President and Chief Executive Officer, NTT DATA EMEA Ltd.



**Basic Policy**

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

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

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

Under these concepts, NTT DATA is working on the following basic policies in accordance with the purpose of each principle of the Corporate Governance Code to ensure that corporate governance will effectively function: (1) to ensure transparency and soundness in business management, (2) to achieve appropriate and swift decision-making and business execution, and (3) to implement compliance thoroughly. The purpose of working on such basic policies is to meet the various expectations of stakeholders, including shareholders, investors, clients, business partners, and employees, and to maximize enterprise value.

**(1) Ensuring Transparency and Soundness in Business Management**

NTT DATA strives to disclose information in a just, fair, and timely manner in accordance with the Disclosure Policy, based on Disclosure Guidelines. Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting for explanation of financial results when financial results are announced quarterly, and often holds other meetings for domestic and international investors and analysts, in order to ensure transparency in business management. To reinforce the function of supervising and auditing the fairness in business execution, NTT DATA appoints outside directors and outside audits to ensure soundness in its business management, its Board of Directors supervises and the Audit & Supervisory Board audits business execution. NTT DATA also prioritizes maximizing profits its shareholders when transacting

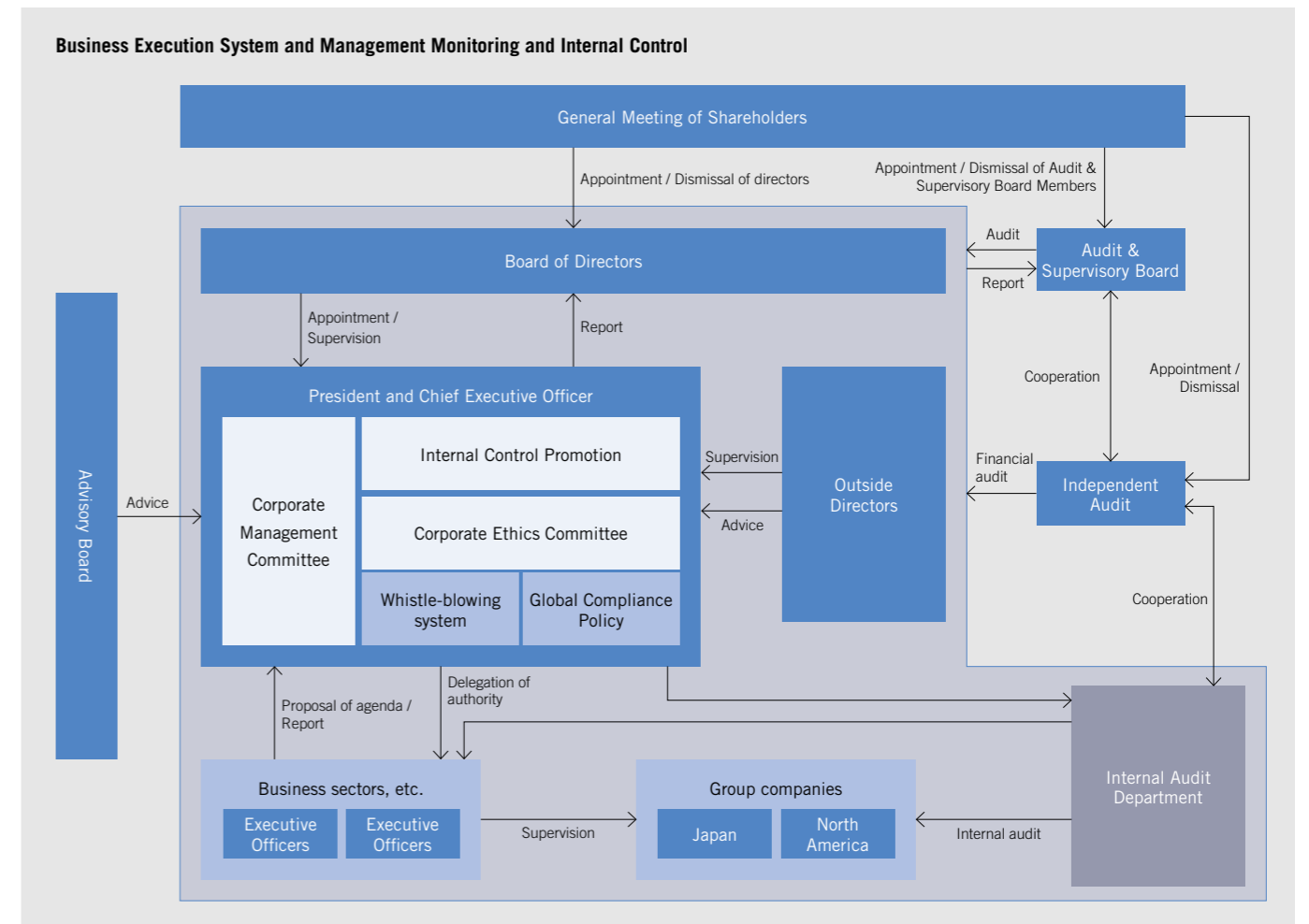
business with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (hereinafter referred to as “NTT”), the parent company of NTT DATA, and the companies in the NTT Group.

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

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

**(3) Thorough Implementation of Compliance**

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



**Group Governance**

**Strengthening Group Governance by Establishing a Liaison Department for Group Companies**

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

Particularly in recent years, Group governance has been reinforced in response to the rapid expansion of overseas operations through M&A activities and other measures, such as the acquisition of the former Dell Services. Specifically, the Company is establishing a system centered around five operating regions—North America, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), China, and Spain and Latin America—as well as business solutions. NTT DATA has instituted rules for consultation and reporting between the Company and Group

companies in relation to important matters such as business plans, large-scale projects, internal control, and compliance.

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

In Japan, in fiscal 2013 NTT DATA increased management efficiency by beginning renewal of the common accounting system that domestic Group companies use. In fiscal 2014, NTT DATA extended introduction of the system, which encompasses approximately 70 major domestic Group companies.

As a result, most domestic Group companies use a common accounting system. This enables centralized management of accounting information and the securing of internal control. Furthermore, the use of this system significantly reduces maintenance and operational burdens.

