



# One NTT DATA

NTT DATA Integrated Report 2023

NTT DATA Group Corporation

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# Our Way

Many areas of the operating environment that touch our business are undergoing rapid change. For NTT DATA to continue growing, every manager and employee at our company is encouraged to decide what they should accomplish, implement changes that will enable their goals to be achieved, and propose how our business should be transformed to ensure our continued success. To explain this approach, we have created "Our Way," which outlines our Mission Statement, Group Vision, and Values and aims to set out our way for navigating the future.



## Mission Statement

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

## Employee Creed

1. We will do our utmost to serve our customers.
2. We will meet the challenges of our work with an active and positive spirit.
3. We will create a lively and vibrant company.

## Group Vision

**Trusted Global Innovator**  
**A partner trusted by clients over the long term**

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

## Values

### Clients First

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

### Foresight

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

### Teamwork

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



NTT DATA Group Code of Conduct

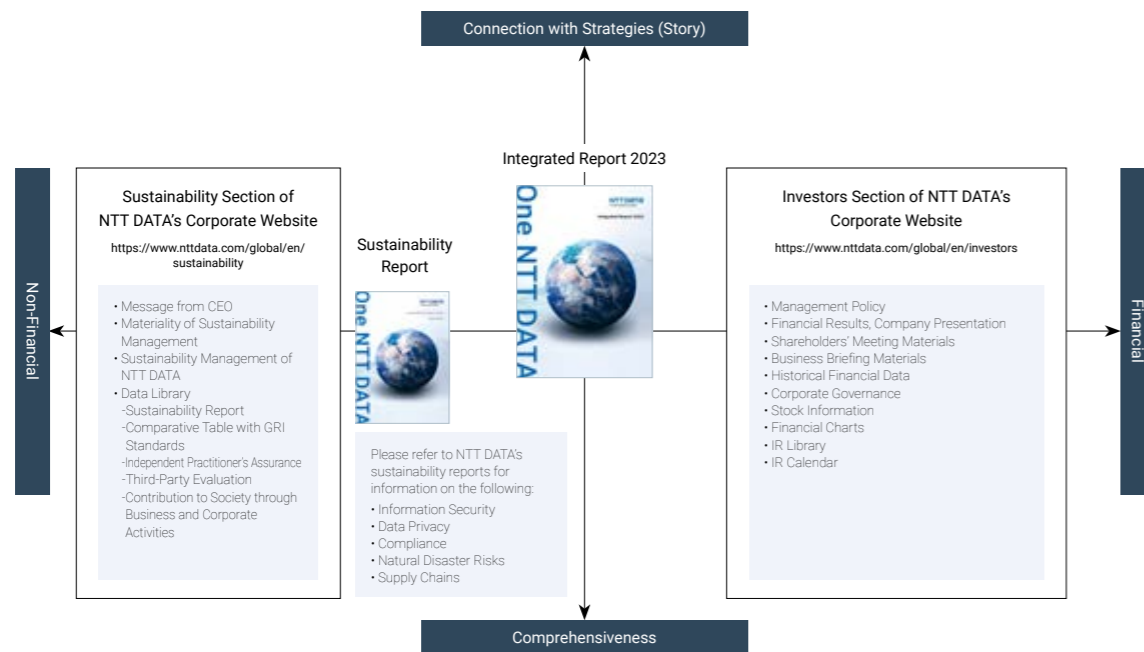
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# NTT DATA



NTT DATA Integrated Report 2023 has been positioned as a medium for communicating with shareholders, investors, and a wide range of other stakeholders as part of NTT DATA's efforts to achieve sustainable enhancement of corporate value through constructive dialogue.

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



**Referenced Guidelines**

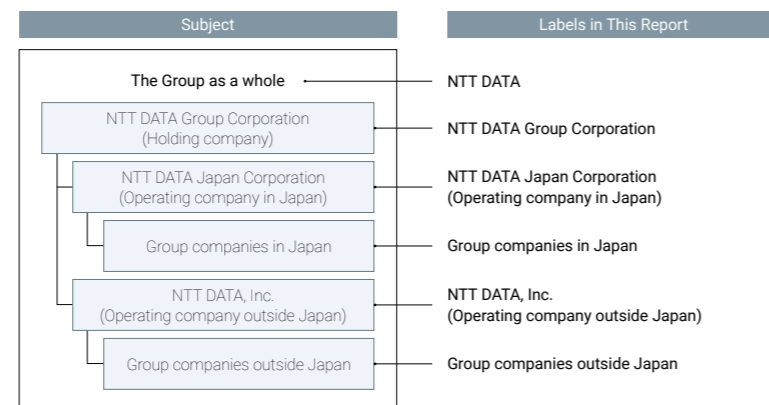
International Integrated Reporting Framework (IFRS Foundation)  
 Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment (Ministry of Economy, Trade and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

**Cautionary Statement Regarding Forward-Looking Statements**

This integrated report contains forward-looking statements concerning NTT DATA future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words "predicts," "expects," "anticipates," "could," "may," or similar expressions. Furthermore, they are subject to a number of risks and uncertainties that without limitation, relate to the COVID-19 pandemic, economic conditions, fierce competition in the information service industry, client demand, tax rules, regulations, and other factors. Readers of this integrated 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.

**Scope**

NTT DATA Group Corporation, NTT DATA Japan Corporation, Group companies in Japan, NTT DATA, Inc., and Group companies outside Japan. The labels used to refer to these companies in this report are as follows.



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

Note: NTT DATA (non-consolidated) refers to the prior NTT DATA Corporation that existed up until FY2022 and does not include Group companies.

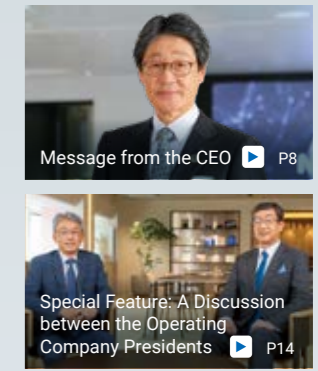
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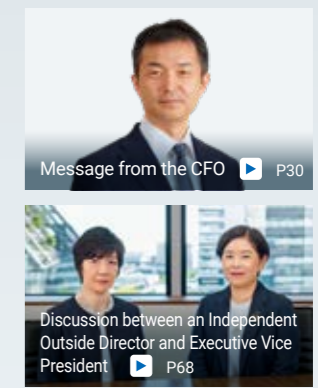


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# NTT DATA's Businesses

NTT DATA combines various IT services and advanced technologies to deliver the optimal services and solutions to clients around the world.

### Major NTT DATA Services

#### Consulting

- IT system development strategizing and planning together with clients
- Proposal of issue resolution and process transformation solutions powered by IT

#### System Integration / Software Development

- Contracting of planning, design, and development of clients' information systems
- Creation of paradigms that resolve client issues with IT

#### Maintenance / Support

- Technical support, operation, and maintenance services that ensure clients can continue to use IT systems reliably

#### IT Infrastructure, Communication Terminal Equipment Sales, etc.

- Managed services and data center operation management services
- Communication terminal equipment sales, maintenance services, etc.

#### Integrated IT Solutions

- One-stop support for everything from IT system concept planning to development, operation, and maintenance
- Full-cycle IT services supplied to clients and society
- Options for clients to use systems built on capital investment and assets held by NTT DATA

### NTT DATA's Strengths

## Long-Term Relationships

Trust and connections with clients

### NTT DATA's Points of Differentiation

<h4>Foresight for Identifying Trends</h4> <p>Consulting and process transformation capabilities based on sophisticated technological prowess and ability to create</p>	<h4>Power to Create</h4> <p>Robust expertise pertaining to business processes and sophisticated development capabilities gained through businesses conducted with clients in wide-ranging industries</p>	<h4>Project Management Capabilities</h4> <p>Coordination and project management capabilities for working with multiple partners and large-scale projects from a balanced position</p>
<h4>System Management and Operation Capabilities</h4> <p>System management and operation capabilities honed through reliable operation of critical IT systems supporting social foundations</p>	<h4>Power to Connect</h4> <p>Edge-to-cloud service operation capabilities focused on areas of expertise of NTT Ltd., such as data centers, networks, and managed services</p>	<h4>Healthy Financial Base</h4> <p>Long history and experience in creating numerous society-wide, cross-industry paradigms and a strong, healthy financial base supporting these efforts</p>

### Major NTT DATA Clients (Industries / Society)

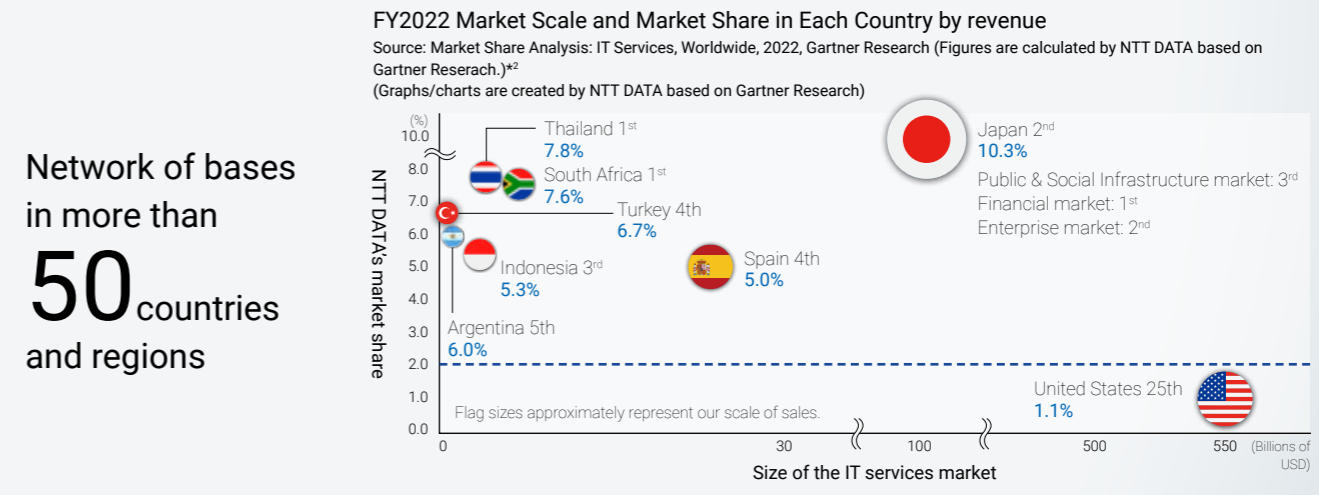
NTT DATA supplies services that contribute to the growth of clients' businesses and to the resolution of social issues for various companies and for social infrastructure that extends beyond the boundaries of companies and industries.

## Client Base **98** companies

Clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan)

### NTT DATA's Global Coverage ▶ P92: NTT DATA, Inc. (Operating company outside Japan)

The Group is utilizing its network of bases in more than 50 countries and regions to heighten its presence in major countries. We aim to increase the number of opportunities to propose IT services to a variety of key clients, including national governments and multinational corporations. To achieve this goal, we believe that the Company needs to gain a market share of 2% or higher, which we equate with a top 10 sales ranking. As of December 31, 2022, the number of countries and regions in which we held a market share of 2% or higher had risen to 26.\*1



### NTT DATA's Major Management Resources and Track Record ▶ P26: Management Resources

<p>Net Sales</p> <h2>¥3,490.2 billion</h2> <p>(34 consecutive years of growth)</p>	<p>Ranking for Global Net Sales</p> <h2>No. 6</h2> <p>Source: Market Share: IT Services, Worldwide, 2022, Gartner Research (Figures are calculated by the Company.)**1</p>	
<p>Number of Employees</p> <h2>Approx. 195,000</h2>	<p>Business Partners**2</p> <h2>Approx. 160 companies, 62,000 people</h2>	<p>Credit Ratings</p> <h2>AA+</h2> <p>Rating and Investment Information, Inc. Japan Credit Rating Agency, Ltd. <b>AAA</b></p>

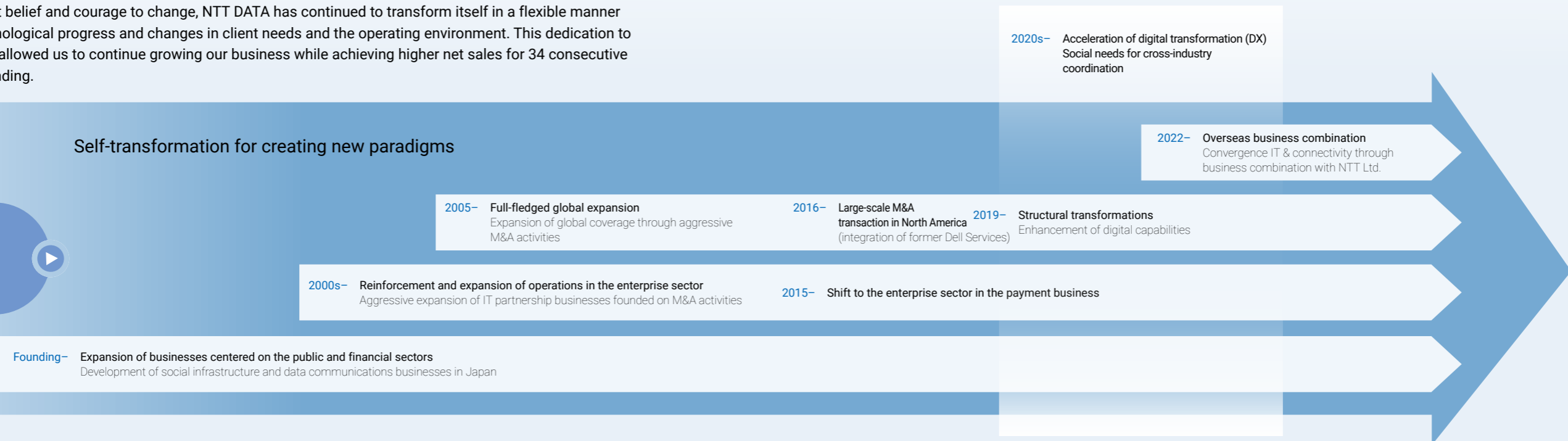
\*1 For the purpose of this report, the sales, ranking, and share of NTT Ltd., with which the Company undertook a business combination on October 1, 2022, are listed separately in regard to the first half of FY2022, prior to the business combination (April 1 to September 30, 2022). However, these ranking figures are based on a preliminary calculation for the Group's full-year net sales arrived at by adding the net sales of NTT Ltd. to those of the Company. Please see page 115 for sources and page 92 for information on 26 countries and regions.  
\*\*2 In Japan only

# NTT DATA's History of Self-Transformation

Driven by consistent belief and courage to change, NTT DATA has continued to transform itself in a flexible manner in response to technological progress and changes in client needs and the operating environment. This dedication to transformation has allowed us to continue growing our business while achieving higher net sales for 34 consecutive years since our founding.

## Self-transformation for creating new paradigms

Courage to Change



Consistent Belief

Implementation of mission statement

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

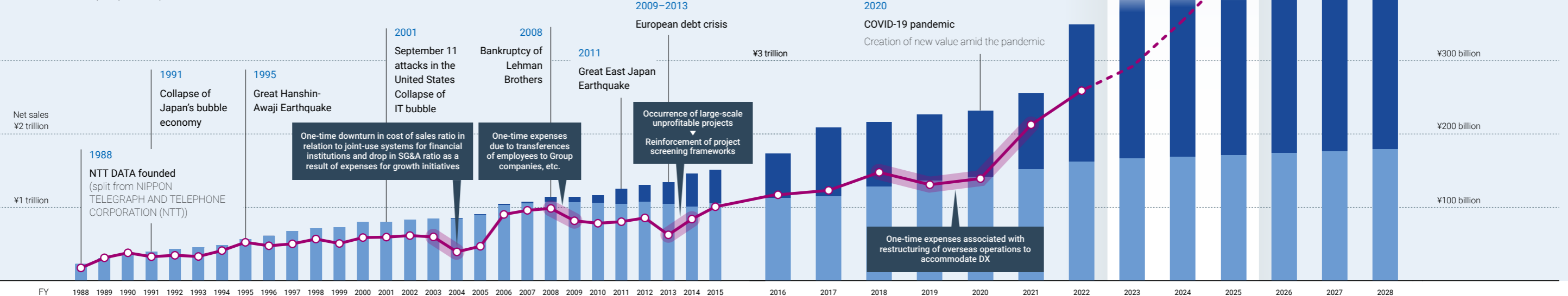
Transformation toward accomplishment of the targets of the medium-term management plan for FY2025 of consolidated net sales of over ¥4.0 trillion, operating income of ¥400.0 billion, and an operating income margin of 10.0%\*

\* Excluding one-time costs for M&A, structural reform, etc.

## Indicators

**Net sales (left)**  
 ■ Group companies outside Japan: Global business  
 ■ NTT DATA (Non-consolidate) + Group companies in Japan: Domestic Business

**Operating income (right)**  
 — Consolidated operating income



## We are committed to transforming into a truly global company by leveraging our strengths as a united One NTT DATA.

### Strengths Honed since Founding

The Company traces its roots back to the DATA Communications Bureau of NTT, the predecessor of the NTT of today. The DATA Communications Bureau was established in 1967, and it was around this time that data began being transmitted through telecommunications lines in earnest, signaling the dawn of data communications in Japan.

At that time, we faced a number of restrictions in our business, including the fact that we were only permitted to provide public, technical guidance, and nationwide services via telecommunications lines that connect computers to data centers. Even faced with these restrictions, we have continued to serve the public and financial sectors in the area of social infrastructure, providing a comprehensive lineup of offerings ranging from data centers to networks, systems, and services. I believe that the restrictions faced at the time of our inception have shaped the strengths we boast today, namely our ability to create highly reliable new paradigms and our ability to connect various clients.

The Company was established as an independent entity after separating from NTT in 1988. Over the years, we have continued to act in accordance with the philosophy of serving we have pursued since our founding, which is encapsulated in our mission statement: "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." Based on this mission statement, we have proceeded to contribute to the development of clients' businesses and of society. We have made these contributions by persevering together with clients to create new paradigms built on IT and then refining these paradigms after they have been put into place. Throughout our history, we have continued to build Long-Term Relationships with clients while developing a deeper understanding of these clients and honing our sophisticated technological capabilities.

I am confident that there will be significant opportunities to exhibit our values and the true value of our strengths in the coming era.

### Exhibition of the True Value of Strengths in the Coming Era

As a manager, I have always sought to act in accordance with the saying of "dream big, start small." Based on this saying, I strive to maintain a broad, big picture perspective

and formulate a multifaceted, overarching vision while working diligently toward this vision beginning with small tasks. Having an overarching vision makes it possible to continue to march forward without losing one's way. Meanwhile, pursuing change beginning with small tasks helps ensure that overall processes can run more smoothly. I think this approach will be crucial to our efforts to contribute to the resolution of social issues using IT and digital technologies going forward.

As businesses and technologies become increasingly more intertwined, we are seeing the rapid creation of new services and business models utilizing digital technologies. At the same time, DX is accelerating in existing business areas. One such example would be the transition to the shared use of joint usage centers for the core banking systems we provide for regional banks. In this way, DX is spreading across society as a decisive tool for resolving social issues. However, the increasing complexity of social issues is making it impossible for one company, or even one industry, to tackle these issues in their entirety. This is why it is important to formulate a vision of the ideal future for the whole of society, considering how to reconcile the differing visions and interests of various stakeholders, and to work diligently toward the accomplishment of this vision.

The coming era will be one of connections between various people and things. In this area, there will be a need for secure methods of collecting, analyzing, and masterfully utilizing data that exceeds the boundaries of companies, industries, and even the public and private sectors. Looking at the healthcare field, for example, we can foresee a future in which personal health data is combined with the checkup results of healthcare institutions and the data of one's insurance provider and analyzed to supply personalized healthcare services. Such a future will be made possible by paradigms founded on coordination between municipalities, healthcare institutions, insurance companies, medical device manufacturers, and various other stakeholders. I suspect that creating these frameworks, which involve a widening range of connections and massive increases in the number of stakeholders involved, will be more difficult than ever going forward. Fortunately, we have a history of persevering in challenging tasks while fostering our ability to create and our ability to connect based on the commitment to serving society that can be traced back to our inception. This puts us in a prime position to contribute to the creation of such paradigms. This



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*Yo Honma*

Yo Honma

President and Chief Executive Officer,  
Representative Director

capacity to utilize our strengths to make the paradigms we envision into a reality can be clearly seen with our D-Resilio digital disaster prevention platform. This platform utilizes data for satellite imagery and drones together with AI and other digital technologies to supply municipalities, healthcare institutions, and other relevant organizations with real-time information to help facilitate swift disaster responses.

I am committed to capitalizing on our strengths to deploy such services via coordination with stakeholders throughout Japan and across the globe.

### Growth as a Truly Global Company

We were a step ahead of our domestic peers when we began full-fledged global expansion in 2005. The Company has since continued a phased advance onto the global market by pursuing increased global coverage during its Global 1<sup>st</sup> Stage, which ended in 2015, before going on to build a recognized global brand in the Global 2<sup>nd</sup> Stage leading up to 2018 and then working to foster a reputation as a trusted brand in the Global 3<sup>rd</sup> Stage set to conclude in 2025.

I became the leader of management in 2018. Positioning improving the profitability of overseas operations as a top management priority, I have since proceeded to spur the Company toward achieving profitable growth based on my emphasis on profits. In recent years, we have been seeing increased use of cloud services centered on the infrastructure and middleware fields. However, the applications used by clients have to be developed on an individual-country basis in order to match the regulatory requirements and business customs of the respective country. With a focus on these markets, we have been devoting resources to areas of strength in relevant countries while expanding our coverage and entrenching our brand through organic growth and M&A activities. I feel that we have been successful in our efforts to achieve profitable growth, as indicated in a rise in the overseas EBITA margin\*1 from 2.5% in FY2019 to 8.0% in FY2022. In addition, the improvement of our brand value has led the Company to be ranked sixth in the world in the IT services industry.\*2

In October 2022, we undertook an overseas business combination with NTT Ltd., which was a wholly owned subsidiary of NTT at that time. This business combination has placed us in a position of leading the NTT Group's global operations in business-to-business areas. We then went on to transition to a holding company system involving a three-company structure in July 2023. This structure entails the Company, now named NTT DATA Group Corporation and functioning as a holding company, overseeing NTT DATA Japan Corporation, an operating company in charge of domestic operations, and NTT DATA, Inc., an operating company outside Japan that manages NTT Ltd. and other Group companies located outside of Japan. Under this structure, the operating company in Japan and the operating company

outside Japan will provide clients with the ideal services from a location nearby them. Meanwhile, human resources, financial, auditing, and other corporate functions as well as shared functions like research and development will be consolidated within the holding company. Through this structure, we will seek to optimize overall operations and improve flexibility.

Up until now, we have proceeded to create new value by building trust-based relationships with clients founded on our client-first mindset and helping clients resolve their issues. Going forward, we will continue to amass our global resources in our quest to provide clients worldwide and society with even more sophisticated services.

### Synergies Generated as a United One NTT DATA

With the aim of accelerating the creation of synergies with NTT Ltd., we plan to adopt a new operating model for overseas operations in 2024. Prior to the transition to the three-company structure, I visited Europe and the United States in March 2023 and then the Asia-Pacific region in April to meet with the CEOs and other managers of operations in these regions. Everyone stated their desire to quickly become a united One NTT DATA, and all had the highest hopes for the unique strengths born out of becoming such a united Group.

NTT Ltd. boasts the No. 3 global share in the data center business, with some 100 data centers in roughly 30 cities around the world. By combining the ability to create that the former NTT DATA Group overseas operating companies have built in the consulting and application areas with the ability to connect of NTT Ltd., we are able to provide the same high-value-added full stack IT services we offer in Japan to clients across the globe. Moreover, by advancing integrated strategies as a united One NTT DATA, it is possible for us to take a more systematic approach toward strategic investments and capital investments. We have defined a 2% market share as the minimum level that we need to maintain in order to receive opportunities to propose solutions to global companies and to government agencies. The number of countries in which we hold such a share has increased from five to 26, indicating the rise in recognition of the NTT DATA brand.

The benefits of the business combination with NTT Ltd. have already led to the creation of business opportunities. For example, we are engaged in a project for comprehensively supporting the DX of a Bayerische Motoren Werke AG (BMW) factory. In this project, NTT Ltd. is handling the construction of a private 5G network within the factory while NTT DATA EMEAL, which has a breadth of automotive industry expertise, is in charge of overall project consulting and of the development of the ideal data-driven vehicle control functions. In addition, sales-front coordination is leading to an increased project pipeline, demonstrating the high levels of anticipation clients have with regard to the



Group. Now that we are armed with both an ability to create and an ability to connect, we have access to a wider range of possibilities for collaboration with hyperscalers and other partners around the world, and various collaborative projects are already underway as a result.

Various consulting firms may be expanding their operations in the system integration field, but we are equipped to differentiate ourselves from such firms through our capacity to swiftly supply full stack IT services along with superior technological prowess. I also see potential to create high levels of value by utilizing the NTT Group's Innovative Optical and Wireless Network (IOWN) and other world-leading infrastructure field R&D successes. Furthermore, we are demonstrating our stance toward persevering to complete highly reliable systems backed by technological excellence and founded on the Long-Term Relationships with clients that we have treasured throughout our history. This stance is the greatest strength for differentiating ourselves on the global stage.

### Global Scale Sustainability Management

If we are to ensure the sustainability of the planet, the global community will need to be united in its efforts to combat climate change, create circular economies, and restore ecosystems. In addition, as a global company, we are charged with the responsibility of promoting respect for the rights of diverse individuals and providing services that anyone can access as necessary to meet their basic needs in order to achieve a society where everyone can live healthy and happy lives. The current medium-term management plan touts the slogan of "Realizing a Sustainable Future," based on which we have defined the three focuses of Regenerating Ecosystems, Clients' Growth, and Inclusive Society. With these focuses, we have proceeded to practice sustainability

management, aimed at creating both economic value and social value, as a core aspect of our business. These efforts have resulted in our ongoing inclusion in Dow Jones Sustainability indices (World index, Asia Pacific index), our selection for the CDP Climate Change A List, and high evaluations from various other external institutions. Meanwhile, our participation in the United Nations (UN) Global Compact has allowed us to actively take part in international initiatives.

Data utilization will be critical to the efforts of companies around the world to accelerate the creation of business models that help resolve social issues and supply new value. At the same time, however, there is a need to limit the amount of electricity used in conjunction with the explosive increase in data traffic that will result from this data utilization. We were among the first in the industry to promote the greening of our data centers and the development of eco-friendly software, and are determined to contribute to the resolution of such issues. At the same time, we seek to cater to the robust demand seen centered on hyperscalers, and therefore plan to invest approximately ¥350.0 billion in data centers and to complete construction of more than 10 new data centers in FY2023. We are also taking steps to conserve electricity at data centers, which account for roughly 70% of our electricity use, while working toward our targets of sourcing 100% of the electricity we use from renewable energy by 2030 and achieving effectively zero emissions of greenhouse gases by 2040. Going forward, the Group intends to continue the global deployment of numerous paradigms for creating both economic value and social value through the utilization of data.

The promotion of diversity, equity, and inclusion (DEI) is also key to innovation and the further development of society. In developing a global business, it is crucial that we recognize our important social responsibility as a company to respect human rights. Based on this recognition, we

endeavor to accurately understand and acknowledge the laws, cultures, religions, and values of relevant countries and regions. We are committed to working to create an equitable society where a diverse range of people thrive and respect each other's human rights.

By leveraging our strengths in IT for the benefit of local communities, we look to foster next-generation IT human resources on a global basis. From a medium- to long-term perspective, we will advance an ongoing campaign to provide various IT education opportunities at bases around the world to students in all levels of education, to NPOs, and a wide range of other stakeholders.

In this manner, we will accelerate our initiatives for preserving the global environment and resolving social issues through globally uniform promotion systems.

### Advance toward the Global 3<sup>rd</sup> Stage

The current medium-term management plan has been positioned as an important step on our journey to become a truly global company. Under this plan, we aim to complete final preparations for our transition to the Global 3<sup>rd</sup> Stage as we seek to become a Global Top 5 IT company relied upon by clients around the world as a "Trusted Global Innovator" by 2025. As part of this process, we are targeting consolidated net sales of over ¥4.0 trillion, a client base to be comprised of 120 or more companies,\*3 a consolidated operating income margin\*1 of 10.0%, and an overseas EBITA margin\*1 of 10.0% for FY2025. In FY2022, the first year of this plan, we grew sales in all segments and thereby achieved higher sales and income on a consolidated basis. Even when excluding factors like the benefits of foreign exchange rates and the inclusion of NTT Ltd. into the scope of consolidation from the third quarter of FY2022, we posted our 34th consecutive fiscal year of higher sales and income



with an increase in net sales of roughly ¥200.0 billion. Despite the occurrence of an unprofitable project in the Public & Social Infrastructure Segment, we still achieved net sales and operating income that surpassed our initial forecasts. This is a clear indication of how our culture of concerted effort to create results has taken root.

To guide the practice of sustainability management, the current medium-term management plan defines five strategies, of which Strategy 1—Capitalize on the convergence IT & connectivity—has been positioned as a central strategy to be supported by the other four strategies. We offer a detailed look at the progress of each of these strategies on pages 40 to 45 of this integrated report. Here, I would like to talk about two strategies in specific.

Strategy 2—Strengthen consulting with foresight—is oriented toward supporting the rapid progress of Strategy 1 by encouraging us to examine our vision for the future and think with clients to heighten our capacity to propose feasible means of accomplishing our vision backed by sound architecture. However, we will not stop at just making proposals; we will also differentiate ourselves through consulting to ensure that these proposals can be implemented and utilized to create results. We have already formulated our approach toward consulting, and this approach is being put into action in frontline operations. The implementation of Strategy 2 is anticipated to contribute to the evolution of our unique 4D Value Cycle, which delivers value through the four Ds of Discover, Design, Develop, and Drive. By strengthening our consulting capabilities based on foresight with regard to Discover and Design, we aim to adopt a sophisticated "foresight design" approach to supply even higher levels of value.

Strategy 5—Be the best place to work—is a top priority strategy. Human resources are our most important management resource as we provide value that cannot be seen through our IT services. We have thus continued to emphasize our human resource strategies with the goal of becoming a more appealing company. This has resulted in our ability to maintain the No. 1 spots on various rankings of popular employers in Japan, enabling us to recruit talented human resources. Our brand image has also been improving overseas, which has helped us attract talented individuals outside of Japan as well. Our transformation into an even more appealing company, based on our goal of being the best place to work, is ongoing. Focuses in this transformation include human resource strategies based on the three-company structure as well as the enhancement of specialized skills and the energization of organizations through the introduction and entrenchment of human resource systems attuned to the needs of individual employees. One facet of these efforts was the full-fledged introduction of job-type systems in July 2023. These systems will be combined with our autonomous career development support systems to help diverse human resources succeed and achieve self-driven growth. We also intend to ramp up

recruitment of mid-career individuals. Another goal of our human resource measures is to recruit and develop the human resources we require as a global organization. For this reason, we are encouraging coordination between all members of our global team, regardless of their nationality, in order to bolster our staff of global human resources who can create new value.

With a staff of approximately 195,000 individuals in more than 50 countries and regions, we are evolving our initiatives for growing and resolving social issues with our ability to create and ability to connect.

### Earnest Response to Market Concerns

Following the announcement of the overseas business combination with NTT Ltd., our stock price plummeted, and it is continuing to fluctuate even today. We intend to address this issue through an earnest response to the concerns of shareholders and other investors and through transparent explanations to earn the support of the market with regard to our medium- to long-term strategies. The concerns of the market can largely be divided into three areas.

The first area of concern is whether we will be able to effectively transform the business structures of NTT Ltd. Structural transformation at NTT Ltd. began in FY2019, and these transformation measures were further accelerated in FY2022, specifically in terms of reorganizing unprofitable businesses, abolishing underperforming bases, and optimizing headcounts to cut fixed costs. These efforts have led to improvements in the post-adjustment EBITA margin that exceeded our expectations. In FY2023, we expect to make steady progress by shifting toward high-value-added services.

The second area of concern is whether we will be successful in combining the businesses of NTT Ltd. with the Group's former operating company outside Japan. With regard to this, I can say that our measures are progressing according to plan. At the moment, we are in the process of preparing a new operating model to be adopted in FY2024 with the goal of generating greater synergies. Under this model, we will establish separate regional and global units. The regional unit will be created by combining the businesses of NTT Ltd. with those of the respective former operating company outside Japan so that we can provide offerings in an integrated manner. Meanwhile, the global unit will coordinate with the regional unit to supply the data center, network, and other shared functions of NTT Ltd.

The third area of concern is for the repercussions for our financial health from the increase in interest-bearing debt. The data center business is highly profitable. However, this business entails upfront investments for the purpose of exerting leverage, which can result in a higher burden from interest rates and thereby adversely impact the net income used to issue shareholder returns. Moreover, a significant amount of time can be required to recover investments in this business.

These factors mean that we must prepare for negative impacts on investment profitability and financial health in the short term after investing. To address these concerns, we are committed to improving investment profitability and financial health. This will be accomplished by heightening EBITA through profitable growth and utilizing third-party capital to shorten investment recovery periods.

We are committed to alleviating the concerns of our stakeholders through the results we create in our pursuit of greater pinnacles.

### Strong Commitment to Results

I joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION in 1980. I chose this path because I had become enthralled with the world proposed by the concept of information network systems, which entail digitalized and integrated communication networks for providing telephony, data communications, and a full spectrum of other services. Over the more than four decades that followed, I have continued to be a part of our history of innovation. If the establishment of the DATA Communications Bureau of NTT was the first founding of NTT DATA, the Company's separation from NTT to become an independent entity was our second founding and our embarkment onto the global stage in 2005 was our third founding. It would then follow to say that our transition to the three-company structure, which represents an evolution beyond a company that operates a global business to become a truly global company, is our fourth founding. NTT DATA Japan Corporation, our operating company in Japan, launched a new project in January 2023 in which 100 junior employees make proposals for the future of the Company. The goal of this project is to present management with the honest opinions of project members so that this input can be incorporated into future management measures. I hope that the employees who will shape the future of the Group will be proactive in raising their hands to present their vision for our future after our fourth founding.

To ensure that we can become the type of company our employees envision, I will commit to ensuring that we can transform into a truly global company while drawing out our ability to generate results.

\*1 Excluding one-time costs for M&A, structural reform, etc.

\*2 Position in Brand Finance IT Services 25 2023 ranking of Brand Finance of the United Kingdom

\*3 Clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan)



## Three-Company Structure Passion toward Creating a United One NTT DATA—A Discussion between the Operating Company Presidents



Yutaka Sasaki

Representative Director and President  
NTT DATA Japan Corporation

Kazuhiro Nishihata

President and Representative Director  
NTT DATA, Inc.

### Transition to the Three-Company Structure and Goals

#### Transition to the Three-Company Structure

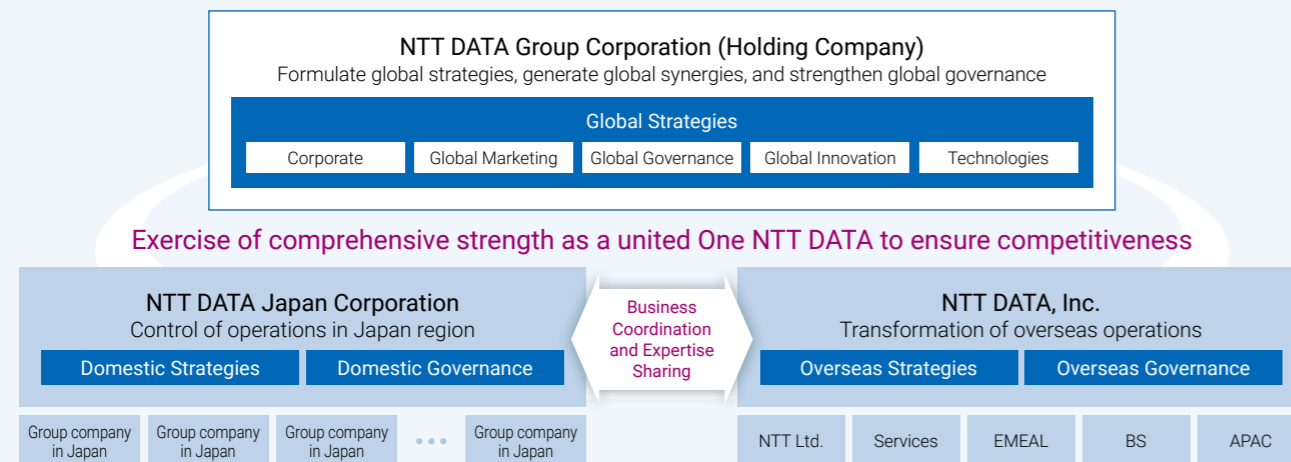
As NTT DATA continued to grow its domestic business, it also went on to rapidly expand its overseas operations through the business combination with NTT Ltd. undertaken in October 2022. This business combination granted the Group a massive scale underscored by consolidated net sales of more than ¥4 trillion. We thus found ourselves pressed to shift toward a more global management structure to allow for the advancement of globally oriented strategies and to facilitate further business growth. There was also an urgent need to respond to the changing operating environment. Recognizing these needs, NTT DATA transitioned to a three-company structure (holding company structure) in July 2023. Under this structure, NTT DATA Group Corporation functions as the Group's holding company overseeing NTT DATA Japan Corporation and NTT DATA, Inc., which serve

as operating companies respectively managing the Group's domestic and overseas operations.

#### Goals of the Three-Company Structure

The function of NTT DATA Group Corporation under the three-company structure will be to formulate global strategies, generate global synergies, and strengthen global governance. Meanwhile, a certain degree of authority will be delegated to the operating companies responsible for domestic and overseas operations to allow for flexible and autonomous management. Moreover, the sources of our competitiveness, namely our technology R&D functions, strategic investment functions, and support functions for offerings suited to domestic and overseas markets, will be consolidated to allow the Group to exercise its comprehensive strength as a united One NTT DATA.

#### Focus on Enhancing Global Management and Global Governance by Holding Company



### Discussion between Presidents of the Operating Companies

(Discussion directed by Tadaoki Nishimura, Head of Corporate Headquarters, NTT DATA Group Corporation) —

#### Changes Brought about by Transition to the Three-Company Structure

**Nishimura:** Just over a month has passed since the transition to the three-company structure. Have you noticed any changes in the speed of management decision-making or in corporate governance? I suspect that the most notable changes might have been seen in domestic operations. Do you find this to be true?

**Sasaki:** I led the transition to the three-company structure in my position as head of the Corporate Headquarters up until June 2023. Given the increased presence of overseas operations in our portfolio, there was a lot of discussion on how to generate synergies between domestic and overseas operations and how to ensure effectively functioning governance. These discussions led to the decision to assign a large portion of the corporate and governance functions necessary of listed companies to holding company NTT DATA Group Corporation. The result was the newly established operating company in Japan being relatively light on corporate organizations, which allows it to focus more on guiding domestic operations. In particular, **I feel that the reduced sense of distance with the heads of domestic business divisions has been conducive to discussions. This was beneficial for accelerating decision-making and allowing for increased ease of discussion on more reality-based business strategies.**

**Nishimura:** Mr. Nishihata, have you noticed any changes with regard to our overseas operations since the October 2022 business combination with NTT Ltd.? There is no need for you to focus on the transition to the new structure.

**Nishihata:** In terms of our overseas operations, there is no denying that the October 2022 business combination with NTT Ltd. had a greater impact than the transition to the three-company structure. This business combination made global operations a larger part of our overall business while also improving the quality of decision-making in comparison to a decade ago. Also, the business combination resulted in an even closer relationship with parent company NTT, which caused some confusion immediately after the combination in October. However, most of the wrinkles were ironed out over the next six months.

We still have some ways to go in becoming a truly global company. Nevertheless, **I think that holding company NTT DATA Group Corporation's more refined global governance and stronger relationship with NTT mean that we are definitely moving in the right direction.**

#### Challenge 1: Facilitating Collaboration

**Nishimura:** Based on what we have talked about so far, what do you want to accomplish over the medium term, and what do you see as pressing challenges to be addressed. In addition, given the increased collaboration between overseas businesses following the business combination with NTT Ltd.,

what do you think is necessary for facilitating collaboration with domestic businesses?

**Sasaki:** Overseas sales may have come to represent around 60% of the Group's total sales, but we cannot discount the experience and technologies accumulated within the Technology and Innovation General Headquarters in Japan. I oversee technologies as the Group CTO, and **I thus understand that technologies are a common language shared around the world. In ensuring we can be competitive in terms of technologies, it will be incredibly important for us to utilize the experience gained in Japan while also sharing advanced technology usage cases with various clients in Europe and the United States.** There are a lot of competitors who have gotten ahead of us in terms of the global deployment of best practices. Nevertheless, NTT DATA should continue to aggressively advance its efforts in the field of technologies.

**Nishihata:** In terms of global collaboration, we, of course, pursue collaboration when necessitated by client needs. However, there are also times when we collaborate regardless of the client. In fact, I would say that **the introduction of a different company to manage overseas operations in October 2022, ahead of the transition to the three-company system, has sparked an increased appetite for collaboration.**

The IT services industry is one in which it will be difficult to grow if we limit ourselves to Japan. As Mr. Sasaki stated, technology is a globally shared common language. There is no issue with our structure in this area, specifically with how NTT DATA Group Corporation is responsible for controlling budgets on a Groupwide basis. It will thus be important going forward, for us to not only respond to clients' requests, but also to focus on increasing collaboration within NTT DATA and focus on structuring business, specifically utilizing economies of scale.

The business combination with NTT Ltd. allowed employees of NTT DATA to engage with a wide variety of new people and projects, which is no doubt serving as a source of stimulation that I hope will lead to increased collaboration. **There is need**



## Three-Company Structure Passion toward Creating a United One NTT DATA— A Discussion between the Operating Company Presidents

for ongoing discussion on how to accelerate said collaboration, but I suspect that we will see a natural increase in collaboration if we can cultivate a conducive environment for it.

### Challenge 2: Supporting Human Resource Mobility and Utilizing Corporate Organization

**Nishimura:** Turning to our employee base, over the past 10 years we have seen a massive increase in the number of individuals joining the Company with the desire to work in global operations. The transition to the three-company structure, however, brings with it the risk of employees of the operating company in Japan feeling that they cannot become involved in global operations. We must make efforts to dispel this understanding. I also think that, since the transition, there has been a wider range of opportunities for discussing frameworks aimed at increasing human resource mobility and fostering mutual understanding through collaboration.

**Nishihata:** We saw a large influx of employees into NTT DATA, Inc., in July 2023. I often receive questions about whether it is still possible to transfer to NTT DATA, Inc., now that we have divided into three companies. I reassure such employees by telling them that **there has been no change** to the ease of choosing one's desired career path at the Group. So long as one's supervisor approves, they can come to NTT DATA, Inc., or return to their prior company at any time. In fact, it might be even easier than before.

**Nishimura:** This is an area in which I think we need to explain, or even demonstrate, the reality to employees.

**Sasaki:** It is important to think about how NTT DATA, Inc., and NTT DATA Group Corporation will collaborate on a workplace level as well as how to make employees more cognizant of the possibility for such collaboration. Moreover, **corporate divisions under the three-company structure must accurately assess our overall businesses and exercise increased leadership with regard to cash allocations and other investment strategies. We also need to involve key members of overseas operations in discussions of global business directives.**

**Nishihata:** It would not be odd, for example, if the corporate staff of the Strategy Office were to be globally based or for non-Japanese individuals to be appointed to the Strategy Office. Everyone at the Strategy Office could even be positioned in different bases. If we only look at things from the perspective of Japan, we are likely to choose the wrong course.

**Sasaki:** Going forward, let us talk about how we should shape our organizations as a global company.

### Challenge 3: Heightening Our Performance through Overseas Human Resources

**Nishihata:** Under the three-company structure, NTT DATA Japan Corporation, NTT DATA, Inc., and other workplaces should team up together to do what is necessary. Meanwhile, NTT DATA Group Corporation must guide the two operating companies through financial and other strategies, and that will likely be the most challenging task. I hope to help the Company in exercising effective control while engaging with the operating companies. Communication will be crucial to this process.

**Overseas constituents will not just blindly abide by our requests, and we also must consider the possibility that the levels of returns and costs at operating companies may not live up to the expectations of NTT DATA Group Corporation.** This is why control by a holding company is more challenging than the frontline businesses of operating companies.

**Sasaki:** The businesses of operating companies are developed while working closely with clients, and this prevents them from going astray.

**Nishihata:** That is absolutely true. If we can share assets, we can facilitate collaboration between domestic and overseas operations, and we will no doubt be inspired to cater to those clients in need of our services.

**Nishimura:** I have sensed some difficulties in fulfilling our role as a holding company. In developing frameworks related to generative AI, for example, the process of incentivizing and motivating employees overseas is different from what I have experienced in Japan. **There is thus a need to develop effective lines of reporting and to ensure that employees are appropriately compensated for their contributions.**

### Challenge 4: Enhancing the Role and Presence of NTT DATA Group Corporation

**Sasaki:** Determining how to overcome the challenges we face is an incredibly important step on our path toward becoming a truly global company. **Generative AI, for example, is garnering a lot of attention around the world.** The management of each overseas region no doubt has their own ideas about **how to address this trend on a global basis**, but they are also mindful of the policies of the holding company. There is sometimes a need for a top-down approach, such as having the holding company present a scenario for formulating and executing strategies, including the scales of investments that will be devoted to certain business opportunities.

**Nishihata:** Operating companies dedicate themselves to serving the clients who are in front of them, which can make them susceptible to short-term thinking. **The long-term perspective, therefore, must be housed in a different location, such as in NTT DATA Group Corporation, the holding company.** This can be rather difficult, except in cases when funds and capacity are plentiful. Accordingly, there may be a need to take a different approach for particularly large undertakings.

**Sasaki:** I agree. The business combination with NTT Ltd. brought the scale of the Group's net sales to ¥4 trillion and also made a large contribution to our presence. This change has led some to judge us as having surpassed the competition in Japan to become No. 1 in the domestic market, and we are gaining attention from Gartner, Inc., and other analysts.

**Nishihata:** With that regard, NTT DATA was No. 1 in relation to the rate of increase in its brand ranking among the world's top 100 tech companies in FY2023.\* This can be seen in how, for example, NTT DATA, Inc., is growing in Brazil, which is driving increases in sales and income while the strong brand image helps it recruit talented human resources.

**Sasaki:** In terms of net sales, we place No. 6 or No. 5 in global rankings. This has made the NTT DATA brand more recognized in the market, which has also culminated in changes in how we are treated by the press. **A strong brand image is a very powerful asset.**

**Nishihata:** This might be a case of the evaluation of our brand image improving before other metrics, but we generally hold spots in the top 5 in overseas regions, and we are No. 2 in Japan. **We have gained a reputation as a unique company that excels in research and development and values people, putting clients and employees first.** The Company also has a strong image among Japanese companies from the perspective of the United Nations Sustainable Development Goals (SDGs).

**Sasaki:** I hope we can continue to build upon this positive trend. **Nishihata:** The Group has established a notable presence in the Japanese market. To ensure that we can continue to cultivate our presence overseas, I think it will be important to heighten our capabilities while achieving growth that is reflected in the numbers.

### Career Paths in the Three-Company Structure

**Nishimura:** The Group maintains its strong presence in Japan. Do you feel that our enhanced capabilities in overseas markets are an advantage in competition?

**Sasaki:** Our rivals on the global market are armed with overseas best practices. In competing with these rivals, **our 150,000 overseas colleagues and our ability to advance multifaceted projects together with clients will no doubt be an advantage.** However, we have to **make sure that we are able to effectively capitalize on this advantage, and this is why it is crucial that we step up communication with frontline organizations.**

**Nishihata:** I think we should **accelerate personnel rotations** as it will be important to promote such rotations as we step up communication with the front lines.

**Sasaki:** Efficient collaboration is not possible online; you need to meet and talk face to face.

**Nishihata:** I think we will naturally trend toward such face-to-face communication.

**Nishimura:** It will take some time, but I hope to implement human resource development plans based on long-term cycles. These plans could entail employees going overseas when they are still new, returning to Japan before going back overseas as managers, and then once again returning to Japan before going back overseas to serve in upper management.

**Nishihata:** I think we can also imagine the inverse of such a cycle, in which mid-rank employees from NTT DATA, Inc., are positioned at NTT DATA Group Corporation or at an overseas headquarters for the Strategy Office that we might establish as part of this cycle. **If we were to offer such career paths, it would make it so that employees of NTT DATA, Inc., do not have to transfer to different companies as they have the option of continuing to grow within their own company.** It is important to **foster highly loyal employees** through such approaches.

**Sasaki:** To go one step further, although Japanese sales staff may have trouble performing sales or consulting in Europe due to the high language barriers, **engineers can more easily contribute overseas as technologies are a common language. I therefore think that having junior engineers spend time working in Europe or the United States is an extremely viable option.**



**Nishihata:** The same could be said of finance. **It would be a good idea to give anyone in a position that has this type of common language the chance to work overseas.**

**Sasaki:** From that perspective, it is clear that the corporate organizations and the Technology and Innovation General Headquarters of NTT DATA Group Corporation should look into the idea of rotations for junior staff members.


**Nishimura:** I see. I hope that the Company will be able to act upon some of the takeaways from today's conversation.

\* Position in Technology 100 2023 ranking of Brand Finance of the United Kingdom



# Present and Future of IT and Business

Every year, NTT DATA publishes NTT DATA Technology Foresight to present the IT and business trends of present and future that function as its guiding compass. This publication is based on a wide range of objective information and is designed to examine the present conditions of businesses that continue to grow by fully capitalizing on IT and to elucidate the path of their future.



**NTT DATA Technology Foresight**  
<https://www.nttdata.com/global/en/technology/trend-listing>

In the 2023 edition, the introduction section reexamines the relationship between business and IT while the emerging technology section takes a deep dive into the course of the evolution of IT to provide predictions that can be used to guide future corporate strategies. This publication is used on a variety of occasions to help users utilize IT to adapt to our rapidly changing world and to tackle the wide range of increasingly complicated challenges we face. Through this initiative, NTT DATA is proud to broadly disseminate its foresight and technological capabilities to clients, in a bid to gain and strengthen their confidence in NTT DATA while co-creating innovation.

## INTRODUCTION

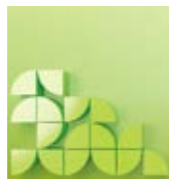
### 01 Growth Driven by IT

IT drives and guides business. It is at the center of corporate activities, both as a touchpoint to provide customers with the best possible services and as a tool for rational decision-making based on the accumulation of objective facts. In particular, AI supports advanced and intelligent decisions, changing how people work and do business. At the same time, IT also poses a risk around the world as a means to commit various crimes and destabilize society. Using case studies, we will reconfirm the business growth brought about by IT and the competitive capabilities created by technology, while seeking ways to address the negative aspects.



### 02 Borders Transcended by IT

IT-driven businesses have the power to transcend existing business and industry barriers. Smart things change manufacturing and gather all kinds of service-oriented industries on the smartphone, leading to supremacy in competition. Companies that excel in IT will be able to realize new forms of business, centering them in unprecedented divisions of labor and collaborative relationships. Such destruction will further grow trade areas and transcend future boundaries. We identify such border crossings and value transformations brought about by IT using case studies to seek out new opportunities and challenges.



### 03 The Future of IT

The continuation of an IT-driven society is a major challenge. The first challenge is maintaining technological innovations, the source of growth. Additionally, IT service companies will be expected to address new rules to protect the global environment and integrates further with human society to gain more trust. As IT plays more and more fundamental roles in society, it will become further crucial to prove the origin of data handled by IT and preserve ballooning quantities of data ensure for future generations. We will clarify the initiatives where IT functions as an essential infrastructure in society and expand its scope of activities to explore its future possibilities.



## TECHNOLOGY TRENDS

### M Growth-Supporting Mainstream Technology

A set of technologies that will support the continued growth of IT and determine when new utility businesses will materialize. We confirm its current status and foresee its direction.

- AI will enhance everything called "smart"
- Data condensation and software improvements will accelerate
- Clouds will engulf everything and transform the edges



### G Border-Transcending Growth Technology

Near-future growth technologies are undergoing trials and constantly evolving to secure new areas of differentiation. We foresee possibilities that are becoming increasingly apparent, as well as further evolutions.

- Earthly barriers are transcended using space infrastructure
- Robotics will achieve intelligence
- Virtual worlds will more fully integrate with people



### E Future-Pioneering Emerging Technology

A number of elemental technologies that are beginning to show signs of materializing through efforts to explore innovative growth in the near future. We foresee their feasibility, and the potential extent of their destructive power.

- Next-gen computers will allow IT to continue taking the lead
- IT will make decarbonization a reality
- Bioinformatics will expand the future

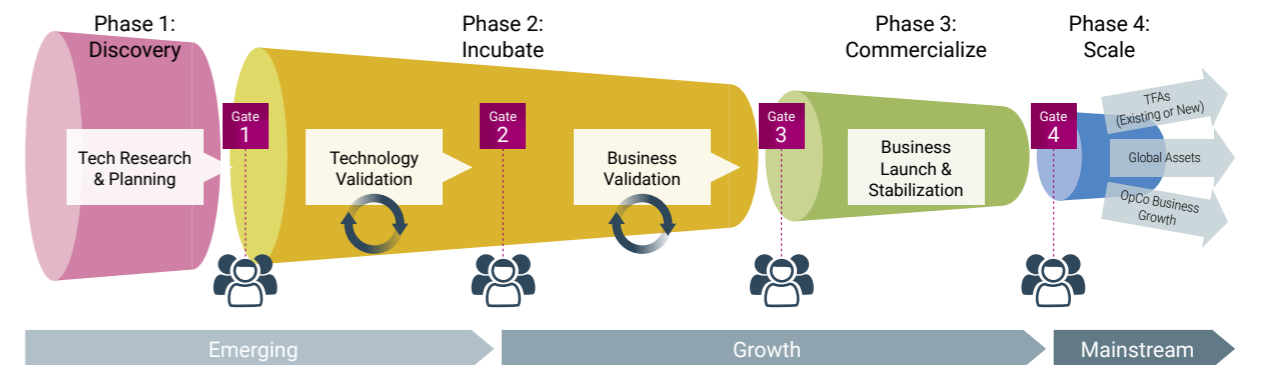


## Innovation Process for Bolstering Advanced Technological Capabilities

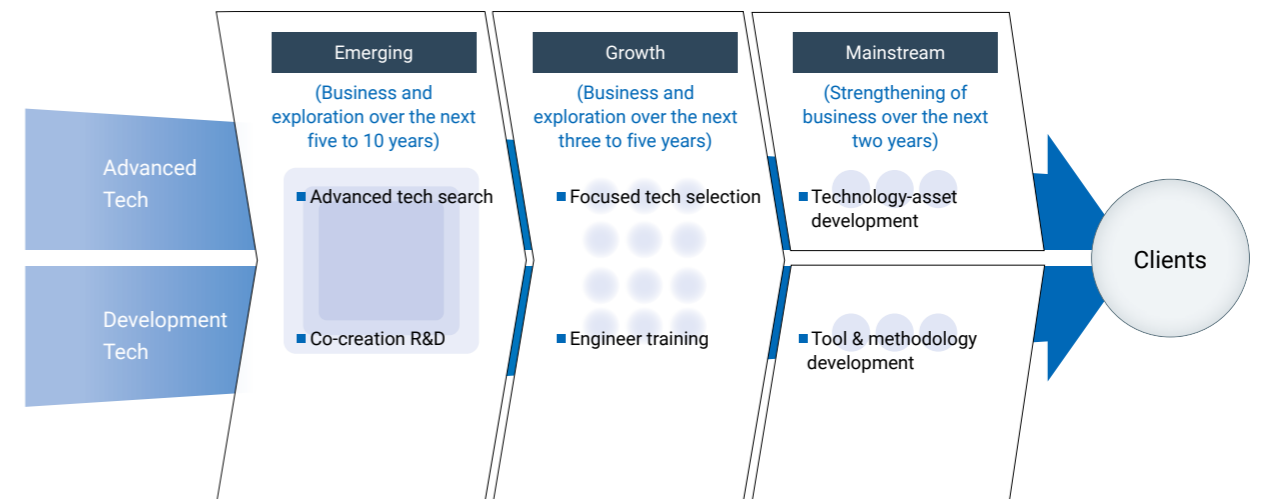
In FY2022, we continued the approach from the previous fiscal year of classifying technology themes based on their degree of maturity to perform strategic assessments. Based on this approach, technologies that have currently been adopted and deployed on a widespread basis are positioned as being in the mainstream phase. Meanwhile, those technologies expected to be imperative to growth businesses three to five years in the future have been identified as being in the growth phase, and those advanced technologies that will contribute to business growth five to 10 years from now are defined as being in the emerging phase. These classifications guide our efforts to acquire expertise for quickly assessing new technologies and to verify the value that technology can create for businesses.

In addition to classifying technologies based on degree of maturity, we are implementing an innovation process for enabling us to swiftly embrace advanced technological themes and for bolstering our advanced technologies capabilities. In FY2023, particular attention is being directed toward technologies in the emerging and growth phases. With this focus, we will seek, as part of our innovation process, to identify the point at which advanced technologies translate to value for businesses or, in other words, the timing at which companies will be likely to decide to invest in such technologies. NTT DATA will thereby strive to accelerate the expansion of its business reach and of its operations through the use of advanced technologies.

### Innovation Process



### Reference: Strategy 4 of the Medium-Term Management Plan



- P26 Management Resources
- P35 Strategic Investments
- P44 Medium-Term Management Plan (FY2022-2025)

# Prospects for Generative AI

Advancements to generative AI (Large-scale language model) technologies are driving the rapid adoption of generative AIs by various companies and organizations.

To accommodate the resulting robust demand, NTT DATA will fully capitalize on its core competencies—specifically its ability to create and its ability to connect—to enhance the strength of its asset-based business development capabilities and its cross-industry coordination capabilities for linking companies.

In these efforts, we are expanding our AI ecosystems through the utilization of various assets that employ generative AIs. Moreover, the natural language processing research successes of NTT Research, Inc., are being used in tandem with our alliances with hyperscalers as we seek to introduce generative AIs into our large-scale, joint-use systems in areas of expertise and to otherwise deploy these technologies on a global scale. We have already been involved in a number of instances of these technologies being used to resolve client issues through co-creation with clients. Toyota Motor Corporation is one example of a client we have served through this approach.

Furthermore, appropriate governance measures are being put in place to ensure that we can help resolve social issues through safe and secure use of AI.

## Resolution of Social Issues through Safe and Secure Use of AI

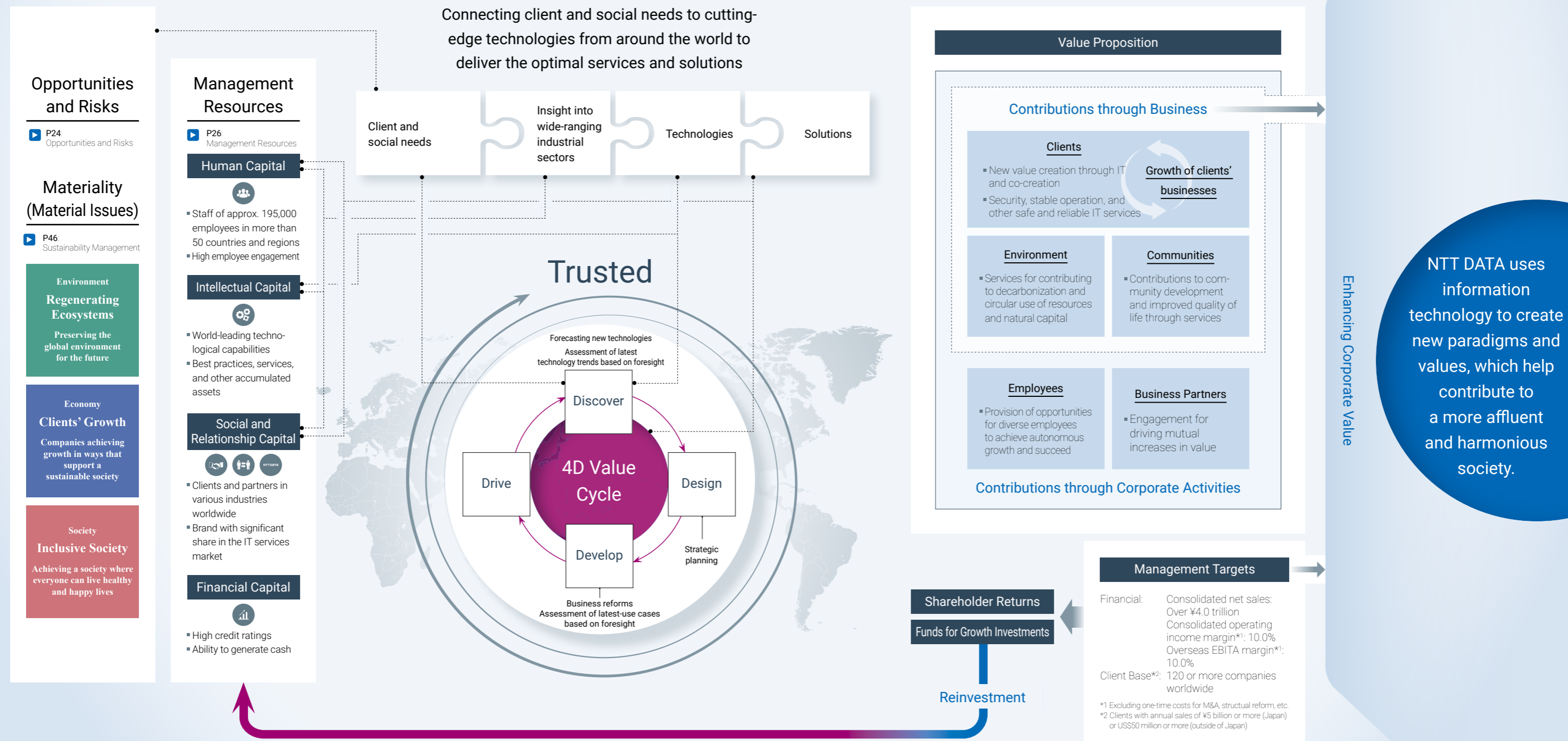


## Part 2 Growth Strategies for Realizing Our Vision for Society

<p><b>22 Value Creation Process</b></p> <ul style="list-style-type: none"> <li>24 Opportunities and Risks</li> <li>26 Management Resources</li> <li>28 Financial and Non-Financial Highlights</li> </ul> <p><b>30 Management Strategy</b></p> <ul style="list-style-type: none"> <li>30 Message from the CFO</li> <li>34 Strategic Investments</li> <li>38 Medium-Term Management Plan (FY2022–2025)</li> </ul> <p><b>46 Sustainability Management</b></p> <ul style="list-style-type: none"> <li>50 Human Resources</li> <li>58 Human Rights</li> <li>60 Environment</li> </ul>	<p><b>68 Corporate Governance</b></p> <p><b>82 Business Strategies by Segment</b></p> <ul style="list-style-type: none"> <li>82 NTT DATA Japan (Operating company in Japan) Public &amp; Social Infrastructure Segment / Financial Segment / Enterprise Segment, Technology Consulting &amp; Solution Segment</li> <li>92 NTT DATA, Inc. (Operating company outside Japan) Solution / Region</li> <li>100 Performance Summary / NTT DATA's Market Share</li> </ul>
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# Value Creation Process

NTT DATA designs new paradigms and value for society while utilizing digital and other cutting-edge technologies to contribute to the realization of a sustainable society together with clients as a trusted partner. This is how we raise corporate value and is the embodiment of our mission statement.



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

P38 Medium-Term Management Plan (FY2022-2025)  
P30 Message from the CFO

Part 1 Introduction  
NTT DATA's Vision for the Future and for Society  
Message from the CEO  
Special Feature  
Part 2 Value Creation Process  
Growth Strategies for Realizing Our Vision for Society  
Management Strategy  
Sustainability  
Management  
Sustainability  
Corporate Governance  
Business Strategies by Segment  
Part 3 Financial and Non-Financial Data and Other Information

# Opportunities and Risks

NTT DATA aims to grow sustainably by understanding the constantly changing business environment, and opportunities and risks to the Company, and by promoting flexible change and adaptation to contribute to the realization of a sustainable society.