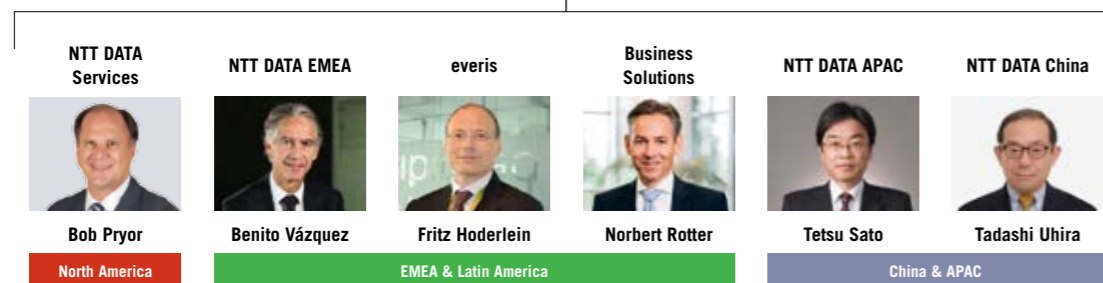
Moreover, aiming to increase the efficiency of Group management, NTT DATA introduced an in-house Group Management Infrastructure system that visualizes Group companies' management information (in the financial and personnel fields) to domestic Group companies. Through this new system, NTT DATA aims to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

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

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



Strengthen collaboration among Group companies, and enhance Group governance



**Initiatives to Inculcate Our Group Vision "Values Week"**

The NTT DATA Group strives to share the values that express the principles we cherish to realize our Group Vision. Specifically, these efforts include Values Week, held annually in May to commemorate our founding, and other events that facilitate discussions pertaining to our values. In fiscal 2017, roughly 15,000 employees from over 100 cities in approximately 30 countries and regions participated in these activities.



**Yukio Okamoto**  
Independent Director

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

**The Path to Becoming a Truly Global Company**

Amid the ongoing global population explosion, urbanization, middle-class expansion, and exponential technological growth, a massive opportunity is opening up in front of NTT DATA. To move vigorously toward this open space as a truly global company, management must be proactive rather than passive and reactive to changing conditions, aggressively incorporating this dynamism.

To achieve this goal, all employees, not just those with specialized experience and trained skills, should engage in global business. In other words, NTT DATA as a whole must become a global company in the truest sense. The Company must be structured so

that overseas Group companies are able to easily conform to our mentality and framework without feeling incompatible.

More than anything, the Head Office must have a deep awareness of inclusion, diversity, and internationality, which will enable us to smoothly interface with the global world. Through such changes, enhanced corporate value will follow as the "result."

Fortunately, the Board of Directors has a strong awareness of globalization. My duty as an outside director is to present a perspective on the direction of changes in global conditions as correctly as possible and to discuss them internally.

**Aiming for Management that Emphasizes ESG**

Twelve years ago, the United Nations announced the Principles for Responsible Investment (PRI) centered on ESG investment. Currently, the total working balance of institutional investors who signed on to the PRI is more than ¥9,000 trillion. In Japan, the Government Pension Investment Fund (GPIF)—one of the largest public pension funds in the world—signed on to PRI in 2015 (incidentally, in October 2017, I was appointed the first chairperson of the GPIF board of governors).

Behind the focus on environmental (E), social (S), and governance (G), as indicated by issues such as global warming and the wealth gap, there is a growing awareness that social sustainability faces a crisis. This

trend is expected to continue growing stronger on a global scale going forward.

As a Trusted Global Innovator, the NTT DATA Group boldly intends to become one of the world's top 5 companies in terms of net sales. To achieve this goal, we must be trusted literally by people around the world. To this end, we must proactively work on ESG activities, which is a global trend.

Moving forward, the keywords will be "information disclosure" and "proactive dialogues with investors." To be effective in these endeavors, ESG activities conducted by the NTT DATA Group must tell a story that leads to future value creation. We recognize this to be a critical mission of management including directors.



**Eiji Hirano**  
Independent Director

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

# FAQ

For convenience, the questions most frequently received from shareholders have been collected and compiled as a FAQ.

## Question 1

Policies and perspectives concerning cross-shareholdings and exercise of voting rights

### ▶ Policy relating to cross-shareholdings

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

### ▶ Assessment of cross-shareholdings

The confirmation process for our cross-held shares involves scrutinizing held shares every year in terms of whether the benefits and risks from holding are commensurate with the capital costs and in line with the purposes of holding: to maintain the medium- to long-term relationship, to expand trading volume, to create synergy with clients and business partners, and so forth. Based on the results of this check in fiscal 2017, NTT DATA has confirmed the adequacy of holding for all shares. The total recorded on the consolidated balance sheet amounted to ¥99,456 million, of which six securities exceeded ¥1,000 million. If at any time it becomes inadequate to hold a share due to a change in situation, NTT DATA will take the appropriate measures, including reducing the number of shares.

### ▶ Standards for ensuring the exercise of its proper voting rights in relation to cross-shareholdings

NTT DATA judges in a comprehensive manner whether the exercise of its voting rights will lead to continuous growth and improvement in the medium- to long-term corporate value of an issuing company. For example, NTT DATA will vote against a proposal if it has a negative impact on the financial soundness of the issuing company or if it is discovered that the company has engaged in illegal activities. NTT DATA considers that such comprehensive judgment will enhance its own corporate value and medium- to long-term profit for its shareholders and investors.

NTT DATA explains its policy for determining remuneration for directors to the parent company and independent outside directors and, upon receiving appropriate advice from them, determines remuneration at the Board of Directors, Meeting within a range resolved at the General Meeting of Shareholders.

### ▶ Remuneration for directors (excluding outside directors)

The remuneration for directors (excluding outside directors) is composed of monthly remuneration and bonuses. The amount of monthly remuneration is determined and provided in accordance with the responsibility and extent of the role of his or her position. Bonuses are determined and provided according to Company performance for a relevant period. In order to reflect medium- to long-term performance, each director is required to purchase the Company's stock through the officers' shareholding association by paying a certain amount of money from each of their own monthly remuneration and bonus. Each director is also required to retain all the shares purchased by himself or herself during his or her term of office.

### ▶ Remuneration for outside directors

Outside directors are paid only monthly remuneration, unrelated to business performance in order to ensure a high degree of independence.

Remuneration Amounts to Directors for Fiscal 2017\* (Millions of yen)

Director classification	No. of directors	Basic remuneration	Bonus amount	Overall amount
Directors (Excluding Outside Directors)	10	307	84	391
Outside Directors	2	24	—	24

\* The above results include one director who retired at conclusion of the 29th Ordinary General Meeting of Shareholders held on June 20, 2017.

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

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

## Question 2

Director remuneration policy and amounts

## Question 3

Protecting the interests of minority shareholders

## Question 4

Evaluation of the effectiveness of the Board of Directors

The Board of Directors determines important matters concerning Company and Group management, and oversees directors' performance by receiving quarterly reports on the performance of their duties.