\* NTT DATA has designated risks with the potential to severely impact the Group's business plans or the foundations required for its survival as "material risks" and those risks that require control under normal circumstances and swift emergency responses in the event of materialization as "incredibly material risks"

■ Incredibly material risks ■ Material risks

	Opportunities	Risks and Potential Impacts	Actions
Technology innovations		<ul style="list-style-type: none"> <li>Reduction to competitiveness in markets and brand value due to a delay in response to unexpected disruptive technology innovations</li> </ul>	<ul style="list-style-type: none"> <li>Swift collection of information on emerging technologies by establishing dedicated bases in overseas countries with high receptiveness toward advanced technologies</li> <li>Tracking of technology trends via global steering committee</li> </ul> <p>Pick up!                      ● Medium-Term Management Plan (FY2022-2025) Strategy 4 Enhance Advanced &amp; Development Technology <a href="#">▶ P44</a>                      ● Present and Future of IT and Business <a href="#">▶ P18</a></p>
System development	<ul style="list-style-type: none"> <li>Needs for a business model reform utilizing digital technologies</li> <li>Needs for the improvement of efficiency of the existing operations and systems utilizing digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expectation-exceeding costs, claims for damages resulted from delivery delays, etc., as a result of a project becoming unprofitable</li> </ul>	<ul style="list-style-type: none"> <li>Internal third-party surveys for new large-scale orders</li> <li>Regular checks for high-risk projects</li> </ul>
System and service operation		<ul style="list-style-type: none"> <li>Claims for damages due to failures in the systems and services operated by the Group (including failures associated with the clouds provided by other companies) or damage to social reputation or brand image due to delays in system or service provision</li> </ul>	<ul style="list-style-type: none"> <li>Internal sharing of analysis results regarding causes of past system failures and reoccurrence prevention measures</li> <li>Regular inspections using checklists</li> <li>Establishment of reporting structures for the event of system failures and implementation of system failure response drills</li> </ul>
Capital and other investments and M&A activities	<ul style="list-style-type: none"> <li>Expansion of business through strategic investments in growth fields and M&amp;A activities</li> </ul>	<ul style="list-style-type: none"> <li>Impairments on goodwill as a result of failure to secure expected returns due to sales or profit falling significantly below projections because of inability to create sufficient synergies with investees or to achieve smooth business operation at investees</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence activities by specialists when making investment decisions</li> <li>Monitoring of post-merger integration process and post-investment performance of the Group companies</li> </ul> <p>Pick up!                      ● Message from the CFO Investment Management <a href="#">▶ P33</a>                      ● M&amp;A Investments <a href="#">▶ P36</a></p>
Large-scale disasters, serious outbreak of an infectious disease, etc.	<ul style="list-style-type: none"> <li>Needs for system investments to address huge earthquakes, climate change, other large-scale natural disasters, or serious outbreak of an infectious disease, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Damage to social reputation or brand image, or need to pay massive recovery costs, as a result of impediments to ability to provide services due to a huge earthquake, climate change, other large-scale natural disasters, or serious outbreak of an infectious disease, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of business continuity plans and frameworks for responding to natural disasters</li> <li>Installation of online working infrastructure to allow for business continuity and to ensure employee safety in event of natural disaster or outbreak of infectious disease</li> </ul>
Geopolitical conditions	<ul style="list-style-type: none"> <li>Needs for system investments to adapt to changes in numerous factors including social infrastructures, such as electricity and telecommunication infrastructures, laws and regulations, such as tax acts and other regulations, and political and economic situations in various countries</li> </ul>	<ul style="list-style-type: none"> <li>Halts to service provision or impediments to business continuity as a result of changes in political, economic, or social conditions of relevant countries or terrorism, war, or other international conflicts</li> </ul>	<ul style="list-style-type: none"> <li>Dispersion of risks through development of business portfolio not dependent on specific regions</li> <li>Development of cross-organizational structure comprised of relevant internal bodies to maintain up-to-date understanding of necessary information and respond to derivative risks</li> </ul> <p>Pick up!                      ● NTT DATA's Businesses NTT DATA's Global Coverage <a href="#">▶ P5</a></p>
Climate change	<ul style="list-style-type: none"> <li>Rising need to create sustainability-related offerings</li> <li>Increase in consulting services to contribute to the realization of a sustainable society</li> <li>Growing demand for resilient cloud services that contribute to decarbonization</li> </ul>	<ul style="list-style-type: none"> <li>Damage to reputation, increased natural disaster risks, or additional costs arising from carbon pricing due to delays in the Group's response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Green Innovation Committee and promoting supply chain decarbonization and greener clients and society centered on Green Innovation Office</li> <li>Augmentation and renovation of data centers, remote access environments, and maintenance infrastructure necessary for business continuity</li> <li>Energy conservation measures at data centers for reducing greenhouse gas emissions and promotion of decarbonization of supply chain</li> </ul> <p>Pick up!                      ● Environment <a href="#">▶ P60</a></p>
Securing human resources	<ul style="list-style-type: none"> <li>Creation of new competitive services through innovations achieved by excellent IT human resources and diverse personnel</li> </ul>	<ul style="list-style-type: none"> <li>Inability to effectively implement business plans or difficulties in supplying services if the Group or its partners are unable to recruit or develop excellent human resources</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of recruitment of digital human resources and those capable of promoting global businesses</li> <li>Recruitment through Advanced Professional and Technical Grade systems and measures for retaining human resources in overseas markets with high labor mobility</li> <li>Securing human resources through partner system promoted together with partners</li> </ul> <p>Pick up!                      ● Human Resources <a href="#">▶ P50</a></p>
Influence of parent companies	<ul style="list-style-type: none"> <li>Business expansion by increasing presence in the global market through collaboration with the NTT Group</li> </ul>	<ul style="list-style-type: none"> <li>Impacts on performance or financial position should NTT take actions that might be best for itself but not necessarily beneficial to other shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Requirement of decisions regarding important agreements contracted with the parent company to be made after legal reviews by the legal sector and for approval of particularly important agreements by the Board of Directors, which sees participation by independent outside directors</li> </ul> <p>Pick up!                      ● Corporate Governance <a href="#">▶ P68</a></p>
Information security	<ul style="list-style-type: none"> <li>Needs for system investments to strengthen and sophisticate security measures</li> </ul>	<ul style="list-style-type: none"> <li>Damage to social reputation or brand image, claims for damages, or penalties for legal violations due to security incidents as a result of a cyberattack or leaks of confidential information stemming from human error</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of NTT DATA Group Security Policy</li> <li>Introduction of solutions for preventing and detecting cyberattacks</li> <li>Establishment of NTTDATA-CERT as a CSIRT for emergency response to incidents</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Needs for system investments to enhance compliance</li> <li>Prevention of turnover of talented employees and acquisition of higher levels of loyalty from diverse employees</li> </ul>	<ul style="list-style-type: none"> <li>Claims for damages or fees or other economic losses associated with misconduct or damage to social reputation or brand image in the event that the Group is found to have been involved in accounting fraud, misconduct along the supply chain, misappropriation of funds, or other illegal activities</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of NTT DATA Group Code of Conduct as basic guideline for daily business activities</li> <li>Education and training programs for officers and employees</li> <li>Implementation and operation of internal reporting system</li> </ul> <p>Pick up!                      ● Corporate Governance <a href="#">▶ P68</a></p>
Intellectual property	<ul style="list-style-type: none"> <li>Business expansion through solution development and platform offering</li> </ul>	<ul style="list-style-type: none"> <li>Claims for damages from violating other parties' intellectual property rights or inability to supply specific technologies, products, or services due to a failure to obtain an intellectual property license necessary for advancing business activities</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating appropriate acquisition of rights and conducting surveys for preventing violations by establishing dedicated organizations for promoting intellectual property activities</li> <li>Training and education for preventing intellectual property rights violations</li> </ul>
Increased competition	<ul style="list-style-type: none"> <li>Expansion of business driven by market growth and improvement of market share and profit margins through acceleration of open coordination</li> </ul>	<ul style="list-style-type: none"> <li>Loss of competitiveness and market share over the long term as a result of inability to respond flexibly and promptly to entries by new players or other changes in the competitive environment in the IT market</li> </ul>	<ul style="list-style-type: none"> <li>Development of comprehensive lineup of services necessary for DX including consulting, application development, and connectivity fields</li> <li>Enhancement of foresight-based consulting capabilities and provision of asset-based value</li> <li>Promotion of strategic investment for strengthening capacity to utilize advanced technologies, bolstering systems development technology capabilities, and creating future businesses</li> </ul> <p>Pick up!                      ● Medium-Term Management Plan (FY2022-2025) <a href="#">▶ P38</a></p>
Responding to human rights	<ul style="list-style-type: none"> <li>Prevention of turnover of talented employees and acquisition of higher levels of loyalty from diverse employees</li> </ul>	<ul style="list-style-type: none"> <li>Economic losses or damage to social reputation due to inability to engage in corporate activities in compliance with international standards</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of NTT DATA Group Code of Conduct</li> <li>Promoting diversity and inclusion based on NTT DATA Group Code of Conduct, technology utilization founded on high ethical standards, encouragement of work in life (health and productivity management), and promotion of appropriate expressions and displays</li> <li>Improvement of human rights awareness and management through human rights due diligence process</li> </ul> <p>Pick up!                      ● Human Rights <a href="#">▶ P58</a></p>
Responding to regulations	<ul style="list-style-type: none"> <li>Needs for system investment for responding to regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Penalties from government authorities, reduced trust for our business, or impacts to our business strategies or model as a result of the implementation of stricter legislation or guidelines pertaining to economic security in Japan or other countries in response to changing international trends</li> </ul>	<ul style="list-style-type: none"> <li>Measures for ensuring reliable service provision with focus on trends in government policy discussions and information and analyses related to regulatory environments in relevant countries</li> </ul>
Foreign exchange and interest rate fluctuations and inflation		<ul style="list-style-type: none"> <li>Losses as a result of sudden foreign exchange rate fluctuations affecting business transactions, financing activities, M&amp;A transactions, or capital investments in currencies other than in the functional currency of the country in which the headquarters reside; higher financial costs due to interest rate fluctuations associated with interest-bearing debt financing; or increases in procurement, personnel, or other costs as a result of inflation in relevant countries</li> </ul>	<ul style="list-style-type: none"> <li>Management of foreign exchange rate fluctuation risks through use of forward contracts</li> <li>Reliable procurement of funds with low interest rates in accordance with basic policy of procurement with long-term fixed conditions</li> <li>Reduction of procurement costs through dedicated NTT Group fund procurement company</li> </ul> <p>Pick up!                      ● Message from the CFO <a href="#">▶ P30</a></p>



### Human Resources and Organizational Capabilities

- Vital need for diversity and talented human resources to respond to client needs and technology trends and continue creating innovation
- Cultivation in human resources and organizations (sources of competitiveness) of insight and expertise pertaining to client business processes and applications gained from long-standing solid client base

#### Professional Human Resources

Approx. **195,000** individuals in more than 50 countries and regions

Recognition as Top-Level Global Employer Inclusion in 2023 lists of the top employers compiled by the Top Employers Institute\*1 (Japan, 14 other countries, and three regions around the world)

Received Global Equality Standard Certification\*2

Ranking as the Most Popular Employer for New Graduates in 2023\*1

Overall **No. 2** IT Industry **No. 1**  
(Top 3 for five consecutive years) (for 14 consecutive years)

Ratio of Employees Stating They Feel High Engagement

Global **76%\* Japan **73%\*  
(FY2021) (FY2022)****

Human Rights & DEI  
Future of Work



### Technologies

- Technological base indispensable for producing innovation and continuously providing competitive services
- Critical importance of ongoing enhancement of capabilities related to systems development technologies, generative AI, and other cutting-edge technologies for proposing optimal solutions in response to customer needs

#### World-Leading Digital Technologies

Areas Where NTT DATA Is Deemed a Leader

Automation  
Blockchain  
BPO  
Cloud

Data & Analytics  
Low-Code Application Development

Quality Engineering  
SAP  
Workplace  
5G

R&D Investments in Collaboration with the NTT Group

Approx. **¥250.0 billion**  
(Annual R&D expenses of the NTT Group)

Carbon Neutrality  
Circular Economy  
Future of Work  
Digital Accessibility



### Partners

- Need to not limit ourselves to Company resources and to incorporate superior products and technologies from partners around the world in order to provide optimal services to clients
- Construction of stable and flexible delivery system built on strong relationships with partners
- Strong partnership with the NTT Group important to increasing presence in the global market

#### Partnerships with IT Companies Worldwide

SAP Global Strategic Service Partner  
Microsoft Global System Integrator Partner  
Cisco Global Gold Integrator  
Snowflake Elite Service Partner

Number of Partner Qualifications We Hold

Approx. **40,000**

#### Business Partners\*5

Approx. **160** companies  
Approx. **62,000** people

Trusted Value Chain  
Human Rights & DEI



### Client Base

- Solid client base, created through Long-Term Relationships with clients, indispensable for providing high-value-added IT services that accurately reflect clients' needs
- Long-standing solid client base enhancing business stability and enabling stable investments in the future

#### Long-Term Relationships with Clients

Client base\*6 **98** companies  
(Up 16 year on year)  
Attributable portion of overall net sales

**42%**

FY2025 Target of the New Medium-Term Management Plan

Client base\*6 **120** companies

Smart X Co-innovation  
Trusted Value Chain  
Circular Economy



### Brand

- Brand value, comprised of reputation and reliability, which is an important element emphasized by clients given the nature of a business providing intangible value in the form of IT services and developing systems that support social infrastructure
- Importance of increasing global penetration of the NTT DATA brand to acquiring new business opportunities and improving profitability

#### 2022 IT Services Market Share

Ranking for domestic (Japan) revenue  
**No. 2**

Ranking for global revenue  
**No. 6\***

Source: Market Share: IT Services, Worldwide, 2022, Gartner Research (Figures are calculated by NTT DATA)\*7

#### Client Satisfaction\*8

Ratio of clients stating that they want to build stronger, ongoing relationships with NTT DATA as their best partner  
**97%**

#### Brand Image\*9

IT services brand ranking **No. 6**

Digital Accessibility  
Community Engagement  
Trusted Value Chain



### Finance

- Strategic use and management of finances and capital imperative to generate cash to be used for business and strategic investments necessary for achieving growth accompanied by quality on a global scale, to maintain a healthy financial position for ensuring stable operation of the information infrastructures that support society, finance, and the economy, and to issue consistent shareholder returns

▶ P28 Financial / Non-Financial Highlights

#### Credit Ratings

Rating and Investment Information, Inc.  
**AA+**  
Japan Credit Rating Agency, Ltd.  
**AAA**

#### Ability to Generate Cash

Consolidated free cash flow  
**¥3,208 billion**  
(Consolidated, FY2020–2022)

Smart X Co-innovation  
Trusted Value Chain

Significance of Management Resources

Management Resource Statistics

Sustainability Management Material Issues (Materiality)

P16: NTT DATA's Sustainability Management

\*1 Certified as Top Employer Japan 2023 by Top Employers Institute, headquartered in Amsterdam, Netherlands, based on recognition of excellent human resource policies in Japan  
\*2 Certified under Global Equality Standard for comprehensively rating DEI aspects  
\*3 Source: Ranking of Popular IT Companies for Job Hunting New Graduates 2023, Rakuten Minshu  
\*4 Based on FY2022 results from One Voice, an engagement survey on the employees, including those working for overseas Group companies  
\*5 Business partnership system that evaluates management status from multiple angles to certify excellent partners as Business Partner Companies  
\*6 Clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan)

\*7 For the purpose of this report, the sales and ranking of NTT Ltd., with which NTT DATA Group Corporation undertook a business combination on October 1, 2022, are listed separated in regard to the first half of FY2022, prior to the business combination (April 1 to September 30, 2022). However, these rankings are based on a preliminary calculation for the Group's full-year net sales arrived at by adding the net sales of NTT Ltd. to those of NTT DATA Group Corporation. Please see page 115 for sources.  
\*8 Based on 2022 client satisfaction survey administered to domestic clients  
\*9 Position in Brand Finance IT Services 25 2023 ranking of Brand Finance of the United Kingdom

# Financial and Non-Financial Highlights

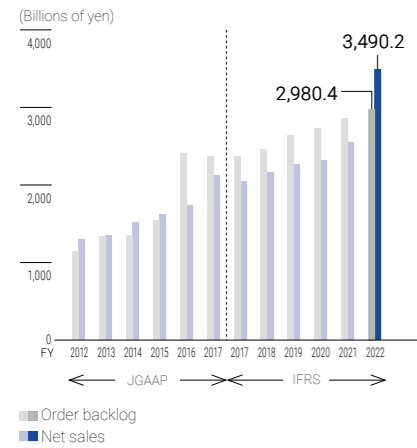
## Financial Highlights

P104: Financial Position and Business Results Analysis

### Order Backlog / Net Sales

P104: Financial Position and Business Results Analysis

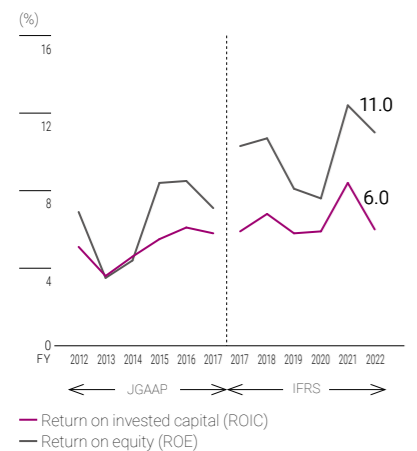
Order backlog (including NTT Ltd.) remained at a high level due to beneficial foreign exchange influences and the acquisition of large-scale orders in the Enterprise Segment. Higher net sales were posted for the 34th consecutive fiscal year following the inclusion of NTT Ltd. in the scope of consolidation, growth in all segments, and beneficial foreign exchange influences.



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

P32: Message from the CFO, Improvement of Capital Efficiency

ROIC and ROE decreased as a result of deteriorations to investment profitability and financial health following strategic investments exercising leverage for generating future earnings. Going forward, third-party capital will be utilized to improve performance after bottoming out in FY2023.

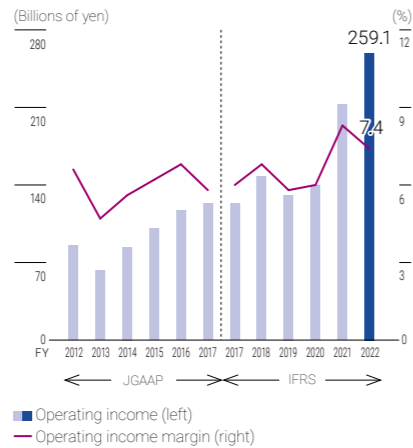


\*1 Net sales to clients outside the NTT DATA Group. The figures for the periods until FY2016 are those for the former Global Segment; from FY2017 to FY2021 are the total of North America / EMEA & LATAM Segments and China & APAC, and from FY2022 are for the Overseas Segment, which includes NTT Ltd.  
 \*2 Excluding temporary costs such as M&A activities and structural transformation  
 \*3 EBITA (JGAAP) = operating income (JGAAP) + amortization of goodwill and intangible assets subject to purchase price allocation (PPA) arising from acquisition and others  
 \*4 EBITA (IFRS) = operating income (IFRS) + amortization of intangible assets subject to PPA arising from acquisition and others  
 \*5 ROIC = (operating income × (1 - effective tax rate)) / (average net assets during the period + average interest-bearing liabilities during the period)  
 \*6 Figures for the interest-bearing liabilities based on JGAAP are the total of borrowings, bonds, and lease payables. Figures based on IFRS are the total of borrowings and bonds.  
 \*7 ROE = net income attributable to shareholders of NTT DATA / average equity during the period  
 \*8 Total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets - capital investment); Figures for FY2019 and onward were calculated excluding lease amortization.  
 \*9 Figures for weighted average of past 5 years in IFRS. Figures based on JGAAP are used in FY2016 and earlier.

### Operating Income / Operating Income Margin

P104: Financial Position and Business Results Analysis

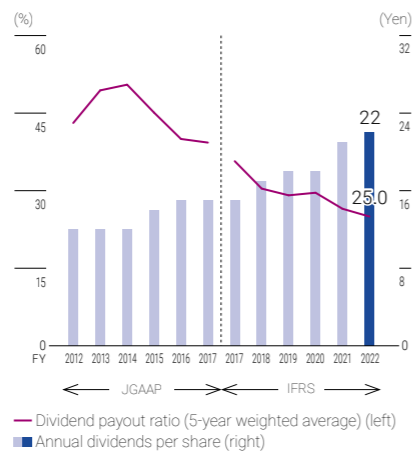
Despite the impacts of higher strategic investment on a Companywide basis and losses on unprofitable projects, operating income increased due to higher sales and the inclusion of NTT Ltd. in the scope of consolidation.



### Dividend Payout Ratio (5-Year Weighted Average)<sup>\*6,7</sup> / Annual Dividends per Share<sup>\*8</sup>

P33: Message from the CFO, Shareholder Return Policy

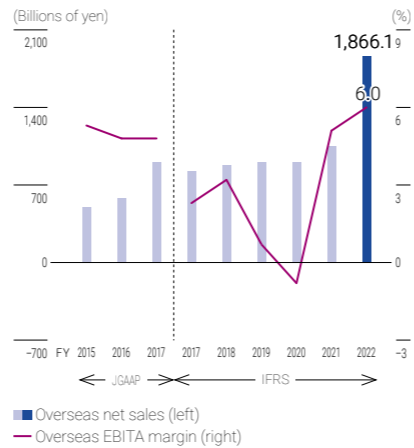
The annual dividend per share for FY2022 was increased by ¥1 per share, making for an ordinary dividend of ¥22 per share.



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

P108: Financial / Non-Financial Values (Historical Changes)

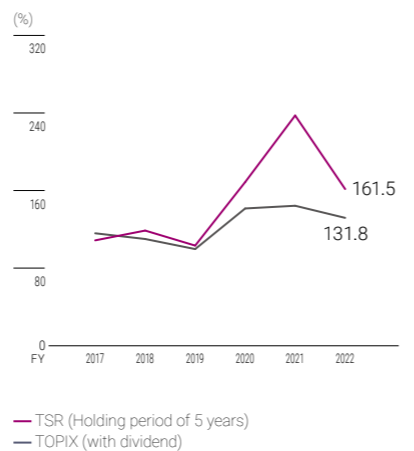
Overseas net sales increased due to beneficial foreign exchange influences, growth in Europe, and the inclusion of NTT Ltd. in the scope of consolidation. The overseas EBITA margin rose as a result of smooth profitable growth attributable to the benefits of structural transformations.



### Total Shareholder Return (TSR)

P33: Message from the CFO, Shareholder Return Policy

The TSR for holding the Company's shares over the last five years is 161.5%, a level that surpasses the performance of the TOPIX index, which includes dividends.

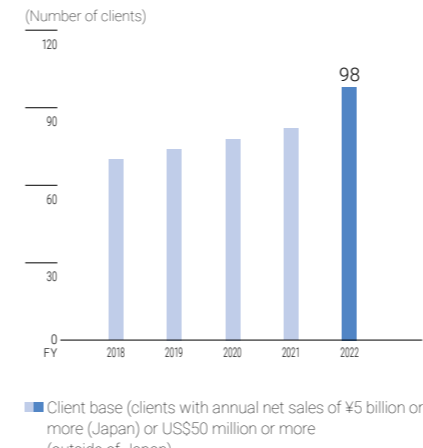


## Non-Financial Highlights

### Client Base

P27: Management Resources

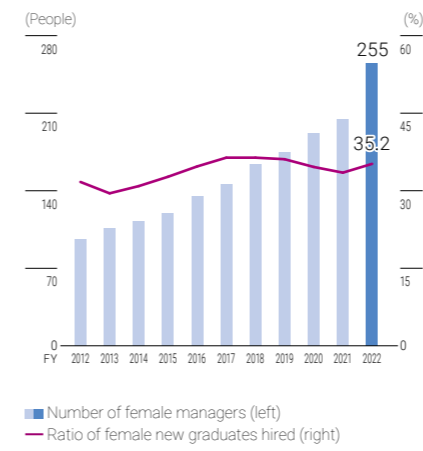
As a result of our efforts under the previous medium-term management plan, the number of clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan) was 28 higher than the number of 70 as of the end of FY2018.



### Number of Female Managers<sup>\*9,10</sup> / Ratio of Female New Graduates Hired<sup>\*9</sup>

P54: Human Resources

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

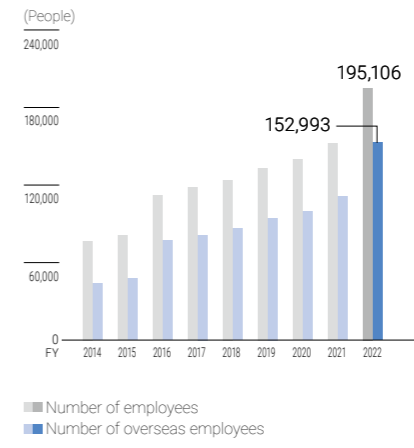


\*8 In October 2013, a 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. In July 2017, a 5-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.  
 \*9 Figures for NTT DATA (non-consolidated)  
 \*10 Numbers guaranteed by a third party. The scope of third-party guarantee is Group companies in Japan.  
 \*11 Figures have received guarantees from a third party. The scope of third-party guarantee is Group companies in Japan until FY2019, Group companies in Japan and some overseas Group companies for FY2020 and FY2021, and all Group companies except NTT Ltd. for FY2022.  
 \*12 Figures for FY2022 represent the total for all Group companies except NTT Ltd. (158 companies) and represent reductions in emissions via the adoption of renewable energy. Figures for FY2021 represent the total for the Company (non-consolidated), Group companies in Japan, and some overseas Group companies (91 companies).  
 \*13 Total of direct gas emissions by use of fuels (Scope 1) and indirect gas emissions by use of purchased electricity and heat (market-basis Scope 2) is converted to CO<sub>2</sub>. The unit is CO<sub>2</sub>e (CO<sub>2</sub> equivalent).  
 \*14 Figures for FY2022 represent the total for NTT DATA Group Corporation, NTT DATA Japan Corporation, and Group companies in Japan (70 companies). Figures for FY2021 represent the total for the Company (non-consolidated) and Group companies in Japan (75 companies).  
 \*15 Some figures after FY2016 have been restated following changes to the scope of data center operations.

### Number of Employees / Number of Overseas Employees

P36: Strategic Investments, M&A Investments

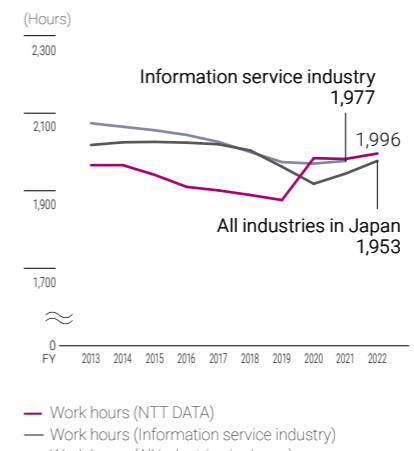
The number of employees increased significantly in the past 10 years mainly due to expansion of scale of business through means including overseas M&A activities, especially in FY2022, when the number of overseas employees grew due to the inclusion of NTT Ltd. in the scope of consolidation.



### Work Hours<sup>\*9</sup>

P57: Human Resources

NTT DATA has been advancing Companywide initiatives to reduce work hours through workstyle innovation founded on appropriate labor management. Work hours continued to decrease until FY2019, but increased beginning in FY2020 as a result of the rapid workstyle changes brought about by the COVID-19 pandemic and various other factors.

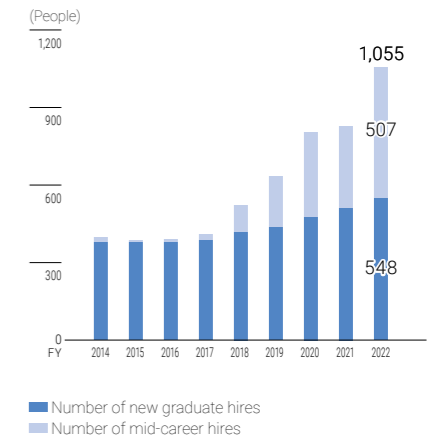


Sources: Proprietary data / Japan Information Technology Services Industry Association basic statistical survey report / Ministry of Health, Labour and Welfare Monthly Labour Statistical Survey

### Number of New Graduate Hires / Number of Mid-Career Hires<sup>\*9</sup>

P56: Human Resources

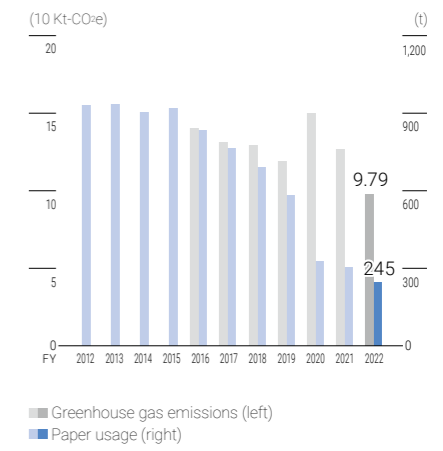
In recent years, the Company has been ramping up recruitment of industry-ready mid-career individuals to pursue quantitative and qualitative improvements to the base of human resources who will support business activities over the medium to long term. As a result, the number of mid-career hires has nearly risen to the same level as the number of new graduate hires.



### Greenhouse Gas Emissions (Scope 1 and 2)<sup>\*10,11,13,15</sup> / Paper Usage<sup>\*13</sup>

P62: Environment

The Green Action Committee was established to promote Companywide green innovation initiatives. Approximately 70% of NTT DATA's greenhouse gas emissions are from data centers, but these emissions are now decreasing as a result of our advancing electricity and energy conservation initiatives. The volume of paper use is also decreasing mainly due to the promotion of paperless meetings.



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



# Management Strategy

## Message from the CFO



### Greetings from the Newly Appointed CFO

Greetings, my name is Kazuhiko Nakayama, and I became CFO of NTT DATA Group Corporation in June 2023. After joining NTT, I was given many opportunities to gain experience in administrative management and finance at Group companies. In 2018, I became the head of finance at NTT Communications Corporation, a position in which I oversaw the expansion of our data center business and transference of the global business to NTT Ltd. I later was appointed to the position of head of the Finance Department at NTT, where I was involved in determining the capital measures associated with the conversion of NTT DOCOMO, INC., into a wholly owned subsidiary, overseeing massive fund procurement measures, and supporting the global business combination. In July 2023, the Group transitioned to a holding company system and the three-company structure. In the wake of this change, I am committed to further ramping up communication with shareholders and other investors, which are important stakeholders, in order to contribute to ongoing increases in our corporate value.

*Kazuhiko Nakayama*

Kazuhiko Nakayama  
Director and Senior Executive Vice President

## Overview of FY2022

In FY2022, the Company launched a new medium-term management plan, under which we are advancing toward our goal of reaching our 3<sup>rd</sup> Global Stage by FY2025.

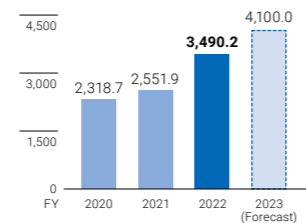
Performance was strong in FY2022, due in part to the favorable operating environment. Net sales were up as a result of the addition of the performance of NTT Ltd. following the overseas business combination with this company as well as growth in the businesses of all segments and the benefits of foreign exchange influences. Despite an increase in Companywide strategic investment expenses and losses associated with an unprofitable project, operating income was up thanks to the higher sales and the expanded scope of consolidation.

Looking ahead, we will continue working toward the management targets for FY2025 of consolidated net sales of over ¥4.0 trillion, a client base\*<sup>1</sup> of 120 or more companies,

a consolidated operating income margin of 10.0%\*<sup>2</sup> and an overseas EBITA margin of 10.0%.

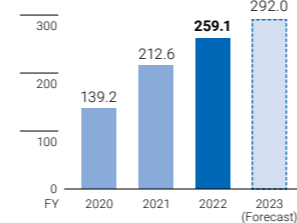
### Net Sales

(Billions of yen)



### Operating Income

(Billions of yen)



\*1 Clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan)  
\*2 Excluding one-time costs for M&A, structural reform, etc.

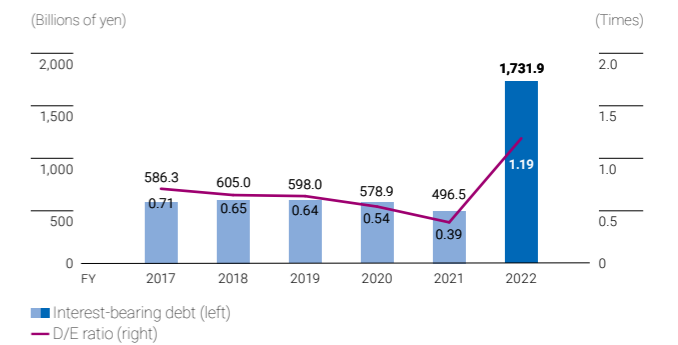
## Changes to Financial Position from Overseas Business Combination with NTT Ltd.

Over the years, the Company has continued to produce various corporate systems and industry infrastructure leveraging its ability to create based on a deep understanding of clients and its sophisticated technical capabilities. The October 2022 overseas business combination with NTT Ltd. augmented our ability to connect and positioned us to accelerate the creation of new services through the convergence IT & connectivity.

At the same time, this business combination drastically changed our financial position. On March 31, 2023, interest-bearing debt stood at ¥1.7 trillion, an increase of roughly ¥1.2 trillion compared to March 31, 2022, prior to the business combination. This change is largely a result of upfront capital investments necessary in the global data center business of NTT Ltd., which were primarily funded through borrowings.

This rise in the interest-bearing debt had a subsequent impact on the debt-to-equity (D/E) ratio. During the period of the previous medium-term management plan, we used our robust free cash flow to limit the increase in interest-bearing debt, resulting in the D/E ratio dropping to 0.39 times in FY2021. However, the increase in interest-bearing debt that accompanied the overseas business combination caused the D/E ratio to climb to 1.19 in FY2022. Moreover, the rise in ratios of interest-bearing debt accounted for by foreign currency-denominated debt and debt with variable interest rates coupled with the recent depreciation of the yen and interest rate hikes are driving up financial costs. This situation is having a negative impact on net income attributable to shareholders of NTT DATA.

### Net Interest-Bearing Debt and D/E Ratio (Changes Due to Overseas Business Combination)



## Financial and Capital Strategy

NTT DATA is currently moving ahead with the strategies delineated in the new medium-term management plan to further it on its journey to reach the Global 3<sup>rd</sup> Stage. As we are still in a growth stage, we will continue to act in accordance with the following policies while remaining aware of the aforementioned changes to our financial position following the overseas business combination.

Our policy regarding the use of funds is to prioritize the growth, M&A, and data center investments necessary for enhancing digital capabilities and achieving growth accompanied by quality on a global scale while striking a balance with financial soundness.

We aim to raise capital efficiency through efforts centered on expanding returns from business investments. Another approach toward improving capital efficiency is the use of third-party capital to shorten the investment recovery periods in the data center business.

Our shareholder return policy is to enhance returns over the medium to long term while considering an overall balance between the need to maintain a sound financial base and the business investments necessary for growth.

## Capital Allocation

We will prioritize the allocation of capital toward the following investments while striking a balance with maintaining a sound financial base.

### Growth Investments

Under the current medium-term management plan, we have greatly expanded our growth investment budget, and we intend to invest a total of ¥32.0 billion in FY2023. Specific targets of investments will include strengthening focus technologies and operations in focus industries to move us toward the accomplishment of our management targets. By concentrating investments on fields in which can expect strong growth and develop a competitive edge, we will seek to expand digital businesses and improve profit margins. At the same time, we will invest in bolstering our capacities to utilize advanced technologies and promoting cross-industry coordination in pursuit of medium- to long-term growth. The exploration and development of next-generation focus technologies and the creation of new businesses will be used to drive our ongoing growth.

### M&A Investments

The Company maintains its proactive stance toward M&A activities with the goals of acquiring new digital technology-related capabilities and expanding its market share in North America and other major markets. M&A investments total approximately ¥80.0 billion in FY2022, and we are examining potential M&A opportunities that may result in investments of a similar or larger scale in FY2023 and beyond.

### Data Center Investments

The data center business is expected to continue to grow over the long term, and we will be aggressively investing in this business while, of course, maintaining sound financial health. The Company is the No. 3 global business operator in the data center field. Nevertheless, there is still a need for us to invest to ensure that we can keep up with the growth of the market given that this market is anticipated to keep showing rapid growth in the future and that we have been receiving large amounts of inquiries from clients. Aggressive investment in the data center business, a promising source of long-term earnings, will thus be advanced to develop high-value-added operations through collaboration with hyperscalers and the deployment of services for enterprises.

## Improvement of Capital Efficiency

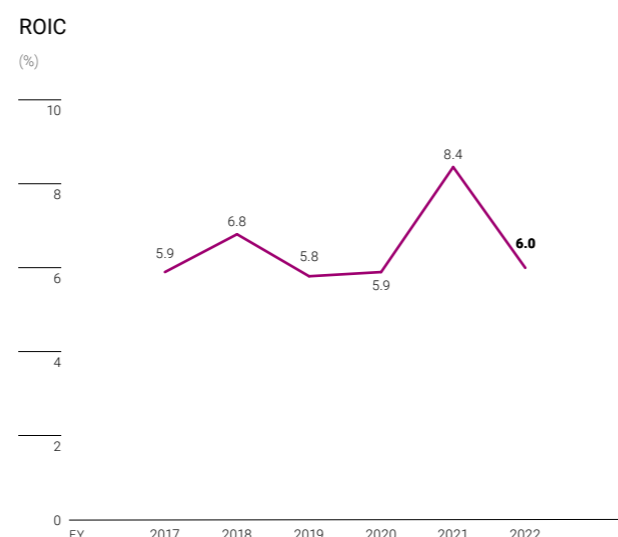
The expectations for management conscious of capital efficiency are on the rise. Our basic policy concerning return on invested capital (ROIC) is to ensure a level that exceeds weighted average cost of capital (WACC) over the medium to long term. As a result of the increase in invested capital following the overseas business combination with NTT Ltd., consolidated ROIC is projected to fall to around 5% in FY2023.

As we pursue ongoing increases to returns from conventional business investments, we will also seek to secure future earnings sources through aggressive investments in M&A activities and the data center business. The data center business, specifically, entails a business model of recovering upfront investments over a long-term cycle. Accordingly, a certain amount of time will be required before the data center business can begin contributing to improvements in investment returns.

Our basic policy in the data center business will be to enhance our capacity to generate EBITDA. At the same time, we will transition to off-balance sheet assets based on our portfolios in any specific given area and the needs of third parties in order to limit increases in interest-bearing debt.

Meanwhile, financial expenses are expected to increase given the rising interest rates. Over the short term, we will be advancing measures for reducing financial expenses while considering the overall balance of interest rate and foreign exchange rates. Specific measures will include using fixed interest rates on borrowings and procuring funds in currencies associated with low interest rates.

Through these measures, we aim to improve investment returns.



## Maintenance of a Sound Financial Base

As a company tasked with developing and operating large-scale systems that support society and the economy, we believe it is essential to maintain a robust financial base to enhance corporate value over the medium to long term and stably continue business activities. Developing and operating information infrastructure supporting society requires large-scale upfront investment. We consider it to be our critical mission to secure funds for such purposes favorably, flexibly, and reliably.

During the current medium-term management plan, it will be our policy to increase financial leverage above standard levels and to conduct growth investments that exceed the scope of free cash flow. This approach is expected to result in an increase in interest-bearing debt. Accordingly, we have

adopted the net debt-to-EBITDA ratio as an indicator of financial health in order to ensure that we maintain a sound financial base. By tracking this indicator, we aim to control increases in interest-bearing debt in line with improvements to our capacity to generate EBITDA.

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

## Investment Management

To acquire new technologies, solutions, and development resources and develop strategic partnerships, the Company invests in companies and organizations in and outside Japan. However, it is possible that we might face unexpected circumstances after an investment that could materially impact the performance or financial condition of the Company. Based on this recognition, we are seeking to develop appropriate governance systems through the following measures regarding the management of decision-making and post-investment companies. In addition, overseas business combination with NTT Ltd. has resulted in a large increase in goodwill. We will regularly monitor the status of our business and performance accordingly.

### Decision-Making

- Assessment of investment benefits based on return on investment and other indicators and utilization of third-party evaluations of financial health as part of decision-making
- Requirement of due diligence from business perspective, through efforts by internal business divisions, financial advisors, accountants, lawyers, and other external specialists, and from compliance perspective, based on country risks of investee, followed by verification of identified risks and decision-making based on countermeasures

- Utilization of long-term incentives (compensation for a predetermined period of service), earnout (payment of acquisition price in installments), and other schemes depending on the project scale and details with a focus on the continuous growth of acquired companies by creating synergies with the Company (prevention of instances in which expected returns cannot be produced due to inability to generate sufficient synergies with the Group)
- Formulation of post-merger integration plans to maximize the benefits of investments by starting integration process at early stage

### Post Investment

- Intensive monitoring of synergies with the Company, integration plans, and other aspects of post-merger integration progress for a fixed period
- Formulation of company-specific management improvement plans, receipt of Companywide approval, and focused monitoring for companies becoming applicable under defined standards such as suffering from deteriorated performance or requiring business plan revisions

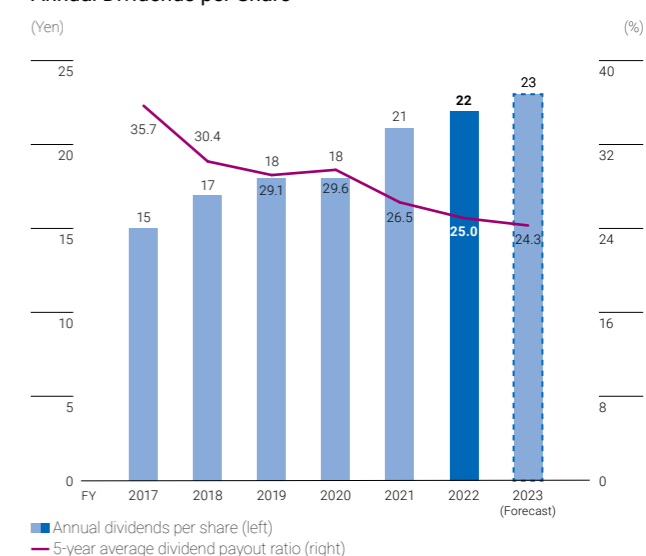
## Shareholder Return Policy

Our business is still in the process of growing, and we are therefore adopting a policy of allocating funds to the business investments and R&D activities needed to fuel ongoing growth.

Specifically, we are aggressively directing funds toward growth, M&A, and data center investments in order to heighten corporate value. Given our policy of allotting cash to the business investments necessary for growth, we are not currently considering share buybacks. For the foreseeable future, we will conduct shareholder returns primarily through the consistent issuance of dividends.

We intend to provide stable dividends in light of overall consideration for business trends and financial conditions on a consolidated basis. Such consideration includes achieving a balance with business investments, technological developments, and the maintaining and strengthening of our financial structure. When determining the dividend amount, we emphasize improving the medium- to long-term dividend payout ratio. In FY2023, we plan to issue a dividend of ¥23 per share, an increase of ¥1 per share above the previous fiscal year's ordinary dividend.

### Dividend Payout Ratio (5-Year Weighted Average) / Annual Dividends per Share



\*3 Total dividends / (net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets - capital investment)  
Figures for FY2019 and onward were calculated excluding lease amortization.

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

## Overview of Investments for Growth

NTT DATA is strengthening its marketing, innovation, and governance functions with a focus on global implementation to furnish the frameworks needed for supporting Strategies 1–5 and to allow for swift responses to changes in the operating environment. We also aim to develop a virtuous cycle of investment and growth in order to spur the growth of our business toward the Global 3<sup>rd</sup> Stage.

During the current medium-term management plan period, the Company will advance investments throughout its global operations with a focus on three pillars: Strategic Investments, M&A Investments, and Data Center Investments.

The timings at which the benefits of investments appear can vary. Accordingly, NTT DATA will practice appropriate investment portfolio management in order to facilitate ongoing improvements to its competitiveness.

### 1 Strategic Investments

- Enhancement of focus technologies and operations in focus industries
- Development and expansion of next-generation businesses to drive medium- to long-term growth

**Focus Technologies**

**Focus Industries**

### 2 M&A Investments

- Acquisition of digital technology-related capabilities
- Improvement of presence through growth in overseas sales and market shares

### 3 Data Center Investments

- Establishment of market position in light of high market growth rates and robust demand
- Development of high-value-added businesses

### Timing of Investment Benefits

	FY2022	FY2026–
	Current Medium-Term Management Plan	Future Medium-Term Management Plans
① Strategic Investments	Strategic investments for heightening digital technology-related capabilities to accomplish sales and income targets of current medium-term management plan	
② M&A Activities	Flexible engagement in M&A activities judged to contribute to acquisition of digital technology talent and capabilities to secure competitive edge during period of current medium-term management plan and over medium to long term	
③ Data Center Investments	Aggressive upfront investment in bolstering presence by taking advantage of robust demand from hyperscalers. Businesses fields anticipated to make substantial contributions to medium- to long-term earnings	
	Investment	Earnings contribution

# 1

## Strategic Investments

Following FY2022, NTT DATA will continue to invest approximately ¥32.0 billion in the current fiscal year in order to improve profit margins through the expansion of digital businesses while also creating next-generation businesses. Investments made in FY2022 and beyond have shown steady results, including the awarding of large digital projects by strengthening our technological capabilities and the signing of innovation partnership agreements with clients.

Investment Goal	Investment Targets (Investment Amount in FY2023)	Benefits
Enhancement of focus technologies and operations in focus industries to accomplish targets of medium-term management plan (FY2023 investment amount: Approx. ¥26.0 billion)	Reinforcement of digital delivery capabilities based on technologies (Approx. ¥19.0 billion)	Improvement of profit margins through expansion of digital businesses
	Enhancement of industry-specific digital offerings (Approx. ¥7.0 billion)	
Creation of next-generation businesses to drive medium- to long-term growth (FY2023 investment amount: Approx. ¥6.0 billion)	Augmentation of capacity to utilize advanced technologies (Approx. ¥3.0 billion)	Development and growth of next-generation focus technologies
	Promotion of cross-industry coordination and sustainability businesses (Approx. ¥3.0 billion)	Creation of new services that contribute to the resolution of social issues

### Case Study To Enhance Focused Technologies and Industries

#### Received an order for a large-scale DX & go to the Cloud project (Telepass)

- Signed a multi-year framework agreement to support the modernization and evolution of the whole technology landscape
- The need was to drive and support the new strategy to expand the company business (from automated tolling only to a 360 degree mobility services portfolio) and become a market leader in the EU
- A key pillar in the transformation program was the "go to the Cloud" strategy moving all the critical platforms and systems to Google Cloud



### Case Study Creation of Next-Generation Businesses

#### Innovation partnership with major European media company

- Proof of concept (PoC) test with major European media company in relation to digital twin technologies, a focus theme for the utilization of advanced technologies
- Conclusion of innovation partnership agreement based on reputation as advanced technology partner; expansion of co-creative projects with Group companies



PoC example: Smart data center



2

## M&A Investments

M&A investments totaled approximately ¥150.0 billion over the three-year period of the previous medium-term management plan (FY2019–2021) and around ¥80.0 billion in FY2022. Moreover, M&A investments in FY2023 are expected to surpass FY2022, with specific targets of investment including the expansion of our share in North America and other principal markets and the acquisition of digital technology-related capabilities.

### Goals of Overseas M&A Activities

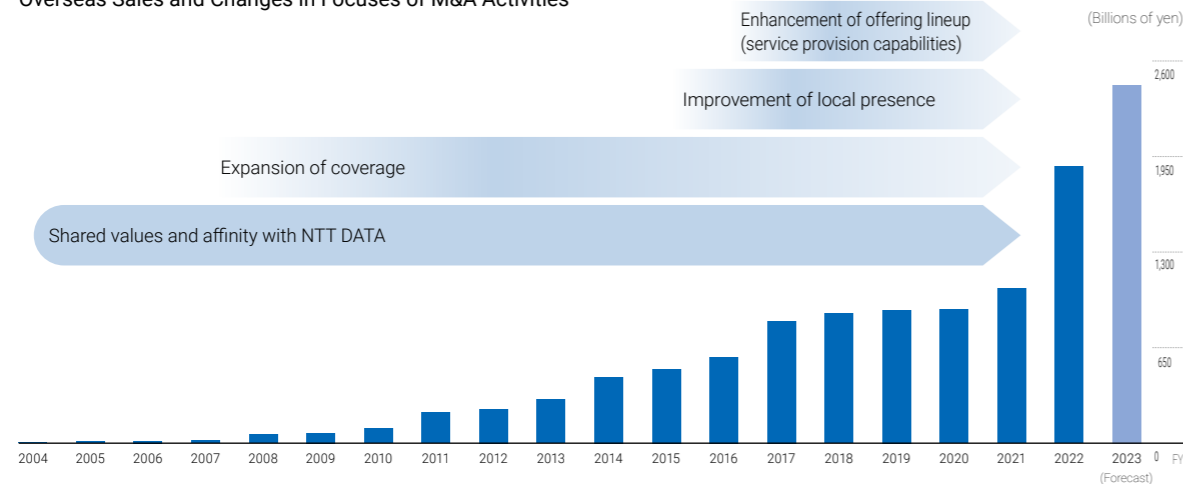
<p><b>Acquisition of Digital Technology-Related Capabilities</b></p> <ul style="list-style-type: none"> <li>Strengthening of digital service provision capabilities (products, expertise, human resources)</li> <li>Reinforcement of consulting capability</li> <li>Expansion of client base in focus industries</li> </ul>	<p><b>Improvement of Presence through Growth in Overseas Sales and Market Shares</b></p> <ul style="list-style-type: none"> <li>Improvement of presence in countries and regions where IT services have a large market scale or which have significant growth potential</li> <li>Expansion of number of countries and regions in which NTT DATA has a market share of more than 2% (currently 26 countries / regions)</li> <li>Increased proposal requests from government agencies and major companies worldwide Creation of positive cycle in which high market share creates new opportunities</li> </ul>
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### Overseas M&A Activities

Overseas M&A activities are being advanced in line with the strategies of the medium-term management plan and focusing on specific industries and technologies in order to facilitate growth strategies for furthering NTT DATA toward its Global 3<sup>rd</sup> Stage.

<p><b>Foci of M&amp;A Activities</b></p>	<p><b>Industry</b></p> <ul style="list-style-type: none"> <li>Healthcare and life science</li> <li>Automotive</li> <li>Insurance</li> <li>Telecommunications and mobile</li> <li>Financial services</li> </ul>	<p><b>Technologies</b></p> <ul style="list-style-type: none"> <li>Cloud, data, and intelligence</li> <li>Cybersecurity</li> <li>Electronic article surveillance (SAP, Salesforce)</li> <li>Application development modernization</li> </ul>
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### Overseas Sales and Changes in Foci of M&A Activities



3

## Data Center Investments

The NTT Group is currently the world's third largest global data center business operator. The data center market is expected to continue to display strong growth going forward. The frequent inquiries received from hyperscalers and other clients in this market have led us to position this field as an important pillar for NTT DATA's business foundation over the medium to long term, and aggressive investment is being directed toward this field accordingly. In FY2022, data center investments totaled roughly ¥280.0 billion, and we plan to invest approximately ¥350.0 billion in FY2023.

**Data Center Market Share**

US\$47.3 billion  
6%  
No. 3 in the world  
NTT

**Data Center Market Growth Forecast**

(Billions of dollars)

Year	Total	CAGR
2023	72.8	
2024	2.3	13.8%
2025	3.0	
2026	3.8	
2027	4.8	
<b>Total</b>	<b>121.9</b>	

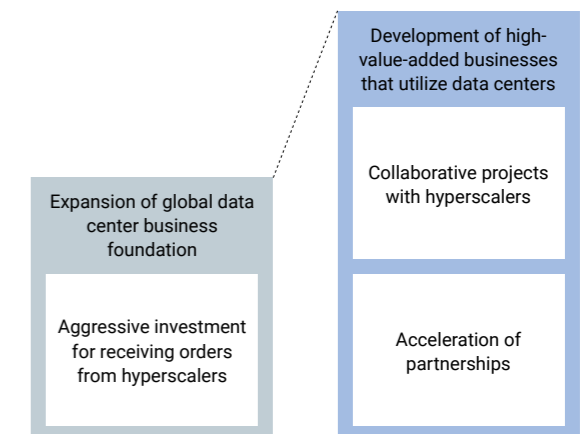
FY2023 (Target) Data Center Investments by NTT DATA

**Approx. ¥350.0 billion**

Aim for growth on par with or surpassing market growth rate

### Directives for Growing Data Center Business

In the globally growing DX market, NTT DATA will cater to the robust demand from hyperscalers and other clients while expanding its global data center business foundation. At the same time, we will engage in collaborative projects with hyperscalers, accelerate partnerships, and provide high-quality services to enterprises in order to develop high-value-added businesses that utilize data centers.



Global 1<sup>st</sup> Stage  
Increased Global Coverage

Global 2<sup>nd</sup> Stage  
Recognized Global Brand

Global 3<sup>rd</sup> Stage  
Reputation as Trusted Brand

FY2012–2015

FY2016–2018

FY2019–2021

FY2022–2025

Changes in the Medium-Term Management Plan

Evolving into a corporate group that can efficiently provide diverse IT services worldwide

NTT DATA: ASCEND  
Rise and grow our global brand

—Midpoint to Global 3<sup>rd</sup> Stage—  
Pursuing profitable global growth with consistent belief and courage to change

Realizing a Sustainable Future

Connect people with technology to create value and a sustainable future with our clients

Management Targets

Net Sales	Over ¥1.5 trillion	Achieved
EPS	¥200	Achieved

Net Sales	Over ¥2 trillion	Achieved
Adjusted Operating Income	+50%*1 (Operating Income: ¥142 billion)	Achieved

Consolidated Net Sales	FY2018	FY2021	Achieved
	Target: ¥2.5 trillion	¥2.16 trillion → ¥2.55 trillion	
Consolidated Operating Income Margin*4	FY2018	FY2021	Achieved
	Target: 8%	6.8% → 8.3%	
Overseas EBITA Margin*4	FY2018	FY2021	Disappoint
	Target: 7%	3.2% → 6.5%	
Client Base*2	FY2018	FY2021	Achieved
	80 companies or more	70 companies → 82 companies	

	FY2022 Results	FY2025 Targets
Consolidated Net Sales	¥3.49 trillion	Over ¥4 trillion
Consolidated Operating Income Margin	7.4%	10.0%*6
Overseas EBITA Margin	8.0%	10.0%*6
Client Base	98 companies	120 companies*7

Strategy Overview and Major Achievements

- Expansion of new business fields and reinforcement of product competitiveness**
- We used game-changing approaches to increase our share of existing markets (client base\*2: 50 companies) and successfully enter new business fields.
- Expansion, enhancement, and reinforcement of global business**
- We achieved an overseas sales ratio of more than 30%, and overseas sales exceeded ¥500.0 billion.
- Pursuit of overall optimization**
- By introducing shared service centers, we reduced management expenses by more than ¥10.0 billion compared with FY2011.
- \*2 Clients with annual sales of ¥5 billion or more (in Japan) or US\$50 million or more (outside of Japan)

- Strengthen local presence**
- In the IT services market, we increased our presence in 8 of major 10 countries.
- Game-changing approach**
- We built a stronger client base and established a stable business foundation (client base\*2: 70 companies).
- Breakthrough technology**
- We reduced costs through standardization, automation, and other production technology innovations, and formed globally consistent R&D facilities to support client digitalization initiatives.

- Strategy 1: Expand global digital offerings**
- The efforts of global marketing (Global One Team), the Digital Strategy Office, and the Centers of Excellence (CoE) have achieved a lot.
- Strategy 2: Deliver greater value to clients based on regional needs**
- We provided new value to clients while creating digital use cases matched to industry characteristics.
- Strategy 3: Unleash our employees' potential that maximizes organizational strengths**
- We enhanced various measures and programs for human resource development.
  - We successfully curbed the ratio of unprofitable projects to net sales to below 0.3%.
- Drive NTT Group collaboration**
- We participated in businesses with tier 1 clients such as TOYOTA Connected Corporation and Victoria Department of Transport.

- Strategy 1: Capitalize on the Convergence IT & Connectivity**
- Provide edge-to-cloud services that utilize various customer contact points and data to create new social platforms that surpass the boundaries of companies and industries
- Strategy 2: Strengthen Consulting with Foresight**
- Support client growth and business transformation as co-creative partner through consulting capabilities built on future-oriented foresight pertaining to industries and technologies

Issues

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

- Maximize value for our clients**
- To maximize value for our clients, we recognize the need to further accelerate DX and maximize global synergy.
- Prevent unprofitable projects**
- With the exception of a specific project, we succeeded in reducing the number below our target level\*3 through such methods as establishing the Project Review Committee. Due in particular to increasingly complex technologies, we need to further step up curtailment efforts.
- Improve profitability of overseas businesses**
- Although net sales grew significantly, profitability remains low, so substantial improvement is necessary.
- \*3 0.3%–0.5% of consolidated net sales

- Accelerate overseas profitability**
- Ongoing improvement of profitability to achieve growth accompanied by quality
  - Promotion of digital shift to boost competitiveness and expansion of share and presence
- Strengthen digital competitiveness**
- Enhancement of end-to-end capabilities that span from management and business transformation planning to implementation
  - Creation of business alliances to resolve social issues and shape the future of society
- Transform organization for human resources to grow**
- Swift alleviation of chronic personnel shortages through strategic staff augmentations
  - Transformation of environment and culture to allow diverse human resources to achieve long-term success
- Strengthen the HQ functions to become a global company**
- Enhancement of global governance to ensure sound business operation and facilitate growth
  - Transformation of HQ functions to grow as truly global company

- Strategy 3: Evolve to an Asset-based Business Model**
- Maximize the value provided to clients by converting industry best practices and global technologies into assets and improving business agility
- Strategy 4: Enhance Advanced & Development Technology**
- Focus on strengthening both advanced technology utilization capabilities to ensure future competitiveness and system development technology capabilities to improve productivity through initiatives based on technological maturity
- Strategy 5: Be the Best Place to Work**
- Through a transition to organizational functions and culture suitable for a global company, maximize human resources and organizational capabilities, and achieve further growth

# Management Strategy

Medium-Term Management Plan (FY2022–2025)

## Medium-Term Management Plan Progress Status

### Overview

- Based on the slogan of "Realizing a Sustainable Future," the medium-term management plan calls on us to connect people with technology to create value and a sustainable future with our clients.
- By advancing the five strategies of this plan, NTT DATA will continue to heighten its value proposition for clients.
- The management targets of the plan are consolidated net sales of over ¥4.0 trillion, a client base comprised of 120 companies with annual sales of ¥5 billion or more (in Japan) or US\$50 million or more (outside of Japan), a consolidated operating income margin of 10.0%, and an overseas EBITA margin of 10.0%.

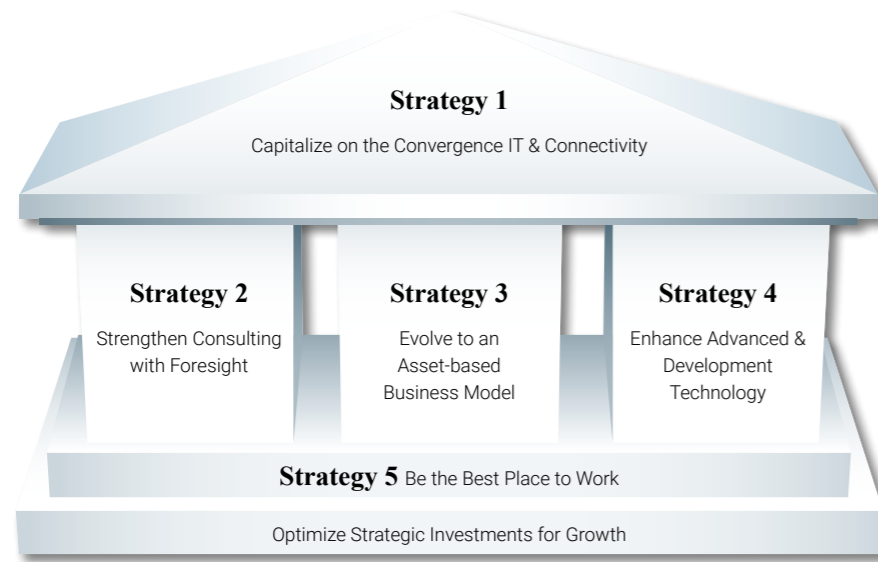
#### Mission Statement

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

**Realizing a Sustainable Future**

Connect people with technology to create value and a sustainable future with our clients



#### Management Targets

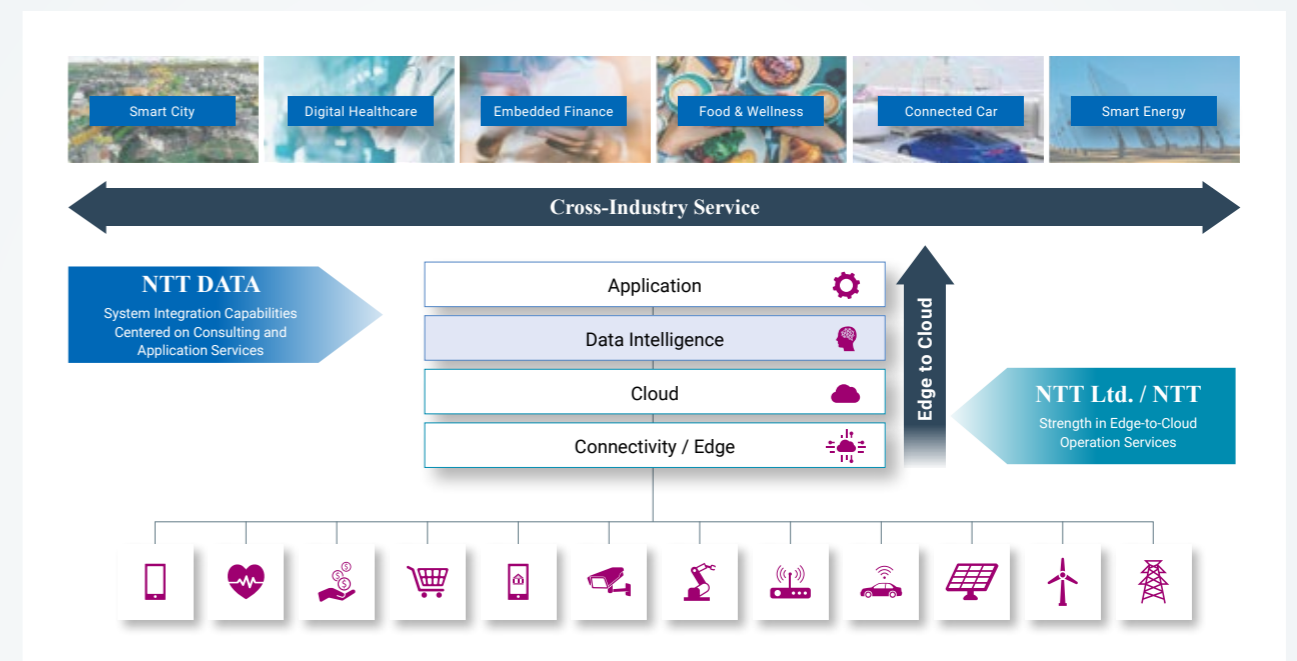
Consolidated Net Sales	Client Base*2	Consolidated Operating Income Margin*1	Overseas EBITA Margin*1
Over <b>¥4.0</b> trillion	<b>120</b> companies	<b>10.0%</b>	<b>10.0%</b>

\*1 Excluding one-time costs for M&A, structural reform, etc.  
\*2 Clients from which NTT DATA earns ¥5 billion or more (in Japan) or US\$50 million or more (outside of Japan)

### Strategy

# 01 Capitalize on the Convergence IT & Connectivity

NTT DATA will seek to strengthen its edge-to-cloud service provision capabilities through greater coordination with the NTT Group. In addition, we aim to combine our strengths pertaining to the supply of systems to various industries. By securely linking various customer contact points and data to facilitating coordination in a way that surpasses the boundaries of companies and industries, we will seek to create new social platforms and innovative services.

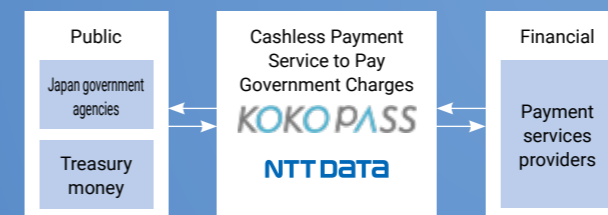


#### Progress of Initiatives in FY2022 Capitalize on the Convergence IT & Connectivity

In FY2022, NTT DATA utilized its insight regarding the public and financial areas to create solutions through public-private partnerships. One example of these solutions was KOKO PASS, a cashless payment service to pay government charges. At the same time, we utilized the private 5G technologies of NTT Ltd. and other connectivity-related capabilities such as a DX project for the factory of BMW. In this manner, we are expanding our portfolio of projects that utilize NTT DATA's strengths born out of the convergence IT and connectivity.

#### Cross-Industry Coordination in Public and Financial Areas KOKO PASS

- Cashless payment service to pay government charges
- Contributed to cashless payments over the counter to Japan government ministries and agencies



#### Connectivity Project Utilizing Capabilities of NTT Ltd. DX of Factory (Innovation Hub) of BMW (NTT DATA EMEAL)

- Established private 5G network in factory
- Developed the usage case of automated driving based on camera images and sensor information

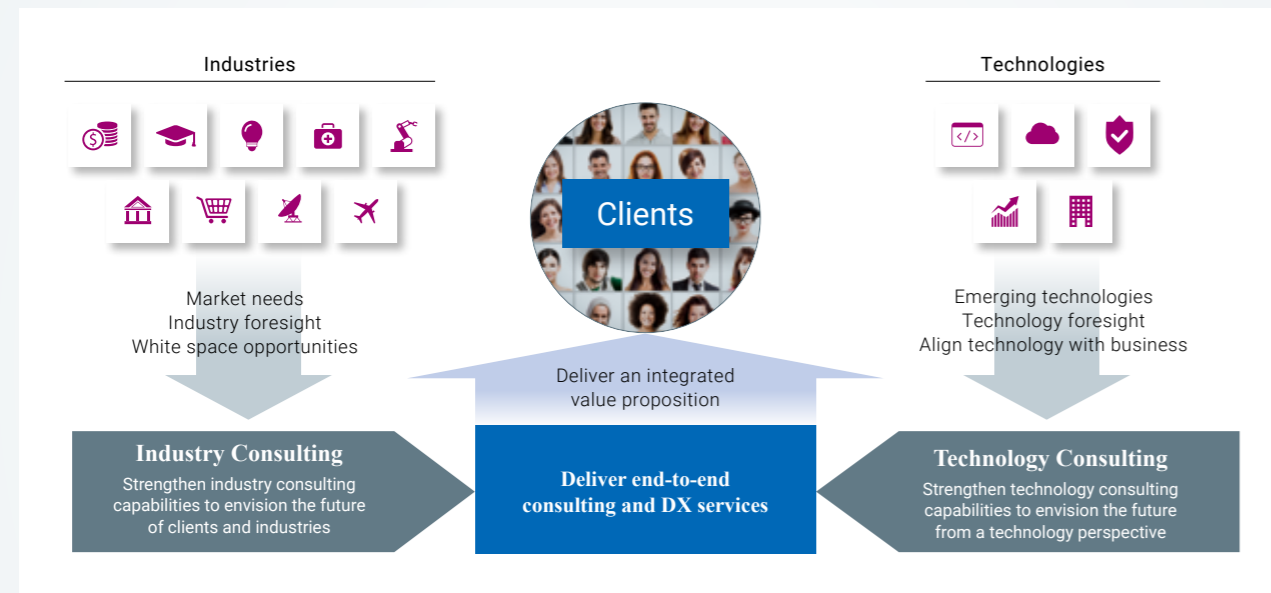


P94 Business Strategies by Segment NTT DATA, Inc. (Operating company outside Japan)

Strategy

# 02 Strengthen Consulting with Foresight

NTT DATA is offering consulting services based on foresight, looking specifically to clients' envisioned future, in order to co-create new value together with clients. In addition, we are deploying our Foresight Design Method as a methodology for formulating visions for the future of clients and industries and advancing measures to encourage organizations in various fields to put this method into practical application. We are also building networks that will allow us to consolidate and utilize the insight of industry and business specialists from around the world. This network will be used to enhance our industry consulting capabilities based on foresight pertaining to clients and industries as well as our technology consulting capabilities shaped by foresight related to technologies. With these enhanced capabilities, NTT DATA will seek to support the growth of clients' businesses as a co-creative partner and to promote business transformation. Moreover, the Consulting & Asset Business Transformation Headquarters was established in July 2022 as a corporate organization for accelerating cross-organizational coordination and transformation in initiatives pertaining to Strategies 2 and 3.