Additionally, the Board of Directors started to conduct self-assessment / analysis for its effectiveness in fiscal 2016 for the purpose of improving the function of the Board of Directors and maximizing corporate value. The second of these self-assessments / analyses were carried out in fiscal 2017, in a similar manner to the one carried out in the previous fiscal year. An overview of this evaluation is as described below.

### ▶ Method of evaluation

Time of implementation: October 2017

Evaluation method: A questionnaire is completed by all directors and audits on the Board of Directors

Managing responses: Responses are managed through an external institution in order to ensure anonymity.

### ▶ Results of evaluation

Analysis, discussion, and evaluation took place from December 2017 to February 2018, based on aggregated results reported by an external institution. The evaluation results were reported to the Board of Directors, who then held discussion to verify the details of the results, and put forth policies for further improvement.

The general assessment in terms of the organization and operation of the Board of Directors was positive, and recognizes the effectiveness of the Board in its entirety.

In regard to efforts to increase the weight of discussion on managerial strategy implemented in response to issues that arose in fiscal 2016, the Board of Directors reviewed the agenda criteria and set the opportunities for such discussions. It was thus evaluated that definite steps toward improvement have been taken.

### ▶ Responses based on the evaluation results, etc.

We have confirmed that improvement has been made overall since fiscal 2016. However, we have identified further issues to improve as described below. In addition to those issues, we continue to work toward developing management policies for improvement, including finding better ways to manage the Board of Directors.

- Further enhance and deepen discussions involving management strategy and plans from the formulation stage onward.
- In terms of risk management, make revisions so even when cases do not fall under the agenda criteria of the Board of the Directors, they will be considered as matters to be reported based on importance and risk.
- Further enhance content of reports to investors based on their request to receive more detailed information from the Board of Directors.

Moving forward, we will continue to evaluate the effectiveness of the Board of Directors and promote efforts to raise its functionality.

- We have increased the number of outside directors from one in fiscal 2016 to two in fiscal 2017 in order to improve monitoring of management.
- All corporate audits are from outside the Company. They attend important meetings, including meetings of the Board of Directors, and function as a check by providing opinions in terms of laws, regulations, and the articles of incorporation from a perspective independent of business executed by the Company.
- In order to maintain effectiveness of the Board of Directors, the Company promotes the appointment of female directors in line with its human resource policy of selecting candidates on the basis of superior character, insight, and management ability regardless of age or gender. At the present time, we have appointed one foreign director and one female Audit & Supervisory Board Member, and since fiscal 2018 we have newly selected one female senior vice president and appointed her as the secretary general of the Board of Directors. We ensure diversity in our Board of Directors from an international and gender point of view by having these directors attend Board meetings and participate in discussions.

## Question 5

Initiatives to strengthen governance



For details on our efforts, please see the Corporate Governance section. <https://www.nttdata.com/global/en/investors/corporate-governance>

Policy

The NTT DATA Group seeks to ascertain all risks associated with business activities to minimize the frequency of occurrence of these risks and limit their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed an officer in charge of supervising and promoting risk management from a Companywide perspective.

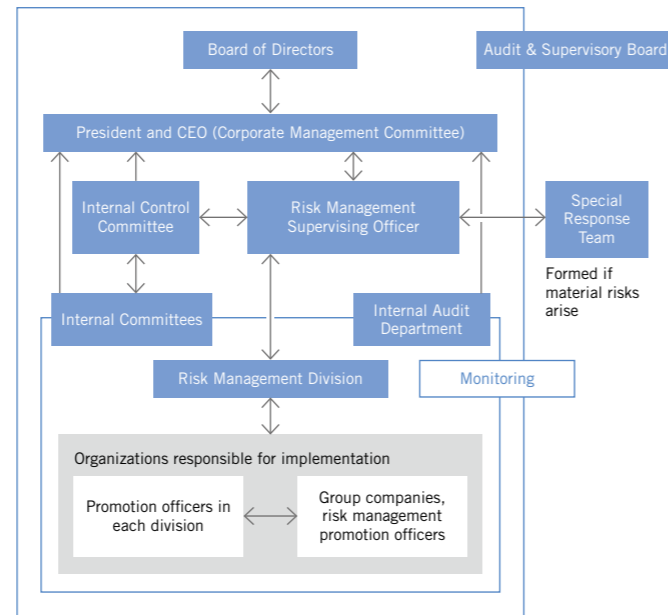
In addition, risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

NTT DATA defines material risks, reviews progress toward addressing these and achieving related targets, and reflects the results of such reviews in various measures.

The Internal Control Committee convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Corporate Management Committee as well as the Board of Directors.

Since the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the Board of Directors decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.

Risk Management Structure



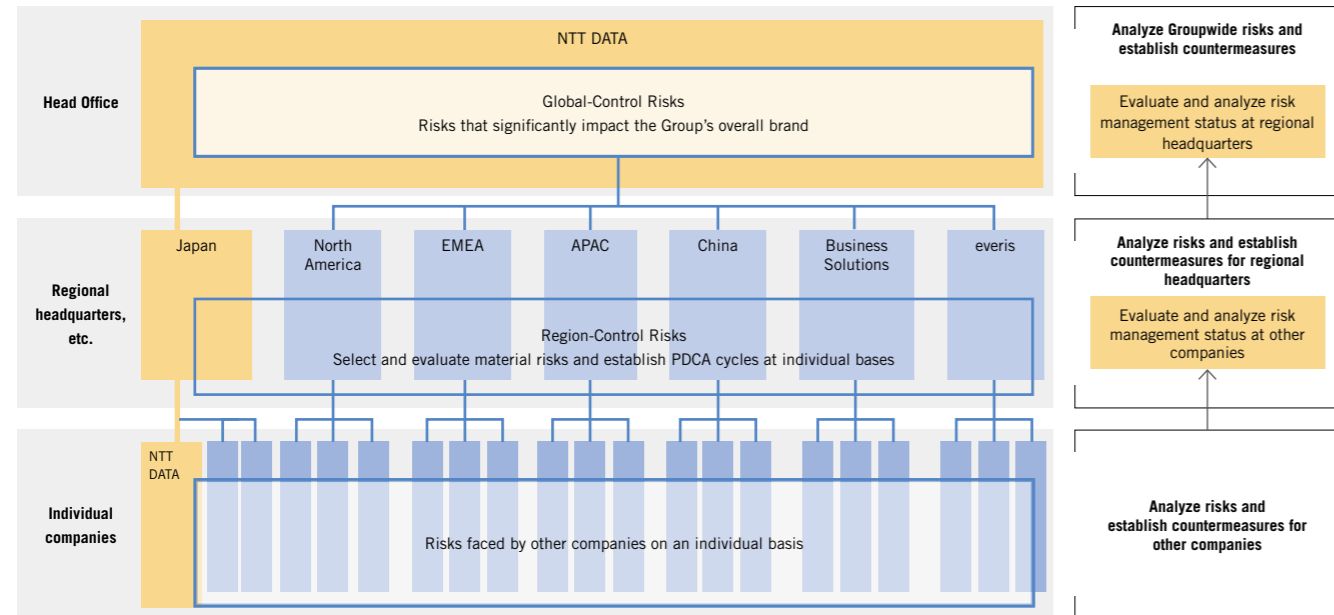
Risk Management Methods

NTT DATA identifies risks that may impact its Head Office, regional headquarters, etc., and other companies on an individual basis, and formulates countermeasures accordingly. High-level divisions effectively manage the measures in place at lower organizations by analyzing and evaluating their implementation status. 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. In this manner, the Company is practicing stringent and comprehensive risk management.

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

Risk Management Categories



Global-Control Risks

Global-control risks with the potential to impact the entire Group are identified by the Internal Control Committee by incorporating opinions from outside specialists and adopting a broad perspective encompassing factors such as changes in social trends.

In Fiscal 2017, we selected the same risks as in the previous fiscal year as a medium- to long-term effort spearheaded and enhanced by NTT DATA's Head Office.

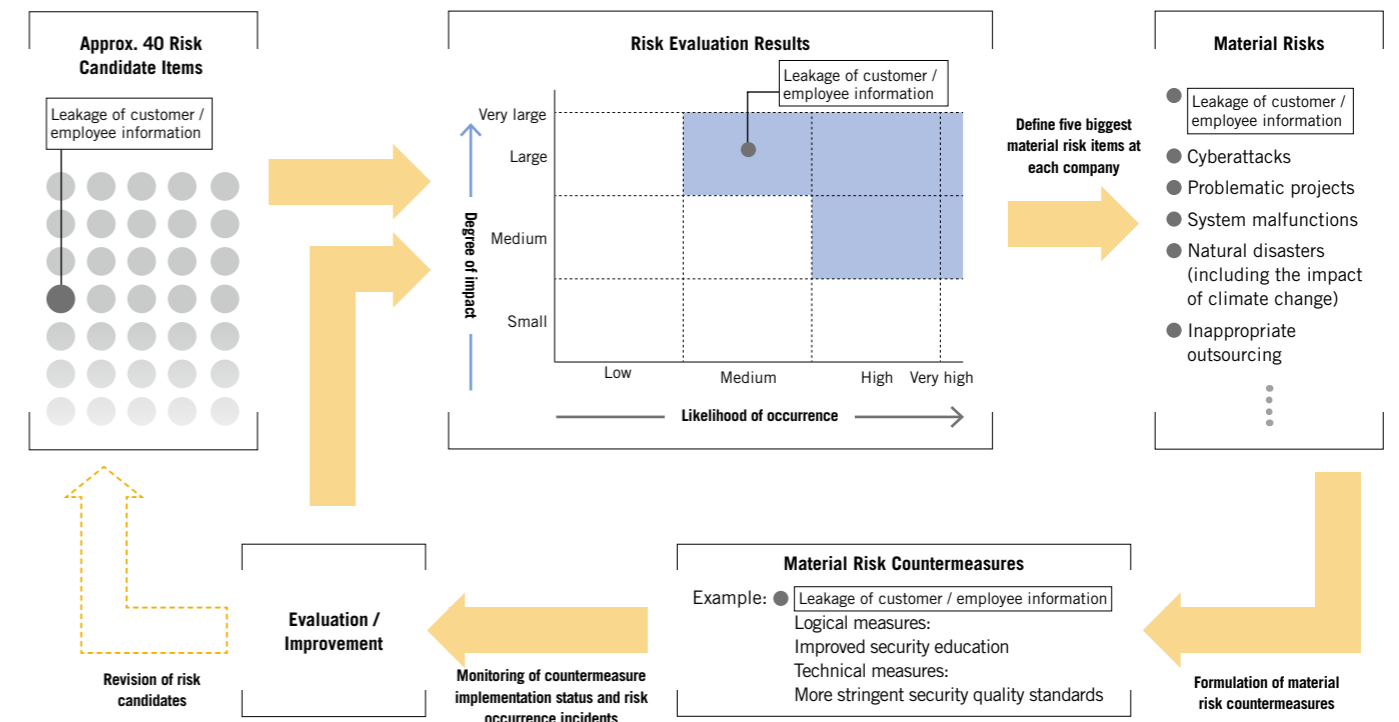
NTT DATA Global-Control Risks

Material Risks	Major Improvements, etc.	Initiatives
Information leakage (personal / confidential information) Cyber-attacks	<ul style="list-style-type: none"> <li>Continue enhancing countermeasures for ever-increasing security risks</li> <li>Strengthen preparedness for advanced Cyberattacks focused on public institutions</li> </ul>	<ul style="list-style-type: none"> <li>Stimulate awareness through training</li> <li>Formulate rules on security measures for internal systems, monitor implementation status, and promote implementation</li> <li>Consider and implement stronger overseas incident response measures</li> <li>Promote compliance with GDPRs</li> </ul>
Accounting fraud (including window dressing)	<ul style="list-style-type: none"> <li>Expand global unified auditing, and connect to risk indication auditing</li> </ul>	<ul style="list-style-type: none"> <li>Encourage introduction of unified rules related to accounting (instruct and check preparation of financial statement comparisons with IFRS)</li> <li>Stimulate awareness through training</li> <li>Conduct indication auditing (also roll out at Group companies in Japan and other parts of Asia)</li> </ul>
Bribery	<ul style="list-style-type: none"> <li>Continue strengthening compliance education</li> </ul>	<ul style="list-style-type: none"> <li>Stimulate awareness through training (Japan: Implement compliance IBT and position-based training Overseas: conduct training at individual locations)</li> </ul>