Progress of Initiatives in FY2022 NTT DATA Healthcare / Insurance Foresight 2030

A major initiative was establishment of the Healthcare Co-Creation Lab along with the formulation of our vision for the insurance industry. This undertaking was advanced by combining NTT DATA's insight pertaining to the insurance and healthcare industries. Going forward, we will continue to seek out opportunities for co-creation with clients and partners.



Formulation of NTT DATA Healthcare / Insurance Foresight 2030 to create opportunities through foresight-based proposals (In Japanese only)

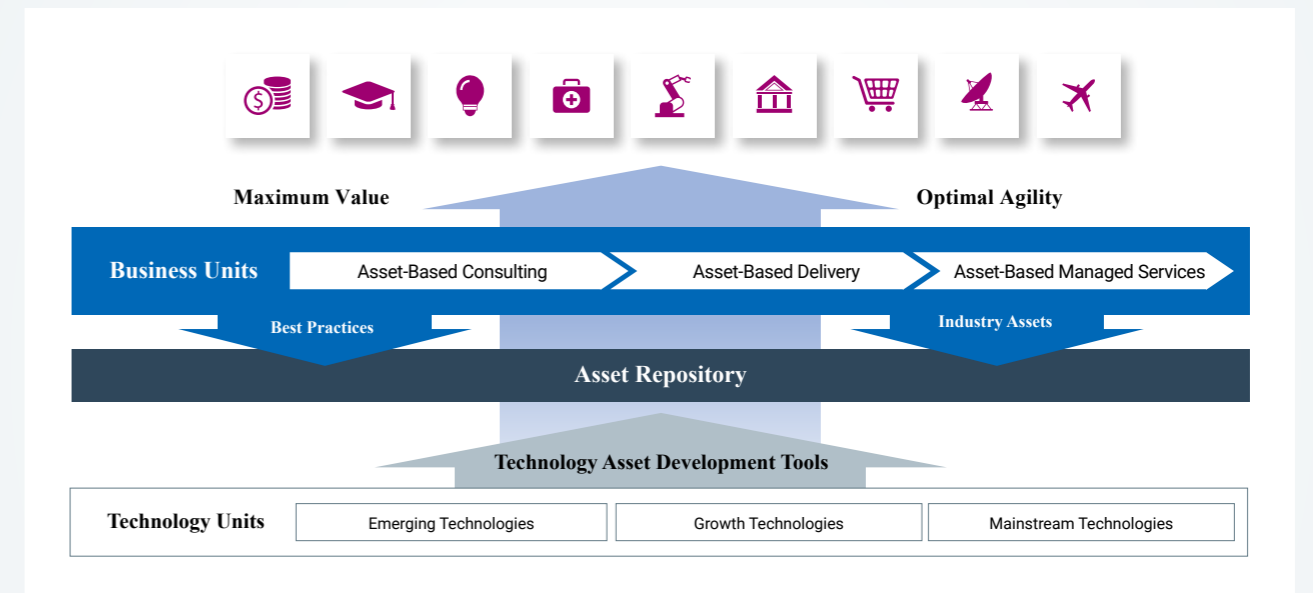


Establishment of the Healthcare Co-Creation Lab as a facility for experiencing the future to foster understanding and inspiration (In Japanese only)

Strategy

# 03 Evolve to an Asset-based Business Model

NTT DATA seeks to translate the expertise accumulated through its business in the form of tacit knowledge into a more explicit form of knowledge that can function as an asset. Through the widespread application of this knowledge, we will look to transition to an asset-based business model. Specifically, NTT DATA is working to consolidate its industry and business foresight, best practices, software, internal tools, and other insight to develop reusable assets that can be used to provide value to clients. With these assets, we will promote consulting services as well as delivery and managed services on a global scale. Through the transition to the asset-based business model, NTT DATA looks to evolve from its prior business model focused on contract system integration services to a new business model in which the Company proactively proposes and delivers value. We thereby aim to acquire business agility suited to the digital age in order to maximize the value we supply to clients.



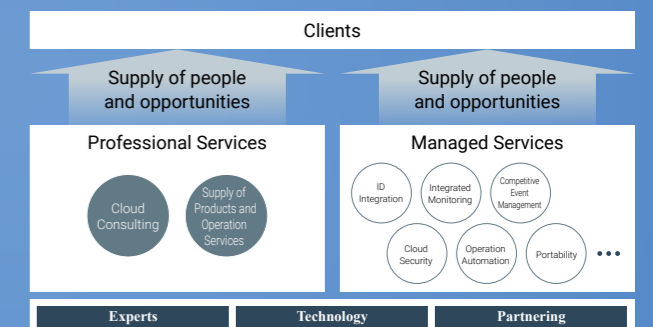
Progress of Initiatives in FY2022 Evolve to an Asset-based Business Model

The establishment of the Technology Consulting & Solution Segment made it possible to consolidate reusable assets that can be applied to a variety of industries so that these assets can be used for various projects as we accumulate related expertise. Meanwhile, the Global Innovation Headquarters is leading efforts to develop global asset creation schemes that will help guarantee NTT DATA is competitive on the worldwide stage. In this manner, we have begun initiatives for creating and utilizing assets on a global scale.

For example, we are consolidating the cloud system operation best practices fostered based on our robust global track record to transform these practices into assets in the form of Hybrid Cloud Managed Services. These services enable us to accommodate a wide range of needs encompassing tasks such as the development and operation of multi-cloud infrastructure.

## Best Practice Utilization Hybrid Cloud Managed Services

- Collection of best practices fostered based on robust global track record
- Ability to accommodate wide range of needs encompassing development and operation of multi-cloud infrastructure



# Management Strategy

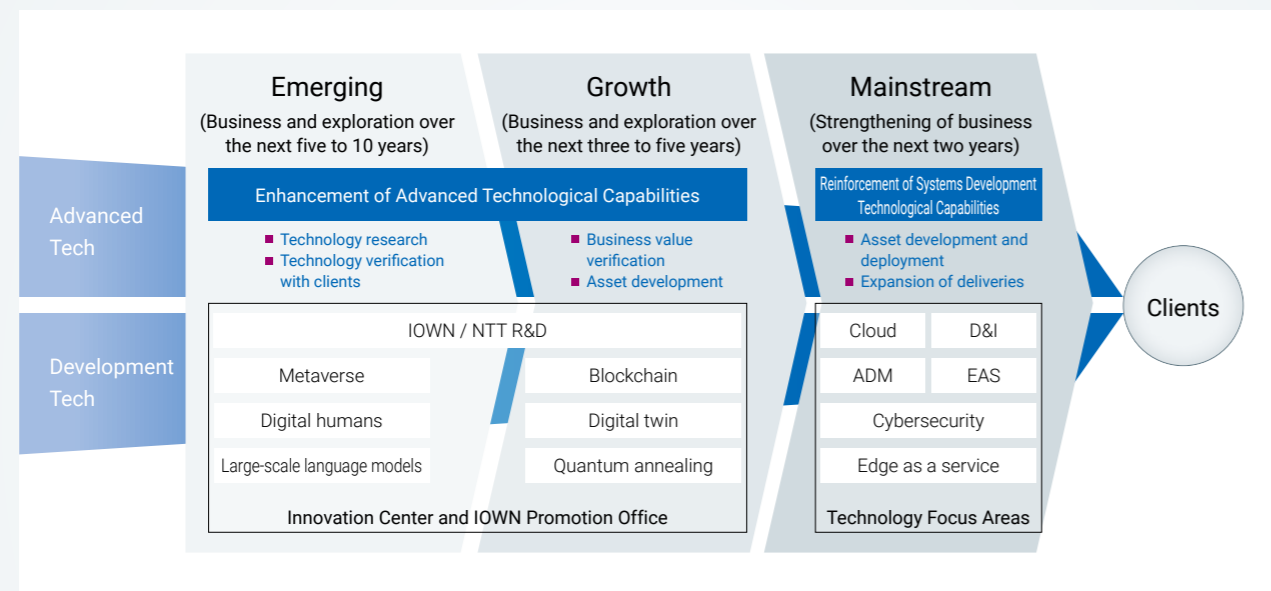
Medium-Term Management Plan (FY2022–2025)

Medium-Term Management Plan Progress Status

## Strategy

# 04 Enhance Advanced & Development Technology

NTT DATA has divided its technology portfolio into three areas—emerging, growth, and mainstream—based on the level of maturity of the related technologies. Through activities in these areas, we will seek to strengthen both advanced technology utilization capabilities for securing future competitiveness and system development technology capabilities for improving productivity. In the mainstream area, our focus will be on honing NTT DATA's capability to utilize the technologies in which it specializes. Meanwhile, we will employ foresight to identify the advanced technologies that will be utilized in the future in the growth and emerging areas while moving forward with proof of concept and other projects together with clients engaged in cutting-edge global initiatives.



### Progress of Initiatives in FY2022 Initiatives for Strengthening Technological Capabilities

As part of our initiatives in the emerging area, in August 2022 we established Innovation Centers in six countries that are highly sensitive toward advanced technologies to help ensure that NTT DATA can secure a competitive edge in the future. These centers will play a core role in co-creative R&D activities with innovative clients, through which we will seek to acquire advanced technologies and expertise on a global scale.

Start of activities in six countries in August 2022

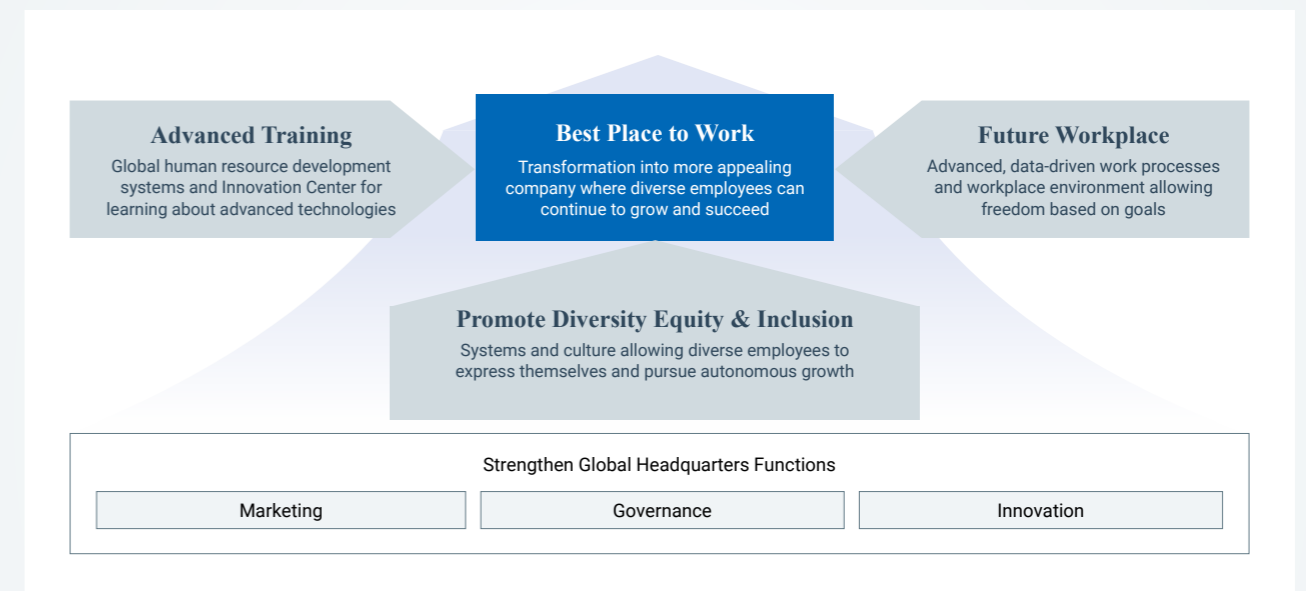


1. Establishment of medium- to long-term technology strategies
2. Acquisition of advanced technologies from a medium- to long-term perspective
3. Co-creation with innovative clients
4. Global cultivation and development of engineers

## Strategy

# 05 Be the Best Place to Work

NTT DATA is strengthening its marketing, innovation, and governance functions with a focus on global implementation to furnish the frameworks needed for supporting Strategies 1–5 and to allow for swift responses to changes in the operating environment. We also aim to develop a virtuous cycle of investment and growth in order to spur the growth of our business toward the Global 3<sup>rd</sup> Stage. Specifically, new investment budgets will be assigned to themes that contribute to social transformation, such as sustainability and the IOWN concept. Investments in these areas will be conducted alongside those in the traditional focus areas for industry and technologies.



### Progress of Initiatives in FY2022 Initiatives for Being the Best Place to Work

As stated in the motto, "Be the Best Place to Work," NTT DATA is always striving to become a more appealing company. To this end, we have begun introducing new job-type human resource systems while substantially increasing mid-career recruitment. As a result of these initiatives, the Company was certified as a Top Employer 2023 in 15 countries including Japan and three regions around the world. We remain dedicated to transforming the Company to be even more attractive, whether viewed from the inside or outside.

Introduction of New Human Resource Systems and Enhancement of Measures

- Job-type systems
- Autonomous career development support
- Increased mid-career recruitment

Certified as a Top Employer 2023 in 15 countries



- Received high marks for
- Talent Acquisition
  - Purpose & Values
  - Ethics & Integrity



# Sustainability Management

## NTT DATA's Sustainability Management

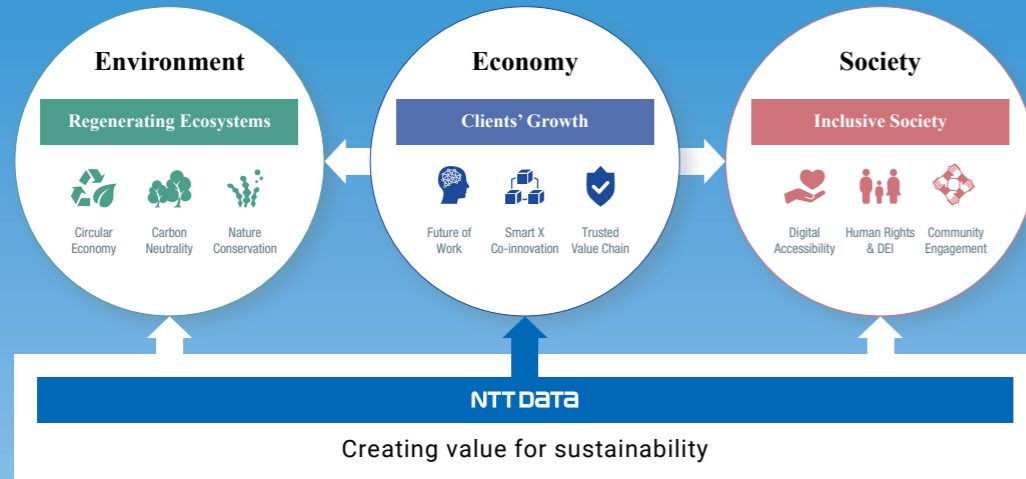
Since its founding, NTT DATA has continued to grow its business by supplying services to clients and to society based on its mission statement of "NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society." Meanwhile, the medium-term management plan launched in FY2022 puts forth the slogan of "Realizing a Sustainable Future" and calls on us to help build a sustainable society with clients by creating value for the future and connecting various people via technology.

The plan also defines nine material issues (Materiality) based on the following three axes to guide sustainable management from a longer-term perspective by framing the current area of great change in the social climate and operating environment as an opportunity for further growth.

Regenerating Ecosystems: Preserving the global environment for the future  
 Clients' Growth: Companies achieving growth in ways that support a sustainable society  
 Inclusive Society: Achieving a society where everyone can live healthy and happy lives

Grow together with clients by addressing social issues & contributing to improving the global environment through business & corporate activities toward realizing a sustainable society.

### Realizing a Sustainable Future



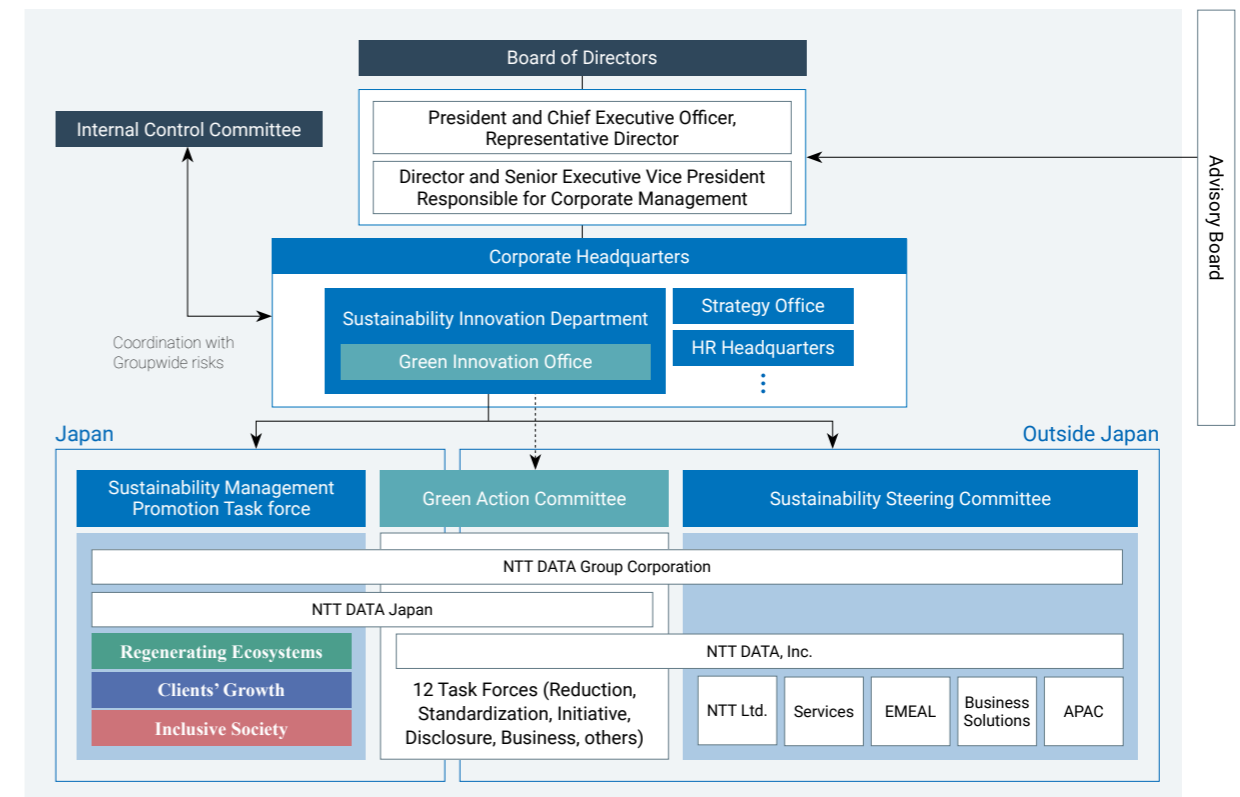
### Materiality (Material Issues)

<p><b>Environment</b> Regenerating Ecosystems Preserving the global environment for the future</p> <ul style="list-style-type: none"> <li><b>Carbon Neutrality</b> Contribute to solving climate change issues by creating innovations to decarbonize society and clients</li> <li><b>Circular Economy</b> Reduce waste and create a society where the value of products and services continues to circulate</li> <li><b>Nature Conservation</b> Generate sound global environment and contribute to people's well-being by conserving and recovering nature capital</li> </ul>	<p><b>Economy</b> Clients' Growth Companies achieving growth in ways that support a sustainable society</p> <ul style="list-style-type: none"> <li><b>Smart X Co-innovation</b> Create new value through co-creation with various companies to achieve a smart and innovative society</li> <li><b>Trusted Value Chain</b> Uphold data privacy and security to ensure safe, secure and resilient corporate activities</li> <li><b>Future of Work</b> New ways of working that enhance employee experience and performance. Provide and promote work style reforms for society as a whole</li> </ul>	<p><b>Society</b> Inclusive Society Achieving a society where everyone can live healthy and happy lives</p> <ul style="list-style-type: none"> <li><b>Human Rights &amp; DEI</b> Work to create an equitable society where a diverse range of people thrive and respect each other's human rights</li> <li><b>Digital Accessibility</b> Deliver services that provide everyone with equal access to basic needs and improve people's quality of life</li> <li><b>Community Engagement</b> Understand the challenges and needs for the development of local communities and provide services that enrich people's lives</li> </ul>
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### Sustainability Management Promotion System

Sustainability issues are monitored based on discussion by the Board of Directors and policies defined in relation to strategies. Under the leadership of the president, discussions on sustainability issues are advanced centered on the Strategy Office, the organization responsible for management strategies, and the Sustainability Innovation Department, which is in charge of sustainability-related matters, in order to formulate and implement relevant policies, targets, and measures. These organizations also oversee progress in the sustainability-related measures described in the current medium-term management plan, which covers the period spanning from FY2022 to FY2025. The Company engages in an ongoing process of discussion and examination of long-term sustainability issues to ensure that NTT DATA can continue to grow in a sustainable manner.

### Sustainability Management Promotion System



### Sustainability-Related External Recognition

We have earned high evaluations from various external institutions in relation to our sustainability initiatives. For more information, please refer to page 15 of NTT DATA Sustainability Report 2023 Data Book.

<p>Member of Dow Jones Sustainability Indices Powered by the S&amp;P Global CSA</p> <p>Selected for inclusion in Dow Jones Sustainability indices (World index, Asia Pacific index)</p>	<p>CDP GOLD ACCREDITED PROVIDER 2022</p> <p>The only Premium member in Japan of CDP Supply Chain Program in 2022 and selected as CDP Gold Accredited Solutions Provider</p>	<p>2023 ecovadis Sustainability Score</p> <p>Rated as a Gold supplier in EcoVadis sustainability surveys</p>	<p>FTSE4Good</p> <p>Selected for inclusion in FTSE4Good Index Series comprised of companies proactively promoting ESG initiatives</p>	<p>Corporate ESG Performance Prime</p> <p>Assigned Prime status in ESG corporate rating of ISS ESG Prime (responsible investment division of Institutional Shareholder Services)</p>
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### Introduction of Sustainability Indicators for Executive Remuneration Evaluations ▶ P79: Corporate Governance

To facilitate the sustainable growth of the Company, sustainability indicators were introduced for performance-linked compensation (bonuses) in FY2022. Three such indicators—greenhouse gas emissions, B2B2X revenue amount, and appointment rate of new female managers—were introduced in FY2022, and the new indicator of employee engagement rate was then added in FY2023. We are committed to further evolving our sustainability management initiatives going forward. For more information, please refer to page 79.

Progress in Relation to Nine Material Issues and FY2023 Targets

Three Axes	Material Issues	Relevant Goals of the SDGs	FY2022 Indicators	Company-wide Targets for FY2022	FY2022 Company-wide Results	Degree of Target Achievement in FY2022	Company-wide Targets for FY2023	FY2023 Indicators	
<b>Shared</b>	<b>Nine Material Issues</b>		Number of sustainability-related offerings	Not disclosed	Achieved	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	Number of sustainability-related offerings	
<b>Environment</b> <b>Regenerating Ecosystems</b>	<b>Carbon Neutrality</b>		Reductions in CO <sub>2</sub> emissions* <sup>1</sup>	30-Kt reduction from FY2022	78-Kt reduction from FY2020 (excluding NTT Ltd.)	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	461 Kt or less (excluding NTT Ltd.)	CO <sub>2</sub> emissions
			Promotion of EVs for household use	Not disclosed	Achieved	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	Not disclosed	Promotion of EVs for household use
	<b>Circular Economy</b>		Waste recycling rate	General and industrial waste: 99% or more Construction waste: 87%	General and industrial waste: 99% Construction waste: 95%	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> General and industrial waste: 100% <div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> Construction waste: 109%	Ongoing	General: 99% or more, Construction: 87%	Waste recycling rate
	<b>Nature Conservation</b>		Number of participants in environmental conservation initiatives	More than 5,000 participants	Approx. 9,000 participants	<div style="width: 180%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 180%	Reviewed and integrated* <sup>3</sup>	—	Ratio of participation in internal workshops or external support activities aimed at solving social issues
Paper consumption			25% reduction from FY2020	29% reduction	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	40% reduction from FY2020	Paper consumption	
<b>Economy</b> <b>Clients' Growth</b>	<b>Smart X Co-innovation</b>		B2B2X revenue	Not disclosed	Achieved	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	Not disclosed	B2B2X revenue
	<b>Trusted Value Chain</b>		Number of cyberattacks and service outages* <sup>1</sup>	0	0	<div style="width: 0%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 0	Redefined	0	Number of security incidents (indicators originating from cyberattacks or widely acknowledged outside of the Company)
			Number of significant personal data loss cases* <sup>1</sup>	0	2 cases	<div style="width: 20%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 2 cases	Redefined		
			Number of security incidents* <sup>1</sup>	0	0	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Redefined		
			Number of long-term failures	Not disclosed	Achieved	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Redefined	Not disclosed	Number of serious system failures
			Ratio of Ethics Code Training	100%	99.5%	<div style="width: 99.5%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 99.5%	Ongoing	100%	Ratio of participation in compliance internet-based testing programs
			Number of anti-competitive / bribery violations	0	0	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Ongoing	0	Number of anti-competitive / bribery violations
	<b>Future of Work</b>		Ratio of remote working	70%	71.1%	<div style="width: 101.6%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 101.6%	Reviewed	—	Indicator for internal monitoring
			Employee satisfaction	Not disclosed	Achieved	<div style="width: 100%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 100%	Redefined	More than 73%	Employee engagement rate
			Turnover rate	Not disclosed	3.3%	<div style="width: 3.3%;"><div style="background-color: #4a7c59; height: 10px;"></div></div> 3.3%	Reviewed	—	Indicator for internal monitoring
<b>Society</b> <b>Inclusive Society</b>	<b>Human Rights &amp; DEI</b>		Ratio of newly appointed female managers	30%	27.6%	<div style="width: 92%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 92%	Ongoing	30%	Ratio of newly appointed female managers
			Ratio of female managers	15% (by end of FY2025)	9.0%	<div style="width: 60%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 60%* <sup>2</sup>	Ongoing	15% (by end of FY2025)	Ratio of female managers
			Ratio of female directors	25% (by end of FY2025)	20.6%	<div style="width: 82.4%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 82.4%* <sup>2</sup>	Ongoing	25% (by end of FY2025)	Ratio of female directors
			Ratio of external hiring	30%	48.1%	<div style="width: 160.3%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 160.3%	Ongoing	30%	Ratio of external hiring
			Ratio of male employees taking childcare leave				New	100% (FY2023)	Ratio of male employees taking childcare leave
			Ratio of training on human rights and DEI	100%	100%	<div style="width: 100%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 100%	Ongoing	100%	Rate of participation in sustainability management internet-based testing programs
			Number of confirmed human rights violations	0	2 cases	<div style="width: 20%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 2 cases	Ongoing	0	Number of confirmed human rights violations
	Number of communications aimed at improving diversity	At least 52 times	72 times	<div style="width: 138%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 138%	Redefined	67 times	Number of communications on sustainability initiatives		
<b>Digital Accessibility</b>		Ratio of participation in internal workshops or external support activities aimed at solving social issues	More than 50%	81.6%	<div style="width: 163.2%;"><div style="background-color: #c0392b; height: 10px;"></div></div> 163.2%	Ongoing	More than 70%	Ratio of participation in internal workshops or external support activities aimed at solving social issues* <sup>3</sup>	
<b>Community Engagement</b>									

\*1 Includes overseas Group companies  
\*2 Indicator for which target is set for future fiscal years  
\*3 Integrated into ratio of participation in internal workshops or external support activities aimed at solving social issues from FY2023

# Human Resource Strategies—Quest to Be the Best Place to Work as Foundation for All Strategies

## Human Resources

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

As described by our Group Vision of becoming a Trusted Global Innovator (a partner trusted by clients over the long term), we enhance our creativity by respecting diversity based on a long-term perspective.

For this reason, the creation of a sustainable society will be a crucial element of our quest to be the best place to work under the medium-term management plan encompassing the period from FY2022 to FY2025, and this will thus be a priority theme for our initiatives.

By enhancing our capabilities for creating businesses based on foresight (consulting talent) and utilizing advanced technologies (technology talent), we will strive to become a truly global company by heightening the value we provide to clients and generating inter-Group synergies.



### Training P52

- Unique Professional Career Development Program implemented for 20 years; approx. 19,400 newly certified employees worldwide (FY2022)
- Dedicated organization for strengthening consulting capabilities and staff of more than 2,400 consultants
- Digital Boot Camp and other training programs for cultivating digital human resources
- Global Leadership Program for cultivating future managers through coordination between Group companies worldwide

### Empowerment of Female Employees P54

- Bloom the Power of Diversity global diversity, equity, and inclusion statement
- Ratio of female managers of 9.0% (FY2022); initiatives targeting ratio of female managers of 15% in Japan by March 31, 2026
- Nearly 100% rate of female employees returning from childcare leave
- Initiatives focused on accommodating the LGBTQ+ community and promoting employment of people with disabilities

### Employee Engagement P57

- Global ratio of employees stating they feel high engagement of 76% (FY2021)
- Ratio of employees in Japan stating they feel high engagement of 73% (FY2022) (FY2023 target: Ratio of employees stating they feel high engagement of 73% or more)

### Flexibility in Work Locations and Hours P57

- Hybrid work system introduced in November 2022 to allow for optimal combination of office and remote working
- Rate of employees with access to remote working infrastructure of 100% and rate of remote working of 71% (FY2022)
- Rate of paid leave acquisition of 85.2% (FY2022)

### Recruitment and Retention P56

- Approximately 41,000 employees worldwide (FY2022)
- Top 3 in overall ranking of the most popular employers among individuals graduating from university for fifth consecutive year in 2024, No. 1 in the IT industry rankings for the 14th consecutive year
- Recruitment of Flexible Grade and Technical Grade employees commenced in 2023 to acquire highly specialized talent

### Diversification of Career Paths Based on Specialties P54

- Advanced Professional, Technical Grade, and Flexible Grade systems for diversifying career paths
- Career consultations with higher-ranking superiors introduced in FY2023 to encourage more autonomous career development (FY2023 target: Rate of career consultations of 75%)

### External Recognition P57

- Inclusion in 2023 lists of the top employers compiled by the Top Employers Institute in Japan, 14 other countries, and three regions around the world in January 2023 based on recognition of human resource policies and their implementation
- Certification received in May 2023 based on Global Equality Standard for comprehensive assessment of DEI initiatives
- Recognition of four Group companies, and sixth consecutive year of recognition by NTT DATA on a non-consolidated basis, as White 500 companies with excellent health and productivity management by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi



**1 Advanced Training**

Our approach toward education and training is founded on a desire to encourage employees to craft their own career vision and to pursue autonomous learning and growth to realize this vision. We thereby aim to create a virtuous cycle in which the growth of employees drives the growth of the Company and the growth of the Company produces additional opportunities for employees to grow. We anticipate that such a cycle will allow us to provide greater value to clients and to society.

**Cultivation of Professionals with Specialized Skills and Responsiveness toward Change**

The Professional Career Development Program has continued to be implemented for 20 years since its introduction in 2003. This program presents the skills and growth paths that employees should pursue at NTT DATA and provides certification based on their level of expertise with the goal of cultivating professionals with specialized skills and responsiveness toward change. The Professional Career Development Program supports the autonomous growth of employees of all ranks, ranging from junior employees to officers. Based on the idea that professionals will be capable of fostering professionals, the program functions as a framework for cross-organizational instruction among employees of all ranks based on specialized skill categories that are not specific to any given organization. In FY2022, new certification was received by approximately 19,400 employees around the world,\* making for an aggregate total of more than 106,300 employees certified across the Group today. Moreover, we plan to continue to evolve the Professional CDP in conjunction with changes to the operating environment and technologies.

Human Resource Types at NTT DATA

System development and operation	Project Managers	
	Application Specialists	
	IT Service Managers	
Technology	IT Architects	
	IT Specialists	
	R&D Specialists	
	Data Scientists	Added in FY2019
Sales	Customer Sales Managers	
	Solution Sales Managers	
	Consultants	
	Business Developers	Added in FY2019
	Digital Business Managers	Added in FY2021
	Service Designers	Added in FY2021
	Corporate Functions Specialists	

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

**Cultivation of Human Resources with Diverse Specialties**

**Digital Human Resource Training Programs**

NTT DATA is ramping up training of human resources that can lead digital businesses. For this purpose, we are implementing training programs such as the Digital Boot Camp, a concentrated two-month program for acquiring digital skills, and the Digital Acceleration Program, which provides opportunities for employees to gain practical experience in advanced fields. We are also consolidating our shared global training programs to provide learning venues and programs through which employees can obtain knowledge on cutting-edge technologies in focus areas (Cloud, D&I, Cyber Security, EAS, ADM, and Edge as a service).

**Enhancement of Consulting Capabilities**

In response to the rising need for digitalization-related business and technology consulting, NTT DATA is transforming its organizations to enhance its consulting capabilities founded on foresight. Under the three-company structure implemented in July 2023, the Consulting & Asset Business Transformation Headquarters was set up at NTT DATA Group Corporation (the holding company) to bolster global coordination. At the moment, approximately 2,400 consultants are active at Group companies in Japan. In addition, we employ more than 1,000 consultants specializing in enterprise resource planning, business applications, and other specific services.

**Training through Partner Alliances**

Through strategic alliances with partner companies, such as Amazon Web Services, Inc., Microsoft Corporation, and Google LLC, NTT DATA is accelerating coordination on the front of digital human resource training. These alliances have enabled us to utilize education content on a global scale and to thereby cultivate more than 20,000 cloud engineers.

**Gitohon Academy**

The Gitohon Academy educates junior and mid-level employees with the potential to become future top engineers through direct instruction by the top engineers (certified by the Advanced Professional system, Technical Grade system, etc.) who represent NTT DATA. To date, more than 350 individuals have taken part in this program.

**Cultivation of Human Resources That Can Succeed in the Global Market**

In conjunction with the rapid expansion of its overseas operations, NTT DATA is cultivating human resources that can succeed in the global market while flexibly responding to changes in markets and competition. There are two main focuses of our approach with this regard: (i) Fostering of management human resources who can succeed in the global market, and (ii) Global-oriented training of human resources recruited in Japan.

- i. To foster management human resources who can succeed in the global market, we have been implementing the Global Leadership Program (GLP) for cultivating future management candidates through a joint effort between Group companies around the world since 2009. The GLP is designed to give employees an opportunity to examine challenges to both global and local strategies and to think about what needs to be done from this perspective in order to become a united One NTT DATA and what one's role should be in this process. To date, more than 900 individuals have completed this global program, of which 31 individuals finished the program in FY2022.
- ii. In the global-oriented training of human resources recruited in Japan, we have been implementing programs targeting various ranks of employees aimed at cultivating human resources capable of contributing to global businesses. The Readiness Drive Program, for example, targets junior employees. This program includes lectures and group work designed to foster understanding toward different cultures and toward our global businesses and to enhance the English skills of participants. Among other aspects of the program are practical training on making business proposals to operating company outside Japan and working on teams comprised of members of multiple nationalities. We also provide a diverse range of other forums for enhancing the global responsiveness of employees. Examples of these forums would be the Business Acceleration Assignments program, which supports employees in being dispatched to overseas projects to gain firsthand global experience, and NTT DATA's International Network of NextGEN (NINGEN) community, through which junior employees around the world can share their knowledge via the internet. The creation of forums for learning founded on respect for the diversity and individuality of our employees in more than 50 countries and regions is an expression of our dynamism and an embodiment of the force that drives us to pursue new pinnacles of business.

**2 Promote Diversity Equity & Inclusion**

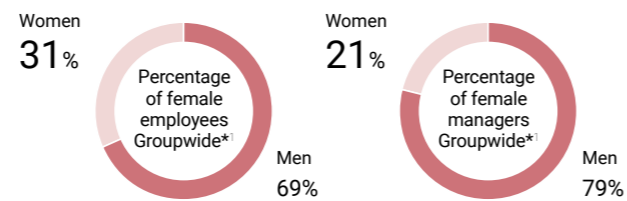
**Culture of Mobilizing Diverse Human Resource Sources**

A central pillar of our efforts to accomplish our Group Vision of becoming a Trusted Global Innovator is enhancing our creativity by respecting diversity of all employees. For this reason, we are promoting DEI based on our Bloom the Power of Diversity global diversity, equity, and inclusion statement. By mobilizing employees with diverse values, regardless of gender, nationality, sexual orientation, gender identity, disability, skills, and background, we aspire to create unique value that is matched to the changing times.

## Human Resource Strategies—Quest to Be the Best Place to Work as Foundation for All Strategies

### Empowerment of Female Employees

NTT DATA is endeavoring to create an environment that empowers female employees of all ranks, ranging from junior employees to managers, on a global basis. To this end, we hold regular meetings between the individuals assigned responsibility for this task in regions around the world to share information on ratios of female employees and managers and local best practices. We also promote equity as we seek to create a workplace founded on mutual respect to allow every employee involved in our global business to deliver their maximum performance. In FY2022, the NTT Group set the target of raising the ratio of female managers in Japan to 15%\* by March 31, 2026, and aggressive ongoing efforts are being advanced toward accomplishing this goal. Such efforts have included training for female leader candidates, career development support seminars for employees on childcare or other leave, and seminars for balancing one's work with one's children. As a result of such efforts, the ratio of female managers has reached 9.0% and the ratio of female employees has continued to rise since 2016, now standing at 30%. Furthermore, we boast a nearly 100% rate of female employees returning from childcare leave. In such ways, our efforts have been contributing to improvements in metrics pertaining to female employees as well as to increases in the representation of women in management. We are also emphasizing diversity among the executive officers who are involved in management. The number of female managers (officers, organization heads, etc.) has thus risen with each coming year, climbing to 14 in FY2022. Another facet of our efforts to empower female employees and innovate workstyles is the promotion of childcare leave acquisition by male employees. The ratio of applicable male employees taking childcare leave surpassed 40% in FY2022, while the ratio of male employees taking childcare leave and leave for childcare purposes was 75.4%.



### Initiatives for Accommodating LGBTQ+ Community and Other Gender Minorities

We have continuously promoted initiatives for gender minorities such as members of the LGBTQ+ community through human rights awareness-raising activities, seminars for employees, participation in Tokyo Rainbow Pride events, and the development of internal systems that accommodate such minorities. Since April 2018, we have applied, in principle, all spouse-related systems to same-sex partners recognized as equivalent to a spouse. As a result of these initiatives, we have been presented with a gold award in the PRIDE Index from work with Pride for six consecutive years beginning with 2017 and leading up to 2022. In this manner, we are actively working to create an environment where diverse human resources can exercise their abilities to the fullest and continue to play an active role.



### Employment of People with Disabilities

The NTT DATA Group Policy on Employment of People with Disabilities was formulated in June 2022. In addition, we established NTT DATA DAICHI Corporation in July 2008 as a specially classified subsidiary. This company is working to create new opportunities for people with disabilities to contribute in the workforce in order to help employees with disabilities fully exercise their skills. NTT DATA DAICHI is primarily engaged in IT services and office-related activities, but it also takes part in collaborative businesses with dairy farmers. While tackling an expanding range of duties in these fields, this company engages in ongoing recruitment activities together with work skill development schools for people with disabilities.

### Supporting Autonomous Career Development

Frameworks for matching employees to the ideal position are imperative to ensuring that all employees are able to fully exercise their diverse skills. This recognition led us to establish the Advanced Professional (ADP) system in December 2018, enabling us to recruit, from outside of the Group, industry-ready human resources with outstanding expertise who can lead new businesses. In October 2019, we established the Technical Grade system to create a career path for specialists. We then set up the Flexible Grade system in July 2020 as a job-type employment scheme based on the value an individual creates in their given position. This system was designed to maximize the value generated as employees exercise their diverse skills. Moreover, the scope of the Flexible Grade system was expanded in July 2022 to include all management positions.

In the past, employees have been provided with opportunities for communication with their direct supervisors in order to plot a realistic course toward their personal career vision. In FY2023, we expanded upon these communication opportunities to also allow employees to receive career consultations from higher-ranked supervisors in order to encourage even more autonomous career development. The goal of this move is to allow us to maintain a better understanding of the medium- to long-term career visions of employees and to offer greater support in realizing these visions. In the first year in which this new career consultation venue was available, we are targeting a rate of general employees undergoing such consultations of 75%. NTT DATA will continue the timely implementation and expansion of systems in order to create an environment in which human resources with diverse specialties co-exist and mutually support and inspire one another to drive their individual growth as well as the growth of business. In this manner, we will seek to achieve an ideal portfolio of professionals who can deliver strong performance with diverse skills.

#### Message from an ADP Certified Employee

**As a specialist in parallel distributed processing and an open-source software explorer, I will continue to support our ever more sophisticated data analysis platforms.**

I joined NTT DATA because I wanted to be more than just a user of open-source software; I wanted to become an engineer involved in research and development and information distribution pertaining to such software.

After joining I was involved in performance verification and utilization promotion as part of the development of applications using the Apache Hadoop parallel distributed processing open-source software. During this process, I found myself turning my attention to Apache Spark, a software that had only just been released at that time. As I worked together with the community to gradually move Spark toward completion as a developer, I also focused on encouraging its use in systems development. I would eventually find myself becoming the first Apache Spark committer (principal developer) employed by a Japanese company in 2015. I was later selected to be a member of the project management committee overseeing the development project in 2021.

Since joining NTT DATA, I have always envisioned a career path in which I continued to hone my skills as an engineer. For this reason, I did not hesitate when the ADP system was introduced in 2018, giving us engineers a new option for advancing our careers. The expectations of participants in the ADP system to create results are massive. I, however, view this as a positive as it allows me to aspire to more lofty targets as an engineer.

Going forward, I hope to continue to contribute to the popularization, evolution, and understanding of Apache Spark. At the same time, I plan to explore other open-source software with the potential to create new businesses and innovation.



**Kousuke Saruta**

Technology and Innovation General Headquarters  
Research and Development HQs  
IOWN Innovation Office

Kosuke Saruta joined NTT DATA in 2009. With specialized skills pertaining to Apache Hadoop, Apache Spark, and other parallel distributed processing open-source software, he has continued to support data utilization by clients as an expert with insight pertaining to middleware implementation. Moreover, Saruta has been involved in the development of Apache Spark, and became an Apache Spark committer in 2015 and then a member of the Apache Spark development project management committee in 2021. He has also written entry-level instruction books on Apache Hadoop and Apache Spark.

#### Message from a Technical Grade Certified Employee

**I am committed to providing value to clients, and this commitment drives me to pursue the evolution of data science.**



**Takeshi Ishida**

Design & Technology Consulting Sector  
Digital Success Consulting Unit  
D&I Consulting Group  
Technical Grade Data Scientist

Takeshi Ishida joined NTT DATA out of university in 2005. After gaining experience in developing data warehouses for major retailers, he went on to be involved in a variety of data science tasks, including real-time data verification and planning and sales of new analysis solutions. Since 2014, Ishida has taken part in a wide range of projects as a data scientist, and he is currently the project leader of an analysis team.

Today, I am primarily involved in serving our clients in the insurance industry as a project leader. The insurance industry has always been required to perform various mathematical tasks, including calculating insurance rates and payments, and this is why this industry was so quick to embrace data science. In recent years, the insurance industry has been actively embracing AI technologies and data analysis for a variety of purposes such as creating new insurance products and services and improving customer experiences. For example, such technologies are being utilized to perform predictive analyses regarding improvements to efficiency in sales activities and changes in the needs of policyholders. In serving clients, I do not just seek to supply AI models; I also strive to make sure that clients can use them effectively.

Whenever possible I visit the sites of clients' businesses so that I can gain a better understanding of the workflows and issues therein. There are even times when I ask to actually experience their work processes. Visiting sites and experiencing processes gives me a completely different picture of the situation than could be gained from just thinking at my desk. Such firsthand experience lets me see exactly where the fundamental bottlenecks are, and the ingenuity of people at worksites gives me clues on how to improve the accuracy of analytical models. These countless benefits are the reason I devote so much effort to getting to know actual worksites.

In fall 2022, I became certified under the Technical Grade system, which represents a career path option for accelerating the growth and contributions of specialists with sophisticated expertise. I plan to continue to explore data science technologies and their potential in the future so that I can maximize the value we supply to clients.

## Human Resource Strategies—Quest to Be the Best Place to Work as Foundation for All Strategies

### Recruitment and Retention of Human Resources

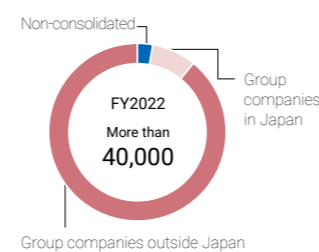
NTT DATA seeks to recruit and retain large numbers of highly skilled human resources who can support its business activities over the medium to long term. Accordingly, we are ramping up recruitment of human resources with backgrounds in digital technologies and global businesses and other industry-ready mid-career individuals. In hiring, we emphasize the aptitude, ambitions, and skills of applicants, as opposed to traits such as gender, nationality, age, or academic background.

#### Achievements in Global Recruitment

In FY2022, NTT DATA hired approximately 41,000 individuals on a global basis. The workforce in the IT services industry is highly fluid, meaning that there is a need to continuously attract and recruit highly professional human resources in order to drive business growth. The following initiatives are being implemented to this end.

- Consistent global NTT DATA recruitment branding through local recruitment sites tailored to the market and a global career site that integrates the local sites
- Social media communication on our global business and talent worldwide to prepare for cross-border competition in IT hiring
- Reliable recruitment of new graduates through ongoing alliances with local universities in Japan, the United States, Spain, Italy, India, and other countries

Breakdown of New Hires in FY2022



#### Recruitment in Japan

In Japan, NTT DATA has a record of recruiting from more than 100 education institutions nationwide. As we expand our business both in Japan and globally, we have also been conducting recruitment activities through overseas career forums, such as the Tokyo Winter Career Forum, to obtain human resources who are highly suited to global businesses, and we hire new employees of several different nationalities each year. In addition, the Company was ranked No. 2 in the overall ranking of the most popular employers among individuals graduating from university in 2024 by Rakuten Minshu, a word-of-mouth job-finding site, maintaining its position in the top 3 for five consecutive years, and No. 1 in the IT industry rankings for the 14th consecutive year.

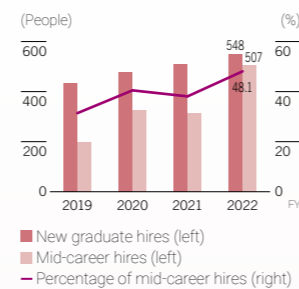
Mid-career individuals are recruited through a diverse range of routes, including our website, direct recruiting, and recruitment agents.

Competition for securing human resources has been intensifying given the increased importance of consulting and technology talent. In response to this intensifying competition, we commenced recruitment of individuals applicable under the Flexible Grade job-type employment scheme and the Technical Grade specialist career program in 2023 to bolster our capacity to acquire highly specialized employees. We are also recruiting through events and information broadcasting activities aimed at acquiring consulting and specialized human resources.

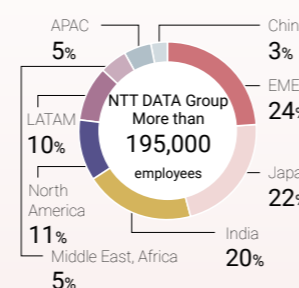
In choosing management appointments, we conduct impartial evaluations and provide appropriate compensation without drawing a distinction between mid-career recruits and individuals hired out of university. As a result, employees with diverse career backgrounds are currently active on the front lines of our business.



New Graduate Hires / Mid-Career Hires



Employee Composition by Region



#### Retention of Diverse Human Resources

NTT DATA is ramping up its recruitment efforts around the world while also taking proactive action to help human resources settle in early and to retain employees. We hold onboarding sessions as appropriate in various locations for new hires. In addition, through Values Week workshops, global forums at which employees discuss our treasured values; awards programs; and other initiatives, we provide equal and diverse opportunities for exchanges between employees around the world that spread beyond the boundaries of individual organizations.

## 3 Future Workplace

### Infrastructure Allowing for Flexibility in Work Locations and Hours Based on Processes and Goals

As one of our efforts to innovate workstyles, we revised our teleworking system in April 2018 to allow for increased flexibility in work locations and hours. This revision entailed eliminating limits on the number of days a system could be used and allowing employees to work in locations other than their homes, which made it possible for all employees to utilize this system. Furthermore, we established a remote work allowance system in October 2020 to help cover the rise in expenses paid by employees seen in conjunction with increased rates of working from home. We later began implementing hybrid work systems in November 2022 with the aim of supporting workstyle innovation by enabling employees to achieve the optimal combination of office and remote working. Rather than taking a uniform Company-wide system approach, discussions were held on the workplace situation in which office and remote working were most ideal based on the circumstances of specific organizations and projects. This made it possible for employees to choose the system and workstyle that best matches their business goals (the rate of remote working was 71% in FY2022).

In addition to freedom of work location, the Company is also promoting workstyles that offer flexibility in terms of work hours. To this end, we offer flex-time and discretionary work systems. We also introduced the super flex-time system, which eliminates the core hour requirements present under prior systems, in October 2020. This new system helped support and expand the applicability of more flexible workstyles. Meanwhile, efforts are being made to support work-life balance, including implementing refresh and anniversary holiday systems and encouraging employees to actively take paid leave. These efforts have resulted in an upward trend in leave acquisition, as indicated by the rate of paid leave acquisition reaching 85.2% in FY2022. By enhancing our systems and workplace environment while improving development productivity and coordinating with clients and business partners to cut back on excessive work hours, we strive to become a company that is chosen by prospective employees in the job market.

### Improvement of Employee Engagement

"To be a No. 1 employer, for the best talent worldwide!" we conduct an engagement survey of all employees worldwide once every two years. Recent surveys have indicated a high engagement rate of 76%, in excess of 69%, the average rate of participating companies. We also conduct annual engagement surveys of employees in Japan, and the FY2022 survey has showed a ratio of employees stating they feel high engagement of 73%. Looking forward, we have set the targets of achieving a ratio of employees in Japan stating they feel high engagement of 73% in FY2023 and raising the scores for three survey items (growth opportunities, acceptance of diversity, and culture) in the engagement surveys administered in Japan by 10% in comparison to the FY2022 results in the period leading up to FY2025. To accomplish this goal, we are cultivating employees and supporting their career growth, practicing strategy and change management, and conducting surveys.

Based on survey results, global workshops are held to effectively analyze the survey results as we work to determine the benefits of action plans implemented by the Group companies based on the results of prior surveys and to formulate action plans for future initiatives. This cycle is anticipated to help improve employee engagement and create a better workplace.

### External Recognition

- In January 2023, NTT DATA was certified as a Top Employer 2023 by the Top Employers Institute in Japan and 14 other countries and in the North America, Latin America, and Europe regions.
- In May 2023, NTT DATA received Global Equality Standard Certification for comprehensive assessment of DEI initiatives.
- Since September 2017, NTT DATA has maintained Grade 3 (highest level) Eruboshi certification based on Japan's Act on the Promotion of Female Participation and Career Advancement in the Workplace from the Ministry of Health, Labour and Welfare.
- NTT DATA received Platinum Kurumin certification from the Ministry of Health, Labour and Welfare in November 2019 as an excellent parenting support company.
- NTT DATA was presented with a gold award in the PRIDE Index from work with Pride for six consecutive years, beginning with 2017.
- NTT DATA has been selected for inclusion in the MSCI Japan Empowering Women Index, an index developed by MSCI Inc. of the United States comprised of Japanese companies with high gender diversity scores pertaining to the empowerment of female employees.
- Four Group companies have received certification through the White 500 program, which awards companies with excellent health and productivity management, jointly hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. Moreover, NTT DATA has maintained certification under this program for six consecutive years.



# Human Rights & DEI

Human Resources

## Basic Policy

As a member of the NTT Group, NTT DATA acts in accordance with the NTT Group Human Rights Policy established in November 2021, based on the principle of the UN Guiding Principles on Business and Human Rights. This policy guides the Group in a concerted, organization-wide effort to promote respect for human rights. Our business is developed in a variety of countries and regions, meaning that our operations must adapt to operating environments with diverse cultures and business customs. This recognition shapes our approach toward business. In addition, the NTT DATA Group Code of Conduct, which was established in May 2022, contains clear stipulations pertaining to respect for human rights. The NTT DATA Group Code of Conduct delineates our stance toward sustainability, human rights, and other social issues as well as the important ethics and compliance policies that employees should emphasize in their business activities. Everyone at the NTT DATA Group is exercising these principles in their daily activities.

Defined clear policies that support international standards and address priority human rights issues from four perspectives

<p><b>Diversity and Inclusion</b></p> <ul style="list-style-type: none"> <li>• Prohibition of discrimination</li> <li>• Respect for freedom and rights</li> <li>• Protection of workplace fairness</li> <li>• Resolution of income disparities and poverty</li> </ul>	<p><b>Work in Life (Health and Productivity Management)</b></p> <ul style="list-style-type: none"> <li>• Diverse workstyles</li> <li>• Prohibition of compulsory labor and child labor</li> <li>• Workplace safety</li> <li>• Freedom of association and right to organization</li> <li>• Living wage</li> <li>• Extensive benefit programs</li> </ul>
<p><b>Technology Utilization Founded on High Ethical Standards</b></p> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Data biases</li> <li>• Privacy</li> <li>• Protection of personal information</li> <li>• Security</li> </ul>	<p><b>Appropriate Expressions and Displays</b></p> <ul style="list-style-type: none"> <li>• Appropriate expressions used in advertisements and displays</li> <li>• Freedom of expression</li> <li>• Accessibility</li> </ul>

 [NTT Group Human Rights Policy \(Full text\)](https://group.ntt/en/newsrelease/2021/11/10/pdf/211110ca.pdf)  
<https://group.ntt/en/newsrelease/2021/11/10/pdf/211110ca.pdf>

## Promotion System

The Group has in place the Human Rights Awareness Activity Promotion Committee, which consists of leaders of each organizational unit and is chaired by the representative director and senior executive vice president. We have assigned human rights awareness promotion officers to each organization and company within the Group, and regular sustainability committee meetings are held with overseas Group companies to provide opportunities to discuss human rights management. In cooperation with the Human Rights Promotion Office in our Sustainability Innovation Department, employee training and other measures are conducted and a human rights helpline has been established as part of efforts to raise human rights awareness and strengthen human rights management.



## Human Rights Initiatives

### Due Diligence Frameworks and Activities

In accordance with the NTT Group Human Rights Policy, Groupwide human rights due diligence processes are implemented while global action is taken to identify, prevent, reduce, and remedy human rights issues. We are also striving to improve human rights awareness. In FY2022, human rights due diligence activities included assessments of internal conditions based on the UN

Guiding Principles on Business and Human Rights to confirm that no human rights violations are occurring within the Group. Analyses of self-assessment questionnaires have led the Company to conclude that no human rights issues requiring immediate action are occurring and that no risks are materializing that have the potential to result in future losses or the emergence of new threats in Japan or overseas. However, there are disparities between the recognition and initiatives of Group companies. For this reason, we intend to continue to promote understanding and entrench processes to advance ongoing human rights due diligence activities based on a consensus of the appropriate levels for plans and targets to more accurately pinpoint the risks we face.

Step	Details
1 Screening of survey subjects	• Select Group companies based on the scales of businesses and whether they have bases in high-risk countries
2 Self-assessment questionnaires and analyses	• Conduct self-assessment questionnaires prepared based on advice from external experts, aggregate results, and have them analyzed by external experts
3 Identify the targets of on-site inspections and formulate and implement corrective measures	• Analyze the results of the self-assessment questionnaire, identify the status of human rights risks, and take corrective measures as necessary • Consider on-site inspections of Group companies exhibiting best practices
4 Direct communication	• Conduct on-site inspections of major overseas Group companies exhibiting best practices
5 Disclosure	• Disclose the process and results of human rights due diligence in the sustainability reports

### Human Rights Awareness Promotion

We have been holding Human Rights Awareness Workplace Seminars on the workplace level for domestic Group employees since FY2010. The aims of the seminars are to raise awareness and promote understanding about human rights issues through discussions on human rights-related themes. In FY2022, we focused on the theme of business and human rights to tailor seminars toward enhancing understanding of the potential human rights issues that may arise in daily operations. In addition, we continued conducting sessions on human rights in position-based training, recruiters' training, and other programs to instill even more finely tuned awareness. Overseas Group companies also arrange their own employee human rights education programs. Meanwhile, NTT DATA Business Solutions is preparing and distributing educational materials on the appropriate use of AI given the growing risk of AI infringing on human rights as it enhances education on the priority human rights issue of utilization of technology founded on high ethical standards.

### Human Rights Training Initiatives in Japan

Initiatives	FY2021 Results	FY2022 Results
Human Rights Awareness Workplace Seminars	28,505 participants	29,350 participants
Human rights sessions in position-based training	2,919 participants	3,298 participants
Recruiters' training	421 participants	438 participants
Training prior to overseas assignment	32 participants in 12 countries	39 participants in 15 countries
Human rights slogan contest	603 submissions	579 submissions

### Monitoring across the Supply Chain

The Company has established the NTT DATA Group Guidelines for Sustainability in Supply Chain, which stipulate guidelines that suppliers are expected to observe. In addition, we administer self-assessment questionnaires and conduct on-site inspections of suppliers in order to assess the human rights and other sustainability risks of tier 1 suppliers. Specific objectives of human rights-related monitoring activities include ensuring respect for freedom of association and collective bargaining rights as well as preventing child labor and compulsory labor. Surveys conducted in FY2022 did not reveal any human rights risks. Nevertheless, the Group will remain vigilant in confirming the initiatives of suppliers, tracking issues, and entrenching awareness of its guidelines.

# Environment

### Realization of a Sustainable Society through Green Innovation

Globally, the demand for responding to climate change and various other environmental issues is increasing in order to realize a sustainable society. With this regard, NTT DATA had previously put forth its NTT DATA Carbon-neutral Vision 2050, which entailed the long-term target of achieving net-zero greenhouse gas emissions by 2050. In June 2023, we took another step forward by unveiling NTT DATA NET-ZERO Vision 2040, which calls on us to move the date of accomplishment of this target 10 years forward to achieve net-zero emissions of greenhouse gas emissions in our own operation and across our supply chain by 2040.

The Green Innovation Office established in October 2021 has been advancing initiatives to decarbonize NTT DATA's own operation and our supply chain while also seeking to help reduce the environmental impact of clients and society through the development and provision of sustainability-related offerings. We are proposing what we refer to as "Green Thought Leadership". This entails a cycle of "visualizing", "reducing", and "promoting" value in relation to environmental impacts to transform the efforts of clients into value and to thereby heighten the corporate, product, and service value of clients. Moving forward, NTT DATA will accelerate its Green Innovation initiatives for supporting clients and aiding in the realization of a sustainable society.



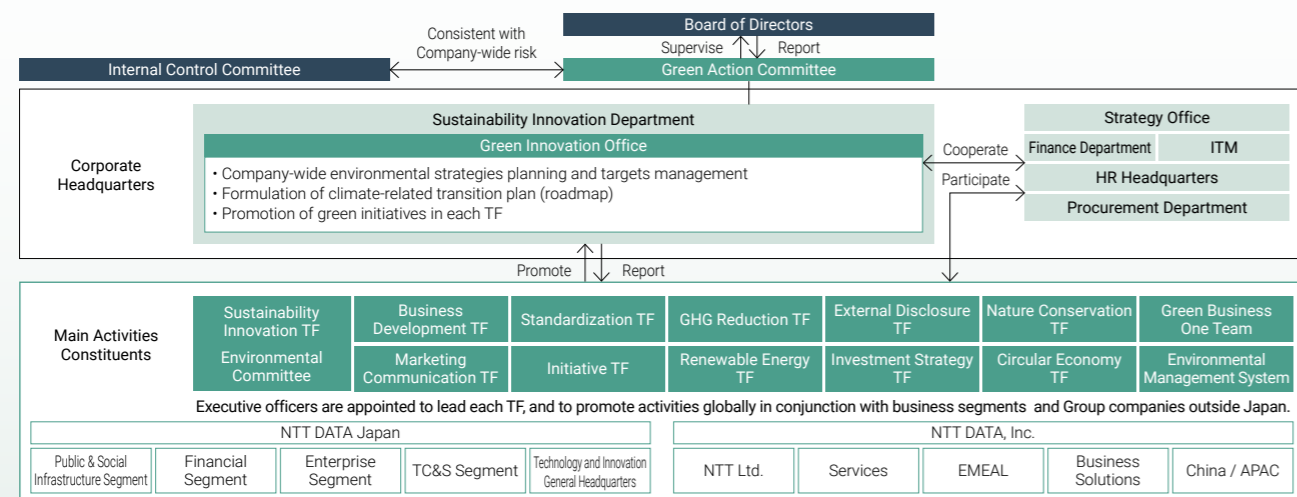
**Toru Shimogaki**  
Corporate Headquarters  
Sustainability Innovation Department  
Head of Green Innovation Office

## Green Action Committee (As of September 30, 2023)

At NTT DATA, the Representative Director and Senior Executive Vice President who chairs the Green Action Committee (formerly the Climate Action Committee) is the highest authority for our response to and other environmental issues.

The Committee is comprised of 13 major task forces, which are based on the Company's strategies and are headed by leaders such as Senior Vice Presidents, who advance initiatives in their respective areas together with relevant individuals from across the organization.

### Structure of the Green Action Committee



## Purpose and Activity Progress of each Task Forces of the Green Action Committee

Task forces involve relevant organizations in their activities, which are advanced while communicating and collaborating within the Company and with the clients and other stakeholders.

Category	Task Force (TF)   Purpose ■ Progress (As of September 30, 2023)	Ongoing from FY2022 or New
Overall strategies	<b>Sustainability Innovation TF / Environmental Committee   Formulation of overall green strategies and action policies</b> ■ Appointed representatives from each business segment to pursue coordination between areas while creating green businesses to heighten the corporate value and product value of clients. Created "Green Thought Leadership" as a part of green business strategies.	Ongoing
	<b>GHG Reduction TF   Advancement of energy conservation and renewable energy initiatives</b> ■ Accomplishment of Scope 1, 2 greenhouse gas emissions target for FY2022 (30-Kt reduction compared with FY2020); revision of calculation methods for promoting reduction in Scope 3 emissions	Ongoing
Greening of NTT DATA	<b>Renewable Energy TF   Formulation and implementation of renewable energy procurement strategies</b> ■ Examination of potential of introducing renewable energy with Group companies outside Japan and formulation of related plans; establishment of medium- to long-term energy procurement policy for data centers in Japan to promote introduction of power purchase agreements for long-term procurement of renewable energy from sources that allow for additional procurement when necessary	New
	<b>Environmental Management System   Promotion of environmental management based on ISO 14001</b> ■ Sharing of information on NTT DATA's environmental activities and initiatives of organizations related to environmental targets through regular meetings with Group companies in Japan and other organizations covered by environmental management system, internal audits, and education via internet-based testing and reflection of information in environmental activities of relevant organizations	Ongoing
	<b>Standardization TF   Creation of advanced technologies and solutions that contribute to the standardization of the IT industry</b> ■ Development of dashboard for visualizing emissions from IT systems by utilizing outcomes of the Green Software Foundation. NTT DATA Italia S.p.A. has started offering the dashboard to client Contributed to formulation of CO <sub>2</sub> emissions visualizing framework (Edition 1.0) of Green x Digital Consortium of Japan Electronics and Information Technology Industries Association in Japan	Ongoing
Creation of Green Businesses	<b>Business Development TF   Creation of green businesses</b> ■ Provision of offerings for visualizing and reducing greenhouse gas emissions while expanding greenhouse gas emissions visualizing initiatives mainly on C-Turtle	Ongoing
	<b>Marketing &amp; Communication TF   Promotion of green initiatives and improvement of brand image</b> ■ Promotion through online media sources, news releases, external media outlets, events, and augmented reality activities to enhance NTT DATA's presence globally	Ongoing
	<b>Nature Conservation TF   Creation of businesses for preserving nature and biodiversity</b> (Including initiatives by NTT DATA) ■ Start of provision of digital technology and consulting services preceding the release of TNFD (Taskforce on Nature-related Financial Disclosures), a nature and biodiversity-related information disclosure framework; analysis of risks and opportunities related to water security and biodiversity	New
	<b>Circular Economy TF   Creation of circular economy businesses</b> (Including initiatives by NTT DATA) ■ Creation of businesses for realizing a society in which waste is reduced and value is circulated; advancement of internal initiatives for reducing plastic waste and raising awareness with regard to circular economy	New
	<b>Investment Strategy TF   Strategic investment for developing green businesses and assets</b> ■ Solicitation of cutting-edge green project proposals from around the world and selection of those to be subject of investment; development of industry-leading green business assets; acquisition of orders for advanced investment projects mainly in Europe	Ongoing
	<b>Green Business One Team   Promotion of business coordination and knowledge sharing with Group companies outside Japan</b> ■ Start of global green business coordination with task force members from Europe, North America, and NTT Ltd.; selection of focus areas for green businesses through workshops attended by business leaders from around the world; development of integrated offerings that knowledge is consolidated	New
	<b>External Disclosure TF   Disclosure of green and sustainability initiatives</b> ■ Selection of the Company's annual securities report, prepared based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations, as an excellent example by the Financial Services Agency and the Ministry of the Environment; formulation and announcement of NTT DATA NET-ZERO Vision 2040	Ongoing
	<b>Initiative TF   Coordination with stakeholders in green and sustainability initiatives</b> ■ Selection for first time for highest honor of inclusion in CDP Climate Change A List; recognition as CDP Gold Accredited Solutions Provider in the categories of "Climate Change Consultancy" and "Software"; participation in three new biodiversity-related organizations	Ongoing
	<b>Disclosure / Partnership</b>	

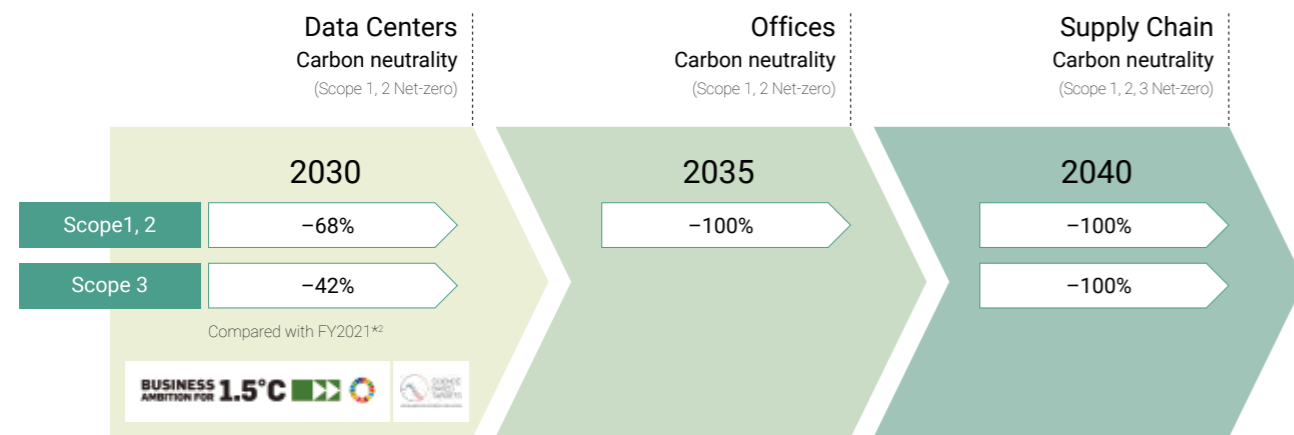


## NTT DATA NET-ZERO Vision 2040

New Vision for Achieving Net-Zero Greenhouse Gas Emissions by 2040

Amid the rising global demand for accelerated initiatives toward achieving net-zero emissions and given the expansion scope of operations resulted from the business combination with global IT infrastructure service provider NTT Ltd., NTT DATA revised its vision for achieving net-zero greenhouse gas emissions to reflect even higher standards. As a result, the timing for our targeted achievement of net-zero emissions, as described by SBTi\*1 was moved forward from 2050 to 2040, and this target was incorporated into our newly formulated NTT DATA NET-ZERO Vision 2040.