Region-Control Risks

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

Region-Control Risks Establishment Process



# Information Security

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

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

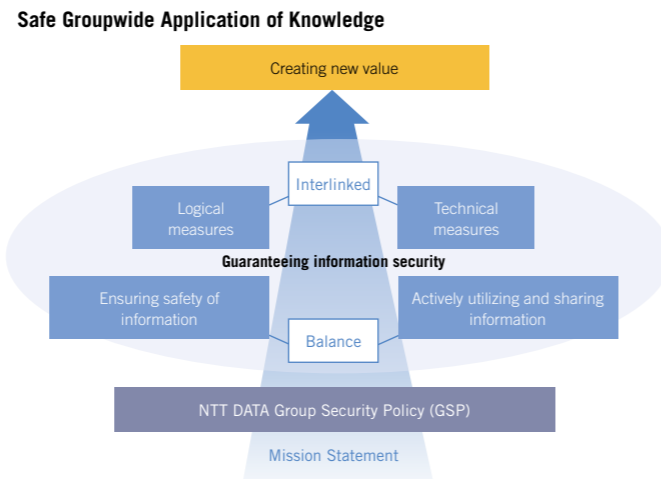


NTT DATA regularly issues information security reports that summarize our concept on information security and initiatives. We also explain medium- to long-term risks and initiatives focused on the future in this report. For details on these initiatives, please see NTT DATA Information Security Report 2016: [https://www.nttdata.com/global/en/-/media/nttdataglobal/files/sustainability/sus001\\_home/sus001\\_information\\_security\\_report\\_2016.pdf](https://www.nttdata.com/global/en/-/media/nttdataglobal/files/sustainability/sus001_home/sus001_information_security_report_2016.pdf)

## Basic Approach Regarding Information Security

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

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



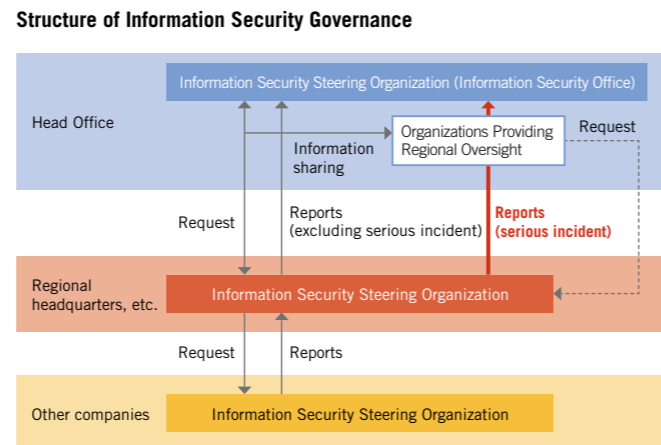
## Information Security Management System

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

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

**Global Information Security Governance Points**

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



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

\*2 FIRST is a global community consisting of approximately 380 CSIRTs from government agencies, educational institutions, companies, and other organizations.

\*3 A CSIRT is an incident response team comprised of security specialists. These teams collect and analyze information on security incidents, security-related technologies, and vulnerabilities, and conduct activities including implementing effective countermeasures and training.

## Initiatives Aimed at Strengthening NTT DATA Information Security

### Promulgation of Information Security Training and Educational Activities

Every year, information security and personal information protection training IBT is conducted for all employees. We also conduct initiatives aimed at enhancing employee understanding, such as requiring that all questions are answered 100% correctly as a condition for completing the training.

In addition, we conduct trainings each year to confirm that all employees are able to correctly identify and respond to targeted and distributed email attacks.

### Information Security and Personal Information Protection Training IBT

Goal	Results
100% of employees completed training	100% of employees completed training

### Development of In-House IT Platforms for Reducing Risks

NTT DATA has in-house IT platforms in response to the following risks:

**Security risks**

- Information leakage
- Fake emails
- Targeted e-mail attacks
- Ransomware
- Suspicious emails



### Development of In-House IT Platforms for Reducing Risks

<b>Thin-client “BIZXAAS Office” DaaS</b>	Provide cloud PC environment for employees. Prevents <b>information leaks</b> from PC side, realizes energy-efficient offices.
<b>Mobile platform “MERMaides”</b>	Ensures safe business domains within mobile devices, offering <b>strong protection of information</b> by encrypting operational applications and data stored on devices.
<b>“NOSiDE” quarantine system</b>	This quarantine system inspects devices that access the Internet and <b>prevents information leaks</b> on the Internet due to cyberattacks and malware targeting vulnerabilities.
<b>Information distribution infrastructure “ETRAPOT”</b>	System for the <b>secure</b> forwarding of large files among NTT DATA, NTT DATA Group companies, and related clients.

## Initiatives Aimed at Strengthening NTT DATA Group Information Security

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

### Policy Development and Promulgation

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

### Promulgation of Information Security Education and Awareness Activities at the Global Level

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

### IT Platform Development

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

## Initiatives Aimed at Strengthening Client Information Security

### Ensuring the Security of Commercial Systems

NTT DATA thoroughly engages in enhancing its ability to respond to cyberattacks on information systems, including unauthorized access and internal intrusions by means of malware (so-called targeted attacks), via the Internet and preventing internal fraud. Specifically, we promote ① building appropriate security measures starting from the development stage, ② conducting periodic vulnerability checks

(security diagnosis) for systems in operation, ③ strengthening our framework for promptly responding to detected critical vulnerabilities, and ④ ensuring sound operational management of important information. In addition, we strive to provide systems that can be used safely and securely by promptly sharing information on the latest security technology trends and vulnerability information.

**Consolidated Balance Sheets**

NTT DATA Corporation and Subsidiaries

As of end of Fiscal 2016 (March 31, 2017) and end of Fiscal 2017 (March 31, 2018)

Fiscal year	(Millions of yen)	
	2016	2017
<b>Assets</b>		
Current assets		
Cash and deposits	¥ 212,459	¥ 186,616
Notes and accounts receivable-trade	458,085	504,632
Lease receivables and investment assets	28,085	26,524
Securities	4,302	2,297
Inventories	31,211	41,165
Deferred tax assets	32,061	30,211
Deposits paid	55,808	12,000
Other	79,635	85,194
Allowance for doubtful accounts	(3,740)	(3,217)
Total current assets	897,910	885,425
Non-current assets		
Property, plant and equipment		
Data communication facilities	311,013	302,638
Accumulated depreciation	(221,253)	(212,979)
Data communication facilities, net	89,760	89,659
Buildings and structures	317,875	325,518
Accumulated depreciation	(202,879)	(209,102)
Buildings and structures, net	114,995	116,416
Machinery, equipment and vehicles	91,106	96,845
Accumulated depreciation	(60,072)	(60,610)
Machinery, equipment and vehicles, net	31,034	36,234
Tools, furniture and fixtures	56,783	61,456
Accumulated depreciation	(40,116)	(41,228)
Tools, furniture and fixtures, net	16,666	20,227
Land	63,835	66,131
Construction in progress	35,609	46,417
Other	10,231	11,388
Accumulated depreciation	(5,273)	(6,125)
Other, net	4,957	5,263
Total property, plant and equipment	356,860	380,350
Intangible assets		
Software	240,304	238,636
Software in progress	61,168	78,050
Goodwill	315,261	311,658
Other	160,549	113,735
Total intangible assets	777,283	742,080
Investments and other assets		
Investment securities	86,834	112,803
Net defined benefit asset	5,603	6,932
Deferred tax assets	60,802	50,119
Other	54,419	57,299
Allowance for doubtful accounts	(772)	(734)
Total investments and other assets	206,887	226,420
Total non-current assets	1,341,031	1,348,851
Total assets	¥2,238,941	¥2,234,277

Fiscal year	(Millions of yen)	
	2016	2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥ 138,453	¥ 145,371
Short-term loans payable	213,160	46,846
Current portion of long-term loans payable	53,461	567
Current portion of bonds	49,996	50,000
Income taxes payable	35,916	26,212
Advances received	180,827	209,746
Provision for loss on order received	3,452	5,759
Other	158,351	181,468
Total current liabilities	833,619	665,971
Non-current liabilities		
Bonds payable	160,075	110,081
Long-term loans payable	168,618	358,779
Deferred tax liabilities	30,367	7,141
Net defined benefit liability	186,788	197,923
Provision for directors' retirement benefits	876	909
Other	24,880	24,606
Total non-current liabilities	571,605	699,442
Total liabilities	1,405,225	1,365,414
<b>Net assets</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	141,048	140,977
Retained earnings	501,369	537,368
Treasury shares	(0)	(1)
Total shareholders' equity	784,937	820,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,881	57,754
Deferred gains or losses on hedges	(155)	71
Foreign currency translation adjustment	23,889	(1,163)
Remeasurements of defined benefit plans	(30,083)	(27,560)
Other	(16,320)	(16,107)
Total accumulated other comprehensive income	17,211	12,994
Non-controlling interests	31,567	35,003
Total net assets	833,715	868,863
Total liabilities and net assets	¥2,238,941	¥2,234,277

## Consolidated Statements of Income and Comprehensive Income

NTT DATA Corporation and Subsidiaries

Fiscal 2016 (Fiscal year ended March 31, 2017) and Fiscal 2017 (Fiscal year ended March 31, 2018)

	(Millions of yen)	
Fiscal year	2016	2017
Net sales	¥1,732,473	¥2,117,167
Cost of sales	1,293,600	1,592,745
Gross profit	438,872	524,421
Selling, general and administrative expenses	321,763	400,899
Operating income	117,109	123,522
Non-operating income		
Interest income	1,507	2,209
Dividend income	1,565	1,805
Insurance income	1,014	1,584
Share of profit of entities accounted for using equity method	—	1,026
Gain on step acquisitions	1,347	—
Other	2,107	3,535
Total non-operating income	7,542	10,161
Non-operating expenses		
Interest expenses	5,372	6,051
Foreign exchange losses	1,415	2,271
Share of loss of entities accounted for using equity method	618	—
Other	4,252	3,796
Total non-operating expenses	11,658	12,119
Ordinary income	112,993	121,563
Extraordinary income		
Gain on sales of investment securities	15,605	—
Gain on transfer of affiliates business	2,720	—
Total extraordinary income	18,325	—
Extraordinary losses		
Acquisition expenses	12,301	—
Loss on restructuring of subsidiaries and affiliates	9,260	19,750
Impairment loss of goodwill	2,844	—
Impairment loss of non-current assets	1,579	1,728
Total extraordinary losses	25,986	21,479
Income before income taxes	105,332	100,083
Income taxes - current	52,525	47,736
Income taxes - deferred	(15,705)	(9,020)
Total income taxes	36,820	38,716
Net income	68,512	61,367
Net income attributable to		
Net income attributable to owners of parent	65,686	58,173
Net income attributable to non-controlling interests	2,825	3,194
Other comprehensive income		
Valuation difference on available-for-sale securities	7,323	17,786
Deferred gains or losses on hedges	7,373	227
Foreign currency translation adjustment	(12,525)	(24,993)
Remeasurements of defined benefit plans, net of tax	8,769	2,687
Share of other comprehensive income (loss) of entities accounted for using equity method	(243)	152
Other	(213)	212
Total other comprehensive income (loss)	10,485	(3,926)
Comprehensive income (loss)	78,997	57,441
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	76,135	53,956
Comprehensive income attributable to non-controlling interests	¥ 2,862	¥ 3,484

## Consolidated Statements of Cash Flows

NTT DATA Corporation and Subsidiaries

Fiscal 2016 (Fiscal year ended March 31, 2017) and Fiscal 2017 (Fiscal year ended March 31, 2018)

	(Millions of yen)	
Fiscal year	2016	2017
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 105,332	¥ 100,083
Depreciation	154,542	160,030
Goodwill amortization	17,234	26,930
Loss on retirement of non-current assets	5,467	3,222
Interest expenses	5,372	6,051
Gain on sales of investment securities	(15,605)	(457)
Impairment loss of non-current assets	1,579	1,728
Decrease (increase) in notes and accounts receivable-trade	(9,032)	(40,133)
Decrease (increase) in inventories	(4,497)	(8,302)
Increase (decrease) in notes and accounts payable-trade	16,609	9,904
Increase (decrease) in advances received	14,908	27,637
Increase (decrease) in accrued consumption taxes	2,355	(7,044)
Increase (decrease) in net defined benefit liability	21,801	12,517
Other, net	(7,072)	5,985
Subtotal	308,995	298,155
Interest and dividend income received	3,131	4,383
Interest expenses paid	(5,377)	(6,164)
Income taxes (paid) refunded	(68,197)	(64,091)
Net cash provided by (used in) operating activities	238,552	232,282
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(67,141)	(99,266)
Purchase of intangible assets	(90,939)	(103,647)
Proceeds from sales of investment securities	22,036	2,240
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,930)	(4,832)
Purchase of equity interests of subsidiaries resulting in change in scope of consolidation	(348,431)	(3,543)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	161
Net decrease (increase) in time deposits	1,402	(126)
Net decrease (increase) in short-term deposits paid	50,000	—
Other, net	11,650	982
Net cash provided by (used in) investing activities	(428,354)	(208,030)
<b>Cash flows from financing activities</b>		
Redemption of bonds	—	(50,000)
Proceeds from long-term loans payable	115,512	187,617
Repayments of long-term loans payable	(29,331)	(53,785)
Net increase (decrease) in short-term loans payable	163,145	(167,924)
Repayments of lease obligations	(3,129)	(2,684)
Cash dividends paid	(21,037)	(21,739)
Net increase (decrease) in commercial papers	—	20,000
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,180)	(114)
Other, net	2,097	(265)
Net cash provided by (used in) financing activities	222,076	(88,896)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(5,789)	(4,144)
<b>Net increase (decrease) in cash and cash equivalents</b>	26,485	(68,788)
<b>Cash and cash equivalents at beginning of period</b>	233,553	260,038
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	—	(1,179)
<b>Cash and cash equivalents at end of period</b>	¥ 260,038	¥ 190,070