Based on this new vision, NTT DATA will continue efforts to reduce its Scope 1, 2, 3 greenhouse gas emissions while also coordinating with clients, suppliers, CDP, SBTi, and various other stakeholders to contribute to the achievement of net-zero emissions across society.



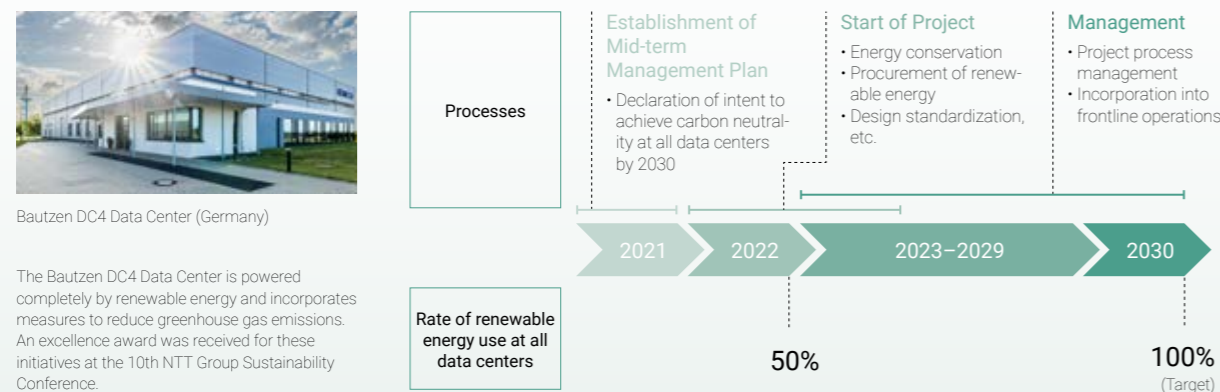
\*1 SBTi (Science Based Targets initiative) is an organization that encourages companies to set science-based emissions reduction targets for the purpose of limiting the rise in average global temperatures to 1.5°C above pre-industrial levels and that offers approval for such targets.  
\*2 Application of reduction target compared with FY2021 has been resubmitted for SBT approval given the announcement of NTT DATA NET-ZERO Vision 2040 and the start of integrated disclosure with NTT Ltd. (reapplication process still underway as of September 30, 2023).

### Focus Sustainability Initiatives at Data Centers

As one facet of its efforts to achieve net-zero greenhouse gas emissions by 2040, NTT DATA is advancing sustainability initiatives at data centers.

Initiatives for reducing electricity use and introducing renewable energy are being implemented at data centers, which account for roughly 70% of our electricity use. At the same time, we are heightening the rate of use of renewable energy at data centers with the goal of transitioning to 100% renewable energy at all data centers by 2030.

By promoting the usage of our renewably powered data centers among our clients, we aim to contribute towards reducing greenhouse gas emissions in our client operations and across the broader society.

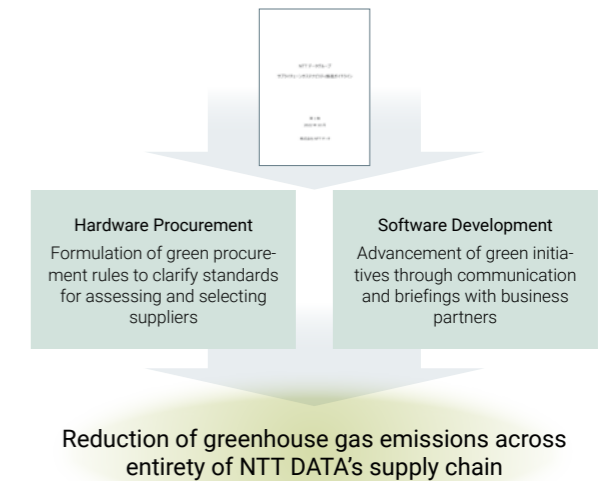


### Focus Challenging Net-Zero Across the Supply Chain

NTT DATA is working to reduce greenhouse gas emissions across its supply chain in order to achieve the target of NTT DATA NET-ZERO Vision 2040. As part of its efforts to accelerate emissions reductions, Group companies in Japan have begun making purchases purely from suppliers that have been "approved by SBT" or that have disclosed greenhouse gas emissions reduction targets and results of a similar level. This approach has been taken based on the "NTT Group Green Procurement Standards", which stipulate items for assessing suppliers and their products as part of procurement activities. We are also using communication and briefings with software development subcontractors and other business partners as opportunities to advance our greenhouse gas emissions reduction activities. Group companies outside Japan, meanwhile, formulate measures based on their specific business characteristics in order to contribute to global reductions in greenhouse gas emissions.

Moreover, NTT DATA coordinates with international environmental NGO CDP to practice supplier engagement with the aim of helping reduce greenhouse gas emissions across society.

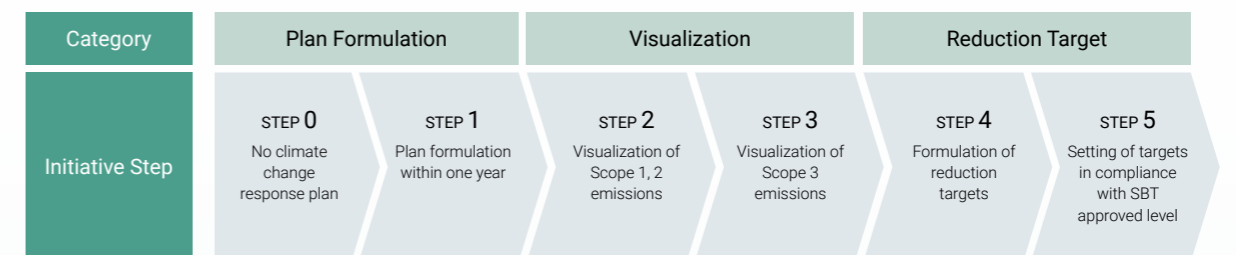
#### Environment Section of NTT DATA Group Guidelines for Sustainability in Supply Chain



### Procurement Initiatives Targeting Net-Zero Emissions

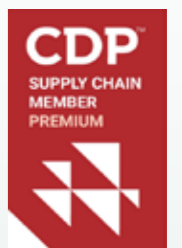
In its procurement and selection of products and services, NTT DATA makes judgments based on price and quality as well as on environment-related factors, such as compliance with environmental regulations, initiatives for reducing greenhouse gas emissions across supply chains, and the stance of the supplier toward environmental preservation. Important suppliers are selected based on such exhaustive assessments. Evaluations of a supplier's stance toward addressing environmental issues is a central component of such assessments, and we also look at specific matters such as compliance with environmental regulations and whether or not a supplier is taking steps to reduce greenhouse gas emissions across their supply chain.

#### Process of Managing Progress in Reducing Greenhouse Gas Emissions



### Supplier Engagement through CDP Supply Chain Program


NTT DATA is ramping up its efforts to visualize and analyze climate change response initiatives across the supply chain. These efforts have resulted in us becoming Japan's first premium member in the CDP Supply Chain Program in April 2022. Request for responses to questionnaire on reduction targets and on visualization of greenhouse gas emissions contained in CDP questionnaire have been submitted to the top hardware vendors, software development subcontractors, and other suppliers who account for roughly 80% of the purchases made by NTT DATA Group Corporation, NTT DATA Japan, and Group companies in Japan. In FY2022, responses were received from approximately 120 of these suppliers. The responses to the CDP questionnaire are used to track initiatives on an industry basis and to develop proprietary instruction manuals for use by software development subcontractors in visualizing greenhouse gas emissions and setting reduction targets.



NTT DATA Green Thought Leadership

# Green Innovation for Realizing a Net-Zero Emissions Society

Decarbonization initiatives and other efforts for addressing environmental issues are important management priorities for companies. Today, a number of new rules for companies are being implemented with an emphasis on decarbonization from various perspectives, including compliance, fund procurement, and transaction conditions. This trend has created an environment in which companies and products that are quick to take action toward decarbonization are most likely to be chosen by the market and grow. Amid these conditions, approaches that incentivize companies' efforts to reduce greenhouse gas emissions will be imperative to encouraging companies to recognize the decarbonization trend as not just a risk but also an opportunity. With this regard, NTT DATA is supporting Green Innovation with digital technologies to create a cycle of "visualizing" clients' greenhouse gas emissions, "reducing" the environmental impact and "promoting" efforts of related companies and products.

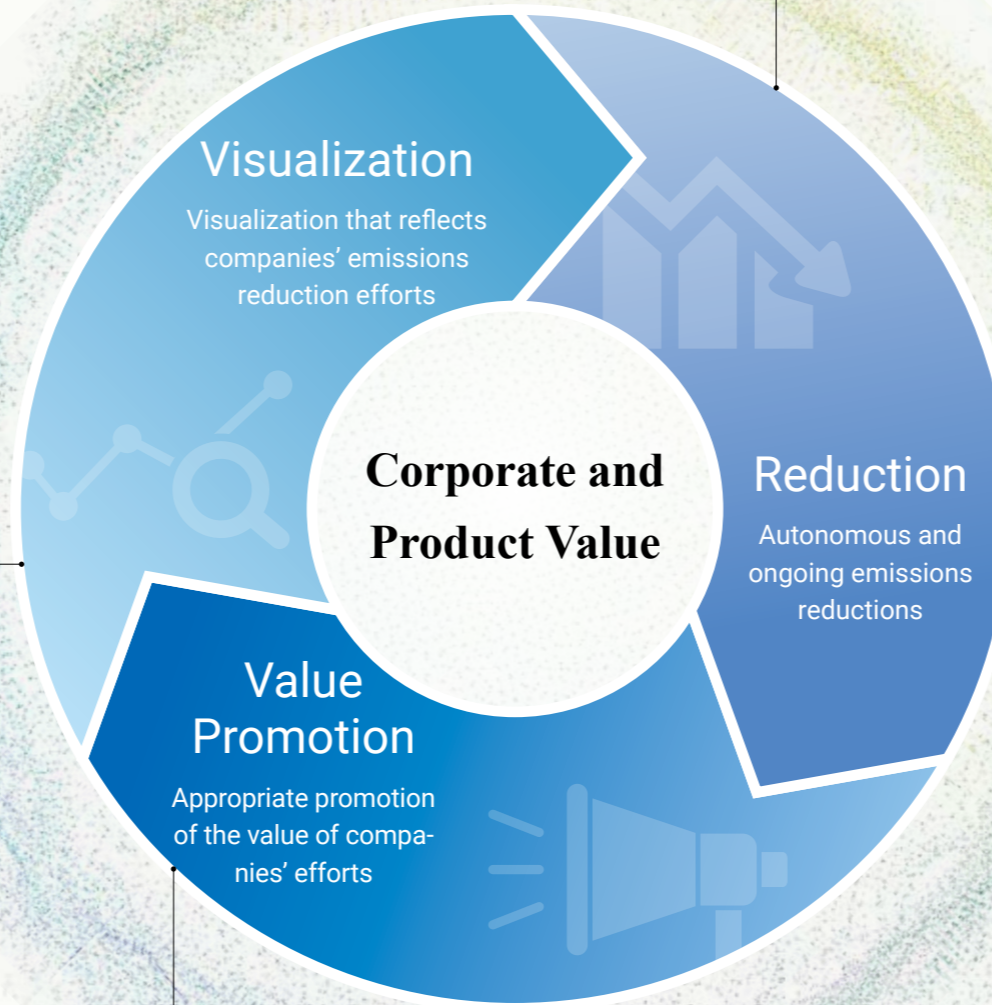
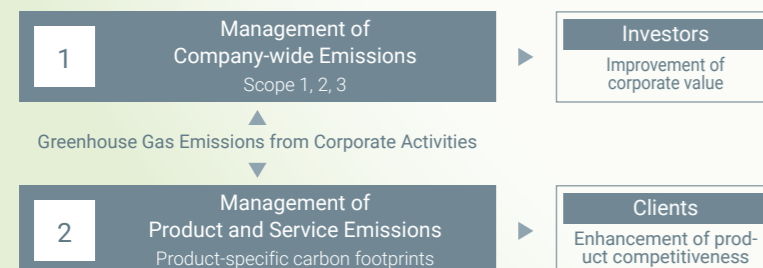
 Progress toward a Net-Zero Emissions Society via Digital Technologies (white paper, in Japanese only)  
<https://www.nttdata.com/jp/ja/services/carbon-neutral/>

## Visualization

The visualization of greenhouse gas emissions is the first step in decarbonization efforts, and this visualization requires the management of company-wide emissions and of the emissions related to products and services. Visualization of company-wide emissions allows for this non-financial information to be disclosed to capital markets and investors in order to drive improvements in corporate value. Visualization of emissions related to products and services, meanwhile, is a tool for boosting competitiveness by appealing to potential clients the low environmental impact of a company's products and services.

NTT DATA provides C-Turtle, a solution for visualizing greenhouse gas emissions across the entire company. C-Turtle is characterized by its ability to visualize not only Scope 1, 2 emissions, which a company can control, but also Scope 3 emissions, which include those from business partners. This level of comprehensiveness allows users to calculate emissions in a manner that incorporates the reduction efforts of business partners. In calculating Scope 3 emissions, C-Turtle does not use the standard method of employing industry averages and statistics. Rather, our solution utilizes a Company-wide Emission Allocation Method based on actual emissions data from suppliers. Moreover, emissions data from CDP, an international NGO engaged in tackling environmental issues, is used to reflect a company's emissions in the upstream and downstream areas of the supply chain.

As a solution for managing emissions from products and services, NTT DATA develops product-specific carbon footprint management platforms that encompass both the client in question and the upstream areas of their value chain. These platforms are being used to support clients in various industries. Meanwhile, the newly launched C-Turtle ForeSus combines product bills of materials (BOM) with data from factories and from enterprise resource planning and administrative management systems to automatically calculate the emissions associated with even highly complex products and services.



## Value Promotion

As a company implements the cycle of visualizing and reducing emissions and promoting the value of these efforts, disclosure of non-financial information is a viable tool for communicating such emissions reduction efforts to capital markets and investors. Based on more than 100 cases of support for clients' TCFD disclosure, NTT DATA provides consulting services that support ongoing initiatives for communicating with such stakeholders from visualization to information disclosure by utilizing digital technologies.

It is important that emissions reduction initiatives not be contained within individual companies but rather spread across entire value chains. Advancing such comprehensive initiatives requires platforms for sharing information on greenhouse gas emissions between companies. In Europe, a lot of effort is being devoted toward investigating means of exchanging sustainability-related data between companies. For example, Germany is looking at the possibility of adopting the Catena-X ecosystem for supporting data disclosure in the automotive industry. NTT DATA seeks to find ways for Japanese companies to connect their data to such ecosystems outside Japan while still maintaining control of the data. To this end, we are coordinating with the NTT Group to conduct connection verification tests while encouraging co-creation by publicizing the necessary underlying technologies and architectures. By creating a platform for sharing data among companies, we aim to help clients link their efforts to visualize and reduce greenhouse gas emissions to the global promotion of the value of their products and services.

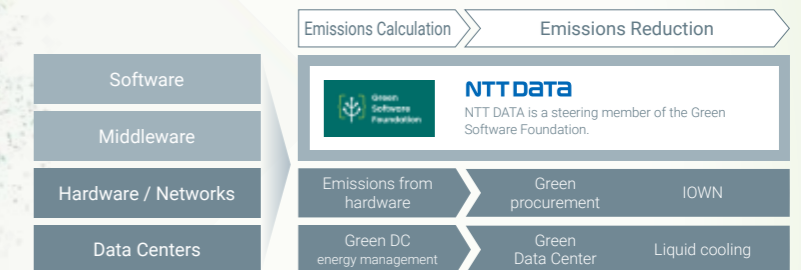
## Reduction

If a company is to pursue decarbonization, it will need to constantly reduce greenhouse gas emissions that have been visualized. NTT DATA provides clients with multifaceted support for reducing greenhouse gas emissions encompassing the adoption of renewable energy, the development of frameworks for utilizing renewable energy and for conserving energy, and the reduction of emissions from IT systems.

Our Nuorium Optimizer AI technology for optimizing calculations has a robust track record of driving improvements in operating processes while also contributing to decarbonization. Applications of this technology have included optimizing operations at energy plants and optimizing fleet numbers and transportation times and distances in logistics operations, and contributions have been made to reductions in greenhouse gas emissions in both cases.

If digital technologies are to contribute to decarbonization, the technologies themselves will need to be green. NTT DATA seeks to develop green IT for use in all aspects of facilities, hardware, and software. For example, our Green DC energy management indoor environment visualizing system is used at data centers to help clients reduce emissions by lowering energy consumption through the monitoring of temperatures in server rooms and the optimization of air-conditioning operation.

In terms of software, we are utilizing the insight gained as a steering member of the Green Software Foundation, an organization endeavoring to reduce greenhouse gas emissions from IT systems, to support measures for reducing energy consumption. Our approach toward this goal entails providing frameworks for visualizing emissions to financial institutions and other clients that are highly dependent on IT systems.



Note: The Green Software Foundation logo is a trademark of The Linux Foundation registered in the United States and other countries.

## Future beyond Decarbonization

Decarbonization is not the only environmental issue for companies to address; the wide range of environmental issues placed before us includes such tasks as preserving and regenerating natural capital and reusing resources through circular economy. However, no matter what the environmental issue at hand, companies can be encouraged to take ongoing environmental action by incentivizing the cycle of "visualizing" current conditions, "reducing" impacts, and "promoting the value" of these reduction efforts. This approach will no doubt help reduce environmental impacts across society.

In relation to the environment, NTT DATA has defined the material issues of "Carbon Neutrality," "Circular Economy," and "Nature Conservation." By helping protect the global environment based on an understanding of the interdependent nature of these issues, we aim to grow together with our clients.



## Disclosure Based on TCFD Recommendations

NTT DATA declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2021, and we have since proceeded to engage in Company-wide climate change response actions while taking steps to ensure these actions are transparently visible by external stakeholders.

Addressing climate change has been positioned as a top management priority. In line with the TCFD framework, we are actively analyzing and assessing climate-related risks and opportunities from a long-term perspective.

### Governance

The Green Action Committee has been established to guide efforts to respond to climate change, which has been positioned as a major company-wide risk. Reports on the discussions of the Green Action Committee are issued to the Board of Directors, which then deliberates on important management

and business strategies, sets policies, and oversees the implementation of action plans for addressing climate change. For more information on the structure and activities of the Green Action Committee, please refer to "Green Action Committee" on page 60.

### Risk Management

The NTT DATA seeks to ascertain and address all risks associated with business activities. To facilitate this effort, we appointed an officer in charge of supervising and promoting risk management from a company-wide perspective. In addition, CROs and risk management promotion officers were appointed to relevant divisions and Group companies.

The Internal Control Committee is responsible for discussing measures related to risk mitigation. The Committee also

assesses the effectiveness of such measures and reports the findings of these assessments to the Board of Directors. The Representative Director and Senior Executive Vice President, the highest authority for risk management, chairs both the Green Action Committee and the Eco Activity Promotion Committee. In this capacity, this individual manages climate change and other environmental risks as part of company-wide risk management through meetings of both Committees twice a year.

### Strategies

NTT DATA performs climate change scenario analyses focused on scenarios projecting rises in average global temperatures of 1.5°C and 4°C above pre-industrial levels and assesses the potential impacts of climate change-related risks and opportunities based on these analyses. The results of such assessments have been incorporated into the Mid-term Management Plan (FY2022–2025), based on which we are accelerating strategies for providing innovative services that transcend the boundaries of companies and industries in order to contribute to the realization of a sustainable society.

#### 1.5°C Scenario

Transition to low-carbon economy based on the Paris Agreement

Predicted Future

Introduction of carbon pricing systems and reinforcement of climate change response measures, but physical impacts of climate change limited to the level seen on March 31, 2022, and therefore no increases to serious impacts

#### 4°C Scenario

No increase in climate change response measures compared with the currently projected levels

Predicted Future

Climate change response measures limited to the level seen on March 31, 2022, but more serious impacts from extreme weather events and other physical impacts of climate change

### Focus Groupwide Scenario Analysis Committee

In FY2022, the Groupwide Scenario Analysis Committee was assembled. Over a six-month period, the Committee was tasked with working to strengthen resilience across the Group by further clarifying the boundaries and timetables of climate change scenario analysis.

The Committee was membered by representatives selected from business divisions, corporate divisions, Group companies outside Japan, and other organizations. These members took part in a series of discussions on the impacts of external trends on the Company's business activities leading up to 2050. Specifically, STEEP model<sup>\*3</sup> proposed by the TCFD was used to prepare a four-quadrant scenario that accounts for analyses of external trends, uncertainty, and potential impacts.

### Climate-Related Risks

Risks	Details and Impacts	Time Horizon	Likelihood of Occurrence	Degree of Impact	Estimated Financial Impact	Response Measures	Response Costs
Risks 1	Transition risks (reputational) Lower reputation from ESG investors outside Japan or financial institutions in Japan due to delay in addressing climate change; calculated as the stock price impact of a hypothetical 1% decline in stock market capitalization due to lower reputation	Short term	Virtually certain	High	¥24.0 billion decrease in market capitalization (compared to fiscal year-end)	Establishment of Green Action Committee and promotion of decarbonization of NTT DATA's supply chain and greening of clients and society centered on Green Innovation Office	¥5.0 billion
Risks 2	Physical risks (acute) Increased natural disasters stemming from abnormal weather events; potential halts to data center operation and losses of sales due to failures to communications or other aspects of data centers as a result of natural disasters such as typhoons	Short term	Virtually certain	Medium-high	¥14.0 billion decrease in net sales	Enhancement and renewal of data centers, remote access, and maintenance infrastructure to ensure business continuity	¥9.0 billion
Risks 3	Transition risks (regulatory) Higher costs by introducing carbon pricing systems; rise in regulatory requirements of companies as global social consensus to achieve net-zero emissions by 2050 (aggregate costs of ¥30.0 billion projected over period from FY2025–2035)	Long term	Virtually certain	Medium-high	¥7.0 billion decrease in operating income	Supply chain decarbonization and greenhouse gas emissions reduction through energy conservation measures at data centers	¥5.0 billion

### Climate-Related Opportunities

Details	Opportunities	Time Horizon	Likelihood of Occurrence	Degree of Impact	Estimated Financial Impact	Response Measures	Investment Amount
Opportunity 1	Increased demand for products and services Growth of sustainability-related businesses in various industries as decarbonization initiatives of clients accelerate, expanded opportunities for utilizing digital technologies due to technological progress	Short term	Very likely	High	¥200.0 billion increase in FY2025 sales	Investments in technology development and creation of sustainability-related offerings that contribute to society's and clients' response to climate change	¥51.0 billion
Opportunity 2	Increased demand for products and services Rise in opportunities for providing sustainability-related consulting to various industries; projected to result in sustainability-related businesses accounting for a significant portion of consulting sales	Short term	Very likely	Medium-high	¥40.0 billion increase in FY2025 sales	Investments to enhance consulting services including the cultivation of sustainability-related consulting staff, training frameworks, etc.	¥4.0 billion
Opportunity 3	Increased demand for products and services Increased need for transition to resilient cloud services that contribute to decarbonization spurred by frequent abnormal weather events and requests for decarbonization	Short term	Very likely	High	¥210.0 billion increase in FY2025 sales	Investments in cloud-related technology development and strengthening of global delivery centers	¥25.0 billion

Total climate-related response costs and investment amount over period of Mid-term Management Plan (FY2022–2025)

Approx. ¥99.0 billion

### Indicators and Targets

The following indicators and targets have been defined in relation to efforts to accomplish the goals of NTT DATA NET-ZERO Vision 2040.

#### Greenhouse Gas Emissions

**Indicators:** Scope 1, 2, 3 emissions  
**Greenhouse gas emissions targets** (compared with FY2021):  
Short-term target of 50,000-ton reduction in Scope 1, 2 emissions by FY2025  
Medium-term targets of 68% reduction in Scope 1, 2 emissions (SBT 1.5°C level) and 42% reduction in Scope 3 emissions by FY2030  
Long-term target of net-zero Scope 1, 2, 3 emissions by FY2040

#### Internal Carbon Pricing<sup>\*1</sup>

Internal carbon price (FY2023): ¥6,500 per t-CO<sub>2</sub>

<sup>\*1</sup> Standard price for entire Group (to be updated annually)

#### Compensation<sup>\*2</sup>

Officer compensation and employee bonuses tied to climate change indicators

<sup>\*2</sup> Compensation for directors that are not Audit and Supervisory Committee members is remunerated to greenhouse gas emissions reduction targets with evaluation weight of 5% should targets be accomplished. Employee bonuses are remunerated to accomplishment of annual targets for climate change response KPIs and to sustainability contribution award programs.

#### STEEP Model of Driving Forces



The findings of this Committee will be reflected in future sustainability management practices and in long-term management strategies to be implemented after FY2025.

Source for STEEP model: Guidance on Scenario Analysis for Non-Financial Companies, Task Force on Climate-related Financial Disclosures, October 2020

<sup>\*3</sup> STEEP is an approach toward identifying those macroeconomic factors affecting a company with the potential to impact current or future business activities and for analyzing the possible impacts and changes to be brought about by said factors.

# Group Governance for the Three-Company Structure



**Tomoko Hoshi**

Independent Outside Director  
(Full-Time Audit and Supervisory  
Committee Member)

**Asako Toyoda**

Executive Vice President  
Head of Global Governance  
Headquarters

## Basic Group Governance Policy

The basic Group governance policy of NTT DATA is to ensure appropriate operations on a Groupwide basis by formulating rules for discussions and reporting between domestic and overseas Group companies that stipulate important provisions regarding business plans, internal controls, and compliance. In accordance with this policy, steps are taken to develop structures for appropriate coordination through means such as defining the divisions of the Company responsible for coordination with other Group companies.

NTT DATA transitioned to a three-company structure in July 2023. Under this structure, NTT DATA Group Corporation is responsible for guiding Group management instructions whereas operating companies NTT DATA Japan Corporation and NTT DATA, Inc., practice autonomous business operation to make for a structure that strikes a balance between flexibility and control.

Specifically, authority for business activities and for governance is delegated to the operating companies within the scope of their responsibilities while NTT DATA Group Corporation discusses important matters pertaining to operating companies before decisions are made and oversees the status of management.

### 1. Appropriate Delegation of Authority

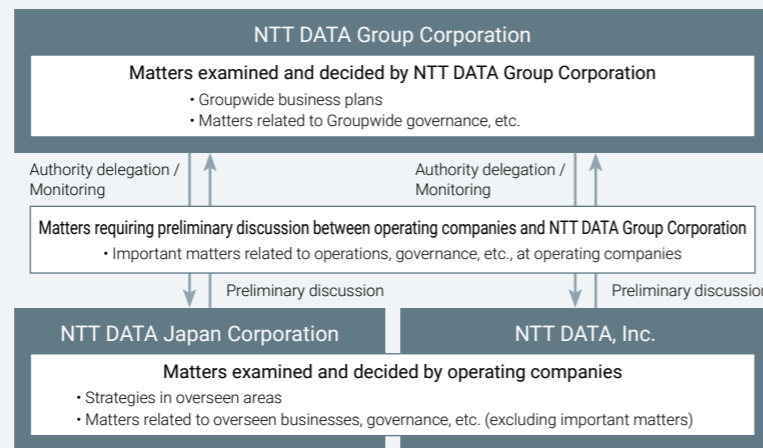
Authority is delegated to NTT DATA Japan Corporation and NTT DATA, Inc., to facilitate flexible business operation while NTT DATA Group Corporation maintains authority for the overall strategies, business plans, and officer appointments of the operating companies.

### 2. Global Process Standardization

NTT DATA Group Corporation, NTT DATA Japan Corporation, and NTT DATA, Inc., employ standardized management processes that are consistent across global operations. The roles and responsibilities of companies are clearly defined, and frameworks are developed to support flexible operational execution while enabling efficient oversight and control via monitoring and audits.

### 3. Supervisory Functions That Are Independent from Executive Functions

NTT DATA Group Corporation dispatches internal and external officers to fill positions at the boards of directors and other bodies of NTT DATA Japan Corporation and NTT DATA, Inc., to develop a governance system overseen by the Company.



## Discussion between an Independent Outside Director and Executive Vice President

### Introduction

**Toyoda:** A year and a half has passed since you assumed your position as a director and Audit and Supervisory Committee member at NTT DATA, Ms. Hoshi. Over this period, we have witnessed some significant changes through the transition to the three-company structure, and you have thus been involved in discussing this corporate reorganization from a variety of perspectives at meetings of the Board of Directors.

**Hoshi:** Shortly after I was appointed to my position, I saw a massive change in the Company's global structures through the October 2022 establishment of NTT DATA, Inc., to manage overseas operations. An even greater change came with the transition to the three-company structure in July 2023, which involved the establishment of NTT DATA Japan Corporation to handle domestic operations and NTT DATA Group Corporation to oversee Groupwide business and management. This reorganization simultaneously expanded the Group's global business and transformed its management structure. This was a massive undertaking for the Group. I therefore feel like this reorganization resulted in the start of a new NTT DATA. I suspect that we will be seeing a variety of effects from this reorganization in regard to businesses and management in terms of areas that will change, aspects that will be changed, and parts of the Group that should be changed. In the midst of this change, Group governance, the topic for today's discussion, will be a matter of incredible importance for the Group's management.

**Toyoda:** The overseas business combination with NTT Ltd. served to expand the Group's global business. This also entailed the addition of new businesses into our portfolio, including undersea cable businesses and large-scale data center businesses, such as those targeting hyperscalers, which are massive IT companies such as Amazon Web Services, Inc., Alphabet Inc., and Microsoft Corporation. With our expanded global business, we put forth the strategy of pursuing increased coordination and synergies. Have you noticed any changes in our business or in our strategies since then?

**Hoshi:** It is obvious that there is a need to adjust businesses and strategies in response to this reorganization, and these are also things that will change naturally. The new inclusion of the data center businesses has transformed both the Group's business portfolio and financial position. I have also already seen a number of examples of the synergies with NTT Ltd. We also recognize that the changes brought about by the reorganization will not be confined to individual projects and developments. Messages from the executive team have exuded a sense of commitment for where the Group will head as a united One NTT DATA under the new structure created through the reorganization. It is therefore important to consider changes to the Group's business portfolio and synergies in light of management's high aspirations.