## Consolidated Statements of Shareholders' Equity

NTT DATA Corporation and Subsidiaries

Fiscal 2016 (Fiscal year ended March 31, 2017) and Fiscal 2017 (Fiscal year ended March 31, 2018)

Fiscal 2016	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of current period	¥142,520	¥139,295	¥452,458	¥(0)		¥734,273
Cumulative effects of changes in accounting policies			3,834			3,834
Restated balance	142,520	139,295	456,292	(0)		738,108
Changes of items during period						
Dividends of surplus			(21,037)			(21,037)
Net income attributable to owners of parent			65,686			65,686
Acquisition of treasury stock						—
Change in scope of consolidation						—
Net changes in owning subsidiaries' stocks		1,753				1,753
Other		(0)	427			426
Net changes of items other than shareholders' equity						
Total changes of items during period	—	1,752	45,076	—		46,829
Balance at end of current period	¥142,520	¥141,048	¥501,369	¥(0)		¥784,937

Fiscal 2016	Accumulated other comprehensive income								Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other	Total accumulated other comprehensive income	Non-controlling interests		
Balance at beginning of current period	¥32,522	¥(7,527)	¥ 36,552	¥(38,805)	¥(16,107)	¥ 6,635	¥32,762		¥773,670
Cumulative effects of changes in accounting policies									3,834
Restated balance	32,522	(7,527)	36,552	(38,805)	(16,107)	6,635	32,762		777,505
Changes of items during period									
Dividends of surplus									(21,037)
Net income attributable to owners of parent									65,686
Acquisition of treasury stock									—
Change in scope of consolidation									—
Net changes in owning subsidiaries' stocks									1,753
Other									426
Net changes of items other than shareholders' equity	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)		9,381
Total changes of items during period	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)		56,210
Balance at end of current period	¥39,881	¥ (155)	¥ 23,889	¥(30,083)	¥(16,320)	¥17,211	¥31,567		¥833,715

Fiscal 2017	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of current period	¥142,520	¥141,048	¥501,369	¥(0)		¥784,937
Cumulative effects of changes in accounting policies						—
Restated balance	142,520	141,048	501,369	(0)		784,937
Changes of items during period						
Dividends of surplus			(21,738)			(21,738)
Net income attributable to owners of parent			58,173			58,173
Acquisition of treasury stock				(0)		(0)
Change in scope of consolidation				(15)		(15)
Net changes in owning subsidiaries' stocks		(2)				(2)
Other		(68)	(419)			(488)
Net changes of items other than shareholders' equity						
Total changes of items during period	—	(71)	35,999	(0)		35,927
Balance at end of current period	¥142,520	¥140,977	¥537,368	¥(1)		¥820,864

Fiscal 2017	Accumulated other comprehensive income								Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Other	Total accumulated other comprehensive income	Non-controlling interests		
Balance at beginning of current period	¥39,881	¥(155)	¥ 23,889	¥(30,083)	¥(16,320)	¥17,211	¥31,567		¥833,715
Cumulative effects of changes in accounting policies									—
Restated balance	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567		833,715
Changes of items during period									
Dividends of surplus									(21,738)
Net income attributable to owners of parent									58,173
Acquisition of treasury stock									(0)
Change in scope of consolidation									(15)
Net changes in owning subsidiaries' stocks									(2)
Other									(488)
Net changes of items other than shareholders' equity	17,872	227	(25,052)	2,523	212	(4,216)	3,436		(779)
Total changes of items during period	17,872	227	(25,052)	2,523	212	(4,216)	3,436		35,147
Balance at end of current period	¥57,754	¥ 71	¥ (1,163)	¥(27,560)	¥(16,107)	¥12,994	¥35,003		¥868,863



# Company and Stock Information

(As of March 31, 2018)

## Company Name

NTT DATA Corporation

## Head Office

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

## Date of Establishment

May 23, 1988

## Common Stock

¥142,520 million

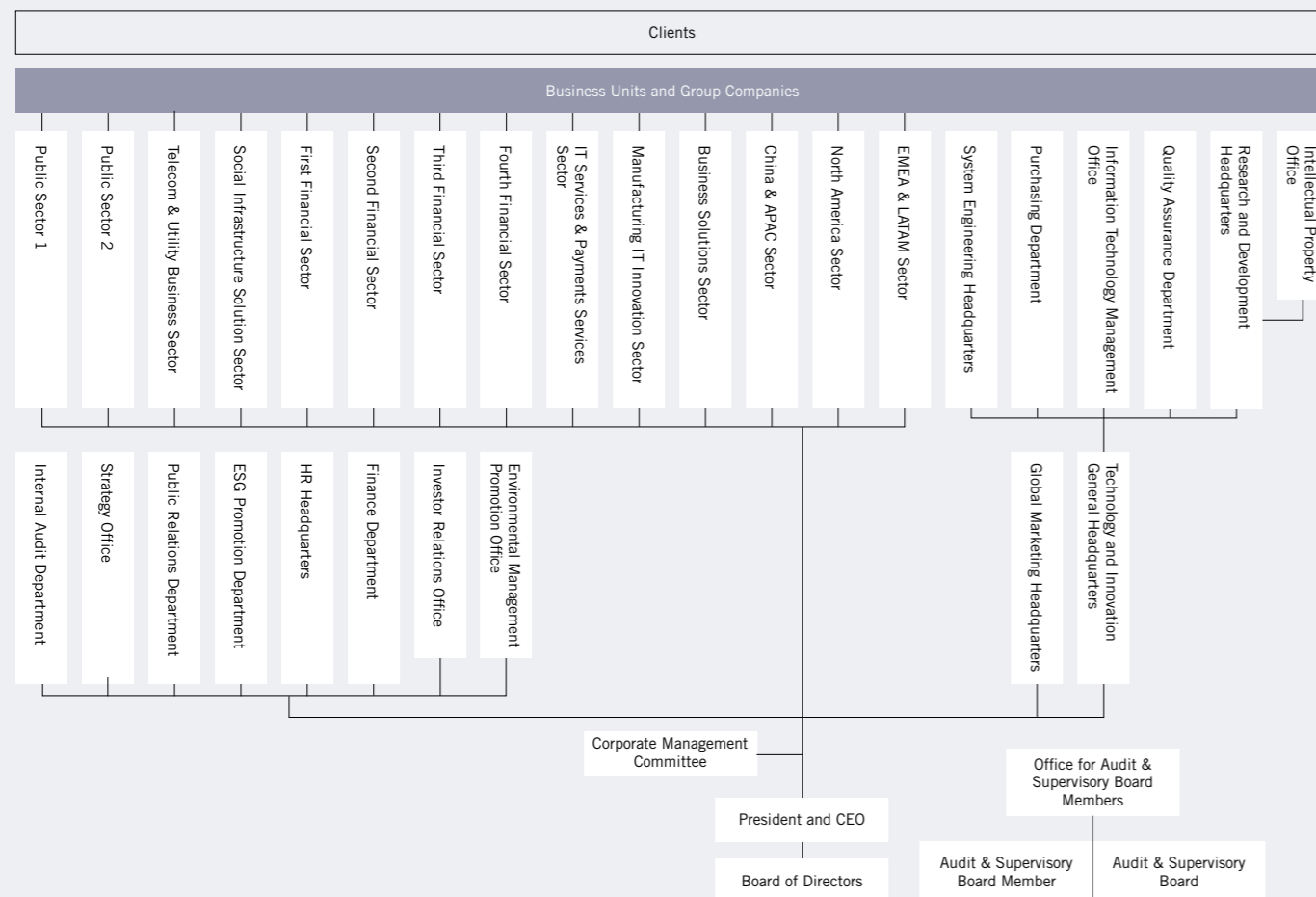
## Fiscal Year

April 1 to March 31 of the following year

## Independent Auditors

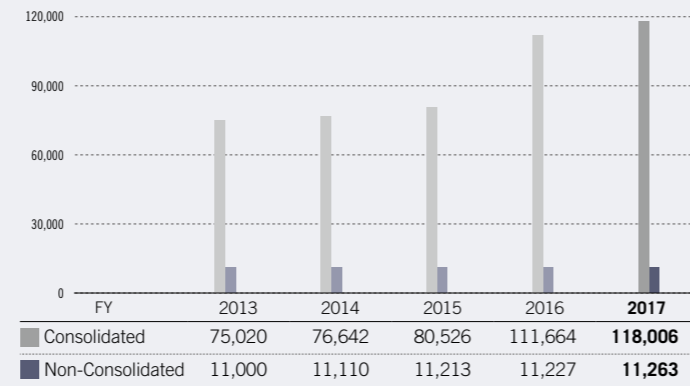
KPMG AZSA LLC

## Organizational Structure (As of July 1, 2018)



## Number of Employees at Fiscal Year-End

(People)



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

## Number of Shares Issued and Number of Shareholders

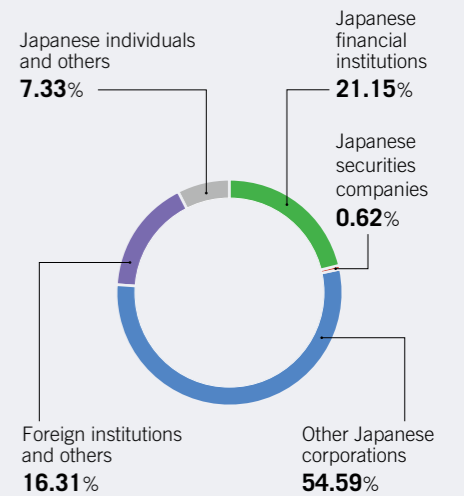
Total Number of Shares Authorized to be Issued by the Company	5,610,000,000 shares
Total Number of Shares Issued	1,402,500,000 shares
Number of Share Units	100 shares
Number of Shareholders	78,982 people

## Principal Shareholders

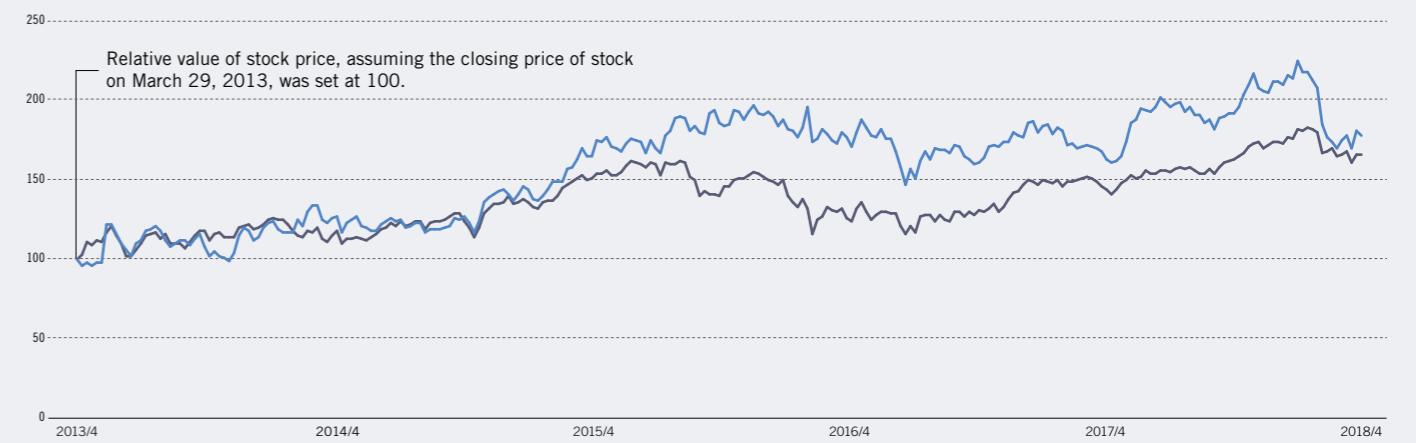
Name	Number of Shares Held	Ratio of Shareholding (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION*	760,005,000	54.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	120,360,600	8.58
Japan Trustee Services Bank, Ltd. (Trust Account)	68,401,200	4.88
Japan Trustee Services Bank, Ltd. (Trust Account 9)	19,059,300	1.36
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	15,184,300	1.08
NTT DATA Employee Share-Holding Association	13,910,400	0.99
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	13,503,160	0.96
Japan Trustee Services Bank, Ltd. (Trust Account 5)	11,648,600	0.83
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8,657,800	0.62
Japan Trustee Services Bank, Ltd. (Trust Account 2)	8,524,100	0.61

\* On August 7, 2018, NTT DATA issued a timely disclosure document to the Tokyo Stock Exchange entitled "Notice Regarding Transfer of Parent Company and Largest Shareholder," describing these expected changes. NTT DATA's parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION has decided to establish a company as a global holding company (Company name : NTT, Inc.) utilizing its existing indirect wholly owned subsidiary and to transfer shares of NTT DATA that it owns to this global holding company by autumn 2018.

## Distribution of Ownership among Shareholders



## Stock Price Chart



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