### Governance under the Three-Company Structure

**Toyoda:** One goal of the reorganization was to strengthen global governance. You, Ms. Hoshi, are both a director and an Audit and Supervisory Committee member of NTT DATA Group Corporation and an outside company auditor of NTT DATA, Inc. In your position of auditing and supervising both companies, what are your opinions with regard to factors such as the changes to the Group's overall governance? Also, what is your outlook for the future?

**Hoshi:** When it comes to governance, I think it is important for a company to first formulate a vision for its business and management and to then determine the style of governance that best accommodates that vision. This means that changes to business models or styles will necessitate commensurate changes to governance. NTT DATA has transitioned to a three-company structure comprised of a holding company and two operating companies for overseeing domestic and overseas operations, and this transition has spurred massive changes to governance. However, the Group has only just recently transitioned to this new structure. As such, although the necessary updates to corporate structures and rules may have been implemented, it will still be some time before we can begin talking about how the three-company structure and resulting changes to management and governance structures are helping the Group move toward its vision or improve corporate value or start assessing the results that have been achieved with these regards.

**Toyoda:** It is true that we have just started operating under the new structure. The relevant systems, rules, and other basic governance infrastructure have already been put in place. However, as you say, it will be important for us to implement appropriate governance systems for a global company with consideration paid to our expanded business scope and with an emphasis on business flexibility under the three-company structure. Given this situation, do you have any advice you can offer with regard to Groupwide governance or the governance of individual companies?

**Hoshi:** What is most important, I feel, will be to reexamine exactly what was the goal and meaning of the reorganization into the three-company structure. Then, we should think about what type of governance is ideal based on this goal and meaning. Under this structure, NTT DATA Group Corporation sits at the top of the Group as a holding company. This separation from operational execution is a major difference when compared to the prior structure. As the operational execution functions previously housed at the Company have been transferred to the operating companies, NTT DATA Group Corporation finds itself in the position of overseeing those operating companies as a holding company. It is important to think of a different approach toward governance that is accommodating of this new position.

### Functions of and Governance by the Holding Company

**Toyoda:** Major functions of a holding company include formulating Groupwide business, financial, technology, and other strategies as well as determining the allocations of investment and human resources needed to implement those strategies. A holding company also has to monitor the results of these strategies. It is my understanding that the Board of Directors has already begun discussing the areas where we need to implement improvements from this perspective, and that some such improvement measures have been started. Is there any area in particular in which you think that we should pursue further improvement or any measures that should be taken?

**Hoshi:** Under the three-company structure, Groupwide monitoring will likely be more important than ever. Moreover, there is a need to clarify the vision and strategies for the Group's business and to define what specifically needs to be monitored based on said vision and strategies. This information should then be shared, not just among the executive team but also with outside directors

## Group Governance for the Three-Company Structure

and other relevant parties. Deciding these matters and sharing them with the relevant individuals will also be imperative to analyzing the cause of any disparities between the Group's vision and actual conditions and to formulating response measures. NTT DATA now has an even greater global presence. **This means that it will be crucial for the Company to put forth KPIs and other guidelines that can serve as a common language for guiding its business.**

**Toyoda:** I agree. The Board of Directors has talked about the fact that the function of a holding company is not so much about guiding individual businesses but rather about monitoring overall strategies to ensure that everything is advancing appropriately. I look to help NTT DATA Group Corporation fulfill this function in FY2023 and beyond. Also, as you stated, it is vital that a company have a vision for its business as well as strategies based on that vision and frameworks for effective monitoring of the progress of those strategies. Information on these provisions should also be shared with the relevant parties.

You participate in the Board of Directors of NTT DATA Group Corporation as well as the board at NTT DATA, Inc. What type of differences have you seen between the topics discussed by the holding company and those brought before the board of the operating company?

**Hoshi:** My role is different at these two companies; I am a director and Audit and Supervisory Committee member at NTT DATA Group Corporation and a company auditor at NTT DATA, Inc. My duties at each company are, in part, shaped by the stipulations of the Companies Act of Japan. However, even as I fulfill my legally mandated duties, I try to fulfill the same basic role at each company. At meetings of the board of NTT DATA, Inc., our discussions tend to be more closely related to frontline operations, often including subjects such as specific overseas business proposals. Moreover, as a number of the board members reside overseas, a flexible approach is taken toward meetings, sometimes involving remote discussions and paper resolutions, in order to facilitate swift decision-making.



### Governance Featuring Flexibility and Control

**Toyoda:** For the three-company system, our basic global governance principle is to work to achieve a balance between flexibility and control. I think it is important for governance approaches

to be constantly adapted to suit and support a company's business. Do you feel that NTT DATA has achieved an appropriate balance between promoting flexible business growth and controlling risks and other aspects of operations under the new system? Also, are there any areas that you think we should pay more attention to with this regard?

**Hoshi:** The balance between flexibility and control in governance is as important as you say, and I don't think anyone would disagree with this statement. However, this statement can also be interpreted in a variety of manners, and different people will have different takes. **For example, I sometimes hear people saying that governance itself is an obstacle impeding business flexibility, and this is something that I too have pondered from time to time. One's perception of governance can change based on the circumstances and their specific situation.** This is one of the reasons why it is so important for everyone involved to have a shared understanding of governance as their starting point.

**Toyoda:** I have seen that also. As I am in a position responsible for governance, I am often made aware of the tendency for people to see governance as an obstacle toward business flexibility. However, this does not change **the importance of governance for revising strategies, sometimes by implementing risk controls, based on a perspective looking at a company's business as a whole. This is especially vital** for promoting the growth and health of the business of the Group right now, as our scale has grown on a global basis and our business portfolio is changing. **Rather than viewing governance and business as being in opposition of one another, we must recognize that they should be approached consistently from an integrated perspective.** In the past, it was sufficient to think about matters on an individual business basis. Today, however, the range of geopolitical risks and other matters requiring attention from a Companywide perspective is expanding. At the same time, the IT industry is seeing constant progress in generative AI and other technologies, which is creating a greater quantity of matters requiring flexible, simultaneous initiatives in terms of both business and governance. In this way, the situations in which we need to consider the importance of governance are on the rise. It is therefore crucial for us members of corporate divisions to accurately communicate this importance to individuals in business divisions. We also need to take a flexible approach toward our own actions, sometimes even stepping in to lead businesses.

Although the three-company structure is still in its infancy, are there any issues you currently see with regard to this structure? Also, what type of expectations do you have for this system?

**Hoshi:** I believe there is a need to think about the function to be fulfilled by the Board of Directors, a critical governance organization, and what and how this organization should monitor.

There is no denying the need for swift action, and I understand that one of the goals of the three-company structure was to increase business flexibility. Proposals raised to the Board of Directors include, for example, potential M&A activities or investments in data center businesses. It is, of course, necessary for information on specific proposals to be shared with Board members. However, as for us outside directors, we first need to be provided with an overall view of the larger picture into which these proposals fit. If we are looking at an M&A activity, we have to know why the given field and size of the candidate company within that

field was selected as well as whether the acquisition conforms with the Company's basic policies and what impacts the acquisition will have. Based on this understanding, we must first judge whether the overall strategy is appropriate before making a decision on a specific proposal. In regard to the Company in particular, discussions of strategic matters at Board of Directors' meetings have been on the rise since last year. However, **I think there is a need to once again consider devoting a more substantial amount of time to discussing and sharing information on basic Companywide policies and strategies. This approach will no doubt help expedite later decisions and resolutions regarding specific proposals.** It is also important that we ensure that governance does not become the type of obstacle to business that many are concerned of.

**Toyoda:** You are exactly correct. Governance is, in a way, the very act of management itself. As you say, it is important for us to first present a clear understanding of our Companywide business, portfolio, and financial strategies and to clarify the position of specific proposals within these strategies so that we can explain how these proposals are expected to contribute to business growth and corporate value improvement. There is a tendency to focus purely on individual proposals. However, **what you just said really accentuates the importance of thinking about our business from a Groupwide perspective, especially considering the fact that we have become a holding company.**

### Expedition of Decision-Making Processes

**Toyoda:** In the past, there have been issues with the decision-making processes for individual proposals taking too long. We sought to address these issues by transitioning to a structure involving operating companies and delegating authority to these companies in order to increase the flexibility of decision-making processes.

Now, we are looking to develop management and governance systems that are tailored to the Group's needs, which will include consideration of the balance between discussion of Companywide strategies and individual projects, the function of the holding company and the need for flexible business operation by operating companies, and the respective roles of these companies. The function of the holding company, specifically, should involve exercising management and global governance to raise the corporate value of the entire Group from a perspective looking at both our domestic and overseas businesses. This function is something that we will need to examine more in the future.

**Hoshi:** I hope you will do just that, and I suspect that the Board of Directors as a whole has similar expectations. **The Company's outside directors include individuals with varied management backgrounds, and I therefore think that we too should be able to contribute to such discussions.**

**Toyoda:** I aim to contribute to the growth of the Group's overall business through the implementation of a functional cycle that includes the formulation of Companywide strategies targeting business growth, investment based on said strategies, and the efficient and effective monitoring of these investments.

### Global Management Personnel Development

**Toyoda:** Given the increased size of the Company, **the recruitment and development of global management personnel will be**

**imperative** to our ongoing growth as a truly global company. Management based on a global perspective is crucial not only to managers of NTT DATA, Inc., which is in charge of overseas operations, but also to the managers of NTT DATA Group Corporation, the holding company. For this reason, we will need to recruit and cultivate individuals who can guide our growth as a global company, and this should be done without being preoccupied with nationality. Currently, we are conducting group trainings that assemble managers from around the world. However, I feel that we also need to create systems and frameworks for cultivating global members of all ages who are seriously committed to the growth of NTT DATA.



**Hoshi:** Global human resource strategies are a topic of incredible interest, and promoting the diversity of management is a vital part of bolstering competitiveness and facilitating growth in global operations.

**Toyoda:** The scale of our business has grown substantially, and both internal and external conditions are undergoing great change. In this environment, it is important to promote diversity by assembling a management team comprised of diverse individuals. "Diversity" in this case does not merely refer to diversity of gender and nationality, but rather also includes diversity of expertise and business and operational experience.






**Hoshi:** Ensuring diversity in its management team is an important task for NTT DATA. For example, I see a bit of an issue with the high concentration of Japanese people among the ranks of management, especially given just how much the Group's global business has grown.

**Toyoda:** In terms of diversifying our human resource base, I think we will first see change beginning with NTT DATA, Inc. However, it is my hope that we will not stop there, but will instead go on to appoint managers with an emphasis on diversity, based on a broad definition, at the holding company as well.

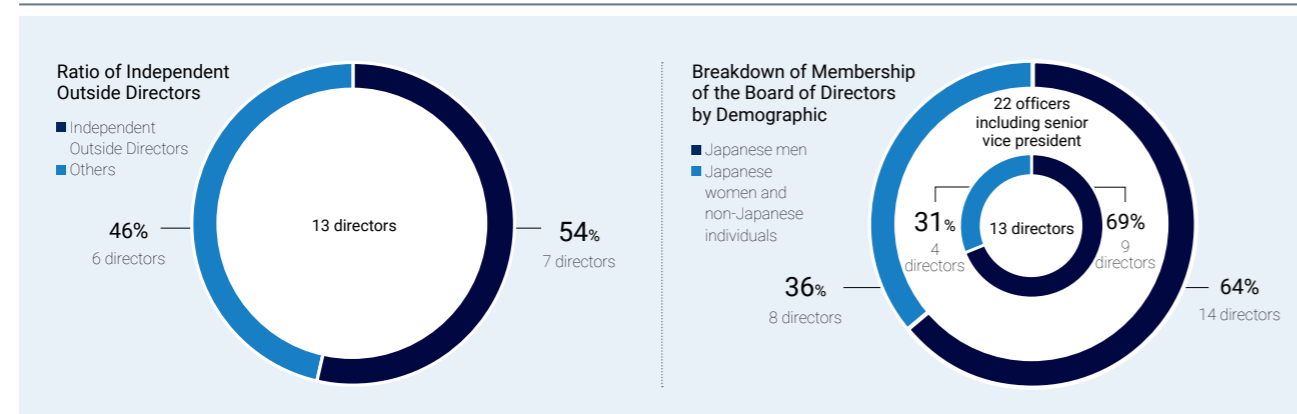
**Hoshi:** When it comes to promoting diversity, some companies set targets for the appointment of women or non-Japanese individuals. However, I think it is more important to ensure overall diversity when it comes to management appointments with an emphasis on the experience and other qualities of individuals. Things like director skill matrixes can be effective tools for this purpose.

## Introduction to Officers (Skill Matrix\*1) (As of July 1, 2023)

The Board of Directors is made to have a scale appropriate to the business activities of the Company, and its members are selected with consideration to the need to achieve an appropriate balance of specialization and diversity in terms of gender, age, background, race, ethnicity, and culture.

Directors*2		Corporate Management	International Perspective	Sales, Marketing, Consulting	Development R&D	Business Management	Finance / Accounting	Legal / Government Affairs	(Reference) Business Fields Where Specialization Can Be Leveraged * Only business executives
	President and Chief Executive Officer, Representative Director <b>Yo Honma</b> Years served: 9	1980 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2014 Executive Vice President and Director, and Company President of Enterprise IT Services Company of NTT DATA 2015 Executive Vice President and Director of NTT DATA 2016 Senior Executive Vice President and Representative Director of NTT DATA 2018 <b>President and Chief Executive Officer, Representative Director of NTT DATA (present post)</b>	●	●	●	●			Financial and enterprise fields
	Representative Director and Senior Executive Vice President <b>Yutaka Sasaki</b> Responsible for Japan region, Technology Management*4 Years served: 0 (Total 1 including period between June 2021 and June 2022)	1990 Joined NTT DATA 2016 Senior Vice President, Head of Business Solutions Sector of NTT DATA 2018 Senior Vice President, Head of Manufacturing IT Innovation Sector of NTT DATA 2020 June Executive Vice President, Head of Manufacturing IT Innovation Sector and Head of Business Solutions Sector of NTT DATA 2021 Executive Vice President and Director, Head of Strategy Headquarters, Head of Strategy Office, Strategy Headquarters of NTT DATA 2022 Executive Vice President, Head of Corporate Headquarters, Head of Strategy Office, Corporate Headquarters of NTT DATA 2023 <b>Representative Director and Senior Executive Vice President of NTT DATA (present post)</b>		●	●	●			Enterprise field
	Senior Executive Vice President and Director <b>Kazuhiro Nishihata</b> Responsible for Global Segment Years served: 3 (Total 6 including period between June 2015 and June 2018)	1981 Joined NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION 2006 President and Representative Director of NTT EUROPE LTD. 2009 <b>Senior Vice President, Head of Global Business Sector of NTT DATA</b> 2015 Executive Vice President and Director of NTT DATA 2017 Senior Executive Vice President and Representative Director of NTT DATA 2018 Executive Advisor of NTT DATA 2020 Senior Executive Vice President and Representative Director of NTT DATA (present post) 2022 <b>President and Representative Director of NTT DATA, Inc. (present post)</b> 2023 <b>Director and Senior Executive Vice President of NTT DATA (present post)</b>	●	●	●	●			Global field
	Director and Senior Executive Vice President <b>Kazuhiro Nakayama</b> Responsible for: Corporate Management*4	1989 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2007 General Accounting Manager, Accounts and Finance Department of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION 2012 Head of Investor Relations Office, Finance and Accounting Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2014 Chief of Staff, CEO's Office of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2018 Head of Finance Department of NTT Communications Corporation 2019 Director and Head of Finance Department of NTT Communications Corporation 2020 Senior Vice President and Head of Finance and Accounting Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2023 <b>Director and Senior Executive Vice President of NTT DATA (present post)</b>		●		●	●		Corporate
	Director <b>Patrizio Mapelli</b> Foreign national Years served: 3	1982 Joined Olivetti 1993 Senior Partner of Ernst & Young 2000 Vice President of A.T. Kearney 2002 <b>Senior Partner of Value Partners S.p.A. CEO of Value Team S.p.A. (Current NTT DATA Italia S.p.A.)</b> 2013 CEO of NTT DATA EMEA LTD. 2018 Chairman of the Board of NTT DATA Italia S.p.A. 2020 <b>Director of NTT DATA (present post)</b> 2022 <b>Director of NTT DATA, Inc. (present post)</b>	●	●	●	●			-

### Breakdowns of Membership of the Board of Directors (Women / Non-Japanese individuals)



## Outside Directors\*2

Outside Directors*2		Corporate Management	International Perspective	Sales, Marketing, Consulting	Development R&D	Business Management	Finance / Accounting	Legal / Government Affairs
	Director <b>Eiji Hirano</b> Independent Years served: 7	1973 Joined Bank of Japan (Resigned in 2006) 2006 Vice President and Director of Toyota Financial Services Corporation 2014 Special Advisor of Toyota Financial Services Corporation 2015 Vice Chairman and Director of MetLife Insurance K.K. 2015 Vice Chairman and Representative Executive Officer, Director of RIKEN CORPORATION (present post) 2016 <b>Director of NTT DATA (present post)</b> 2017 Advisor of Toyota Financial Services Corporation (Resigned in 2017) 2017 Vice Chairman and Director of MetLife Insurance K.K. (present post) 2022 Chairperson of the Board of Governors, Government Pension Investment Fund (GPIF) (present post) 2022 Director of Ichiyoshi Securities Co., Ltd. (present post)	●	●		●	●	
	Director <b>Mariko Fujii</b> Independent Years served: 4	1977 Joined the Ministry of Finance of Japan 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance 2001 Professor of Research Center for Advanced Economic Engineering, The University of Tokyo 2004 Professor of Research Center for Advanced Science and Technology, National University Corporation, The University of Tokyo (Resigned in 2015) 2014 Director of Electric Power Development Co., Ltd. (Resigned in 2015) 2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia (Resigned in 2019) 2016 Emeritus Professor of The University of Tokyo (present post) 2019 <b>Director of NTT DATA (present post)</b> Member of the Board of Directors (Outside Director) of MUFG (present post)		●				●
	Director <b>Fumihiko Ike</b> Independent Years served: 3	1982 Joined Honda Motor Co., Ltd. 2003 Chief Director of Multi-purpose Business and Director of Honda Motor Co., Ltd. 2006 Chief Director of Business Administration and Director of Honda Motor Co., Ltd. 2007 Chief Director of Business Administration and Managing Director of Honda Motor Co., Ltd. 2008 Chief Director of Asia and Pacific and Managing Director of Honda Motor Co., Ltd. 2011 President and Director of Asian Honda Motor Co., Ltd. (Resigned in 2011) 2011 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Risk Management Officer and General Supervisor of Information Systems of Honda Motor Co., Ltd. 2012 Chief Director of Business Administration, Senior Managing Officer, and Director concurrently serving as Chief Director of IT, Risk Management Officer and Liaison Manager of Honda Motor Co., Ltd. 2013 Chairman and Representative Director of Honda Motor Co., Ltd. (Resigned in 2016) 2014 Chairman of JAPAN AUTOMOBILE FEDERATION, a general incorporated association (Resigned in 2016) 2020 <b>Director of NTT DATA (present post)</b> 2021 Director of Eisai Co., Ltd. (present post) 2021 Director of Resona Holdings, Inc. (present post)	●	●	●	●		
	Director <b>Shigenao Ishiguro</b> Independent Years served: 1	1982 Joined Tokyo Denki Kagaku Kogyo K.K. (current TDK Corporation) 2014 Corporate Officer of TDK Corporation 2015 CEO of Magnetic Heads and Sensors Business Company of TDK Corporation 2016 Senior Vice President of TDK Corporation 2016 President & Representative Director of TDK Corporation General Manager of Humidifier Countermeasures HQ of TDK Corporation 2022 Chairman and Representative Director of TDK Corporation 2022 <b>Director of NTT DATA (present post)</b>	●	●	●	●		
	Director, Audit and Supervisory Committee member (Full-Time) <b>Akihiko Okada</b> Years served: 2	1981 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2002 General Manager of Department IV (currently Finance and Accounting Department) of NIPPON TELEGRAPH AND TELEPHONE CORPORATION 2011 Director, Head of Sales Headquarters, Head of Marketing Department of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION 2013 Representative Managing Director of NTT FINANCE CORPORATION, Head of Leasing Operations Headquarters 2016 Representative Director and Vice President of NTT FINANCE CORPORATION, Head of Leasing Operations Headquarters 2020 Representative Director of NTT TC Leasing Co., Ltd. 2021 Representative Chairman of NTT TC Leasing Co., Ltd. (Resigned in 2021) 2021 <b>Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)</b> 2023 <b>Audit &amp; Supervisory Committee Member of NTT DATA Japan (present post)</b>	●	●		●	●	
	Director, Audit and Supervisory Committee member (Full-Time) <b>Tomoko Hoshi</b> Independent Years served: 1	1985 Joined Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc., resigned in 1988) 1990 Joined Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) 1994 Registered as a Certified Public Accountant (present post) 2003 Partner at Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC, resigned in 2021) 2022 Hoshi Tomoko Certified Public Accountant Office (present post) 2022 <b>Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)</b> 2023 <b>Audit &amp; Supervisory Committee Member of NTT DATA, Inc. (present post)</b>		●			●	
	Director, Audit and Supervisory Committee member (Full-Time) <b>Nobuyuki Tainaka</b> Independent Years served: 1	1986 Joined Canon Inc. 2007 General Manager, Group Risk Management Division, Legal Administration Center of Canon Inc. 2009 General Manager, Workforce Configuration Reform Promotion Division, Human Resources Management & Organization Headquarters of Canon Inc. 2012 Deputy Senior General Manager of Legal Administration Center, and General Manager of Risk Management Division of Canon Inc. 2014 Executive Officer and Senior General Manager, Global Legal Administration Center of Canon Inc. (resigned in March 2023) 2023 <b>Director, Audit and Supervisory Committee member (Full-Time) of NTT DATA (present post)</b>				●	●	
	Director, Audit and Supervisory Committee member <b>Mitsuko Inamasu</b> Independent Years served: 1	2000 Registered as an Attorney at Law (Tokyo Bar Association, present post) Joined Hattori Law Office (present post) 2018 Outside Audit & Supervisory Board Member of Seven & i Holdings Co., Ltd. (present post) 2022 <b>Director, Audit and Supervisory Committee member of NTT DATA (present post)</b>						●

\*1 ● denotes up to four main skills for each person \*2 Titles as of July 1, 2023 \*3 Technology Management includes responsibilities for technology development and research (CTO), digital technology strategies (CDO), information security (CISO), information management (CKO), internal systems (CIO), and quality assurance. \*4 Corporate Management includes responsibilities for business strategies, general affairs, legal, risk management (CRO), human resources (CHRO), finance and investor relations (CFO), purchasing, intellectual properties, and public relations. \*5 Business management includes sustainability perspectives.

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### Basic Policy

Based on the principles of Japan's Corporate Governance Code, NTT DATA is pursuing improvements with regard to the following policies.

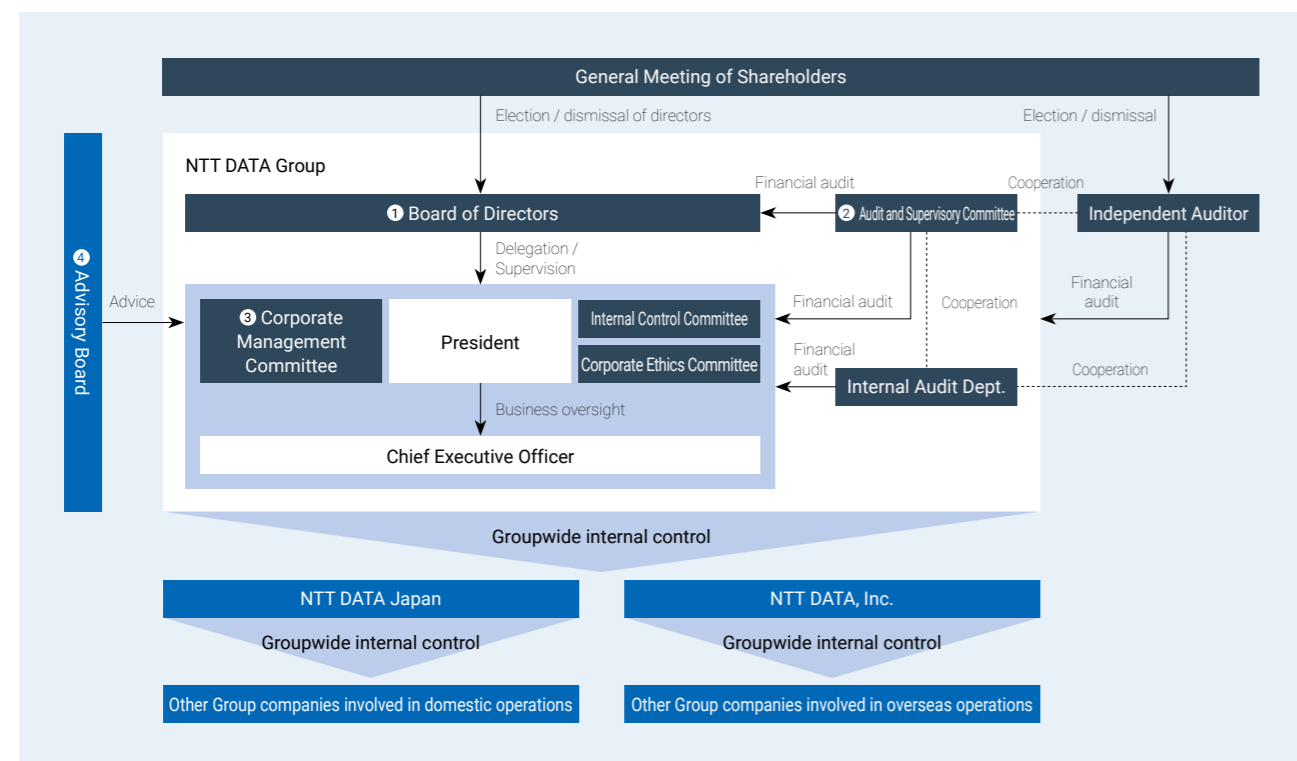
1. Improvement of transparency and soundness in business management
2. Achievement of appropriate and swift decision-making and business execution
3. Thorough implementation of compliance

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

### Corporate Governance Systems

- Adoption of the Company with Audit and Supervisory Committee structure based on judgment that this structure will be effective for enhancing the supervisory functions of the Board of Directors and other aspects of corporate governance
- Maintenance of General Meeting of Shareholders, Board of Directors, and Audit and Supervisory Committee as corporate governance organizations
- Establishment of Corporate Management Committee to expedite decision-making in business execution

Organization	Membership	Meeting Frequency	Number of Times Held in FY2022	Details
1 Board of Directors	13 directors (including eight outside directors)	Once a month in principle, extraordinary meetings when necessary	19	Oversight and decision-making regarding legally mandated matters and other important matters related to management and discussion of strategic management matters
2 Audit and Supervisory Committee	Four Audit and Supervisory Committee members (including four outside directors who are Audit and Supervisory Committee members)	Once a month in principle	29	Decision-making regarding policies, plans, methods of audits, and other important matters related to audits



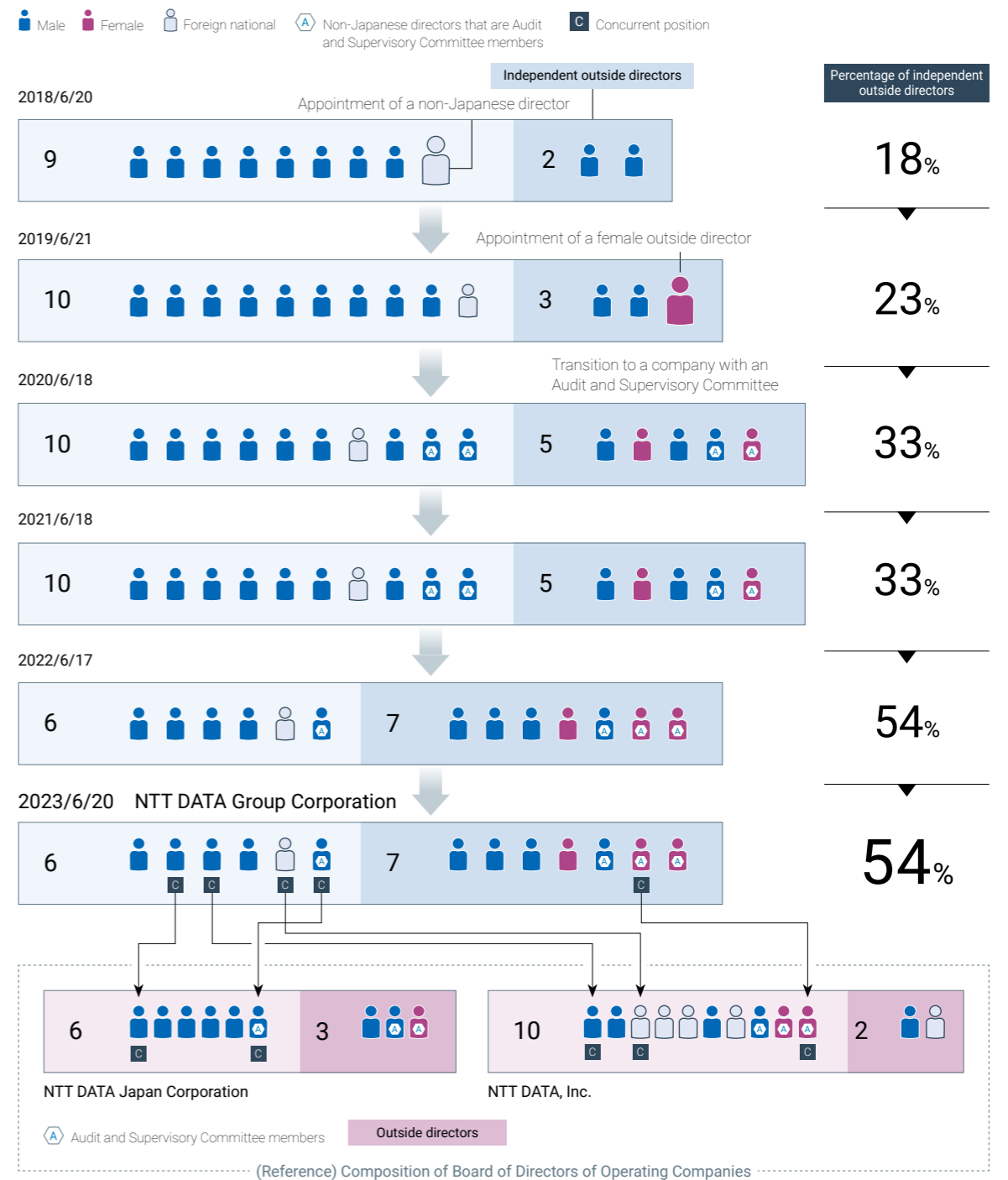
Organization	Membership	Meeting Frequency	Number of Times Held in FY2022	Details
3 Corporate Management Committee	12 members including the president, senior executive vice presidents, executive vice presidents, and heads of important organizations	Once a month in principle	38	Smooth and swift decision-making and supervision relating to business operations (one director who is an Audit and Supervisory Committee member participates to enhance transparency)
4 Advisory Board	Five members including corporate managers, academic specialists, etc.	Twice a year	August 2022 and January 2023	Receipt of advice regarding management and social issues for use in business management from outside experts with insight regarding IT and global businesses

### Initiatives to Strengthen Governance

NTT DATA appoints human resources to management positions in line with the human resource policy of selecting candidates on the basis of superior character, insight, and management ability regardless of age, gender, or nationality.

As of June 30, 2023, the Board of Directors was comprised of 13 directors, including seven independent outside directors, three of whom are female, and one non-Japanese director, and independent outside directors represented a majority of the directors.

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



## Board of Directors' Meeting Agenda Items and Initiatives for Facilitating Meaningful Discussions

Activities by the Board of Directors in FY2022 included the following.

To facilitate more meaningful discussions, NTT DATA will take the following steps to ensure sufficient time for discussions and that outside directors receive information and assistance.

### Major Agenda Items

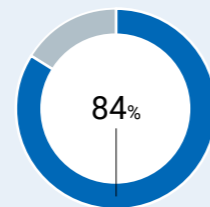
Type	Details
Resolutions	<ul style="list-style-type: none"> <li>Matters related to overseas business combination between the Group and the NTT Group</li> <li>Matters related to the transition to a holding company system</li> <li>Matters related to financing</li> <li>Matters related to receiving orders and on investments</li> </ul>
Reports	<ul style="list-style-type: none"> <li>Results of internal control initiatives and plans for next fiscal year</li> <li>Results of internal audits and plans for next fiscal year</li> <li>Monitoring of key projects (verification of progress of measures to prevent unprofitable projects, etc.)</li> <li>Report on IR activities / investor opinions, analysis of votes at General Meeting of Shareholders</li> <li>Cross-shareholdings (verification of meaningfulness of specific holdings)</li> </ul>
Deliberations	<ul style="list-style-type: none"> <li>Matters related to overseas business combination between the Group and the NTT Group</li> <li>Matters related to the transition to a holding company system</li> <li>IT service market trends</li> <li>Investment and financial strategies pertaining to IT services market</li> <li>Medium- to long-term strategies for each business area</li> <li>Global governance</li> <li>Evaluation of effectiveness of the Board of Directors</li> </ul>

### Initiatives for Facilitating Meaningful Discussions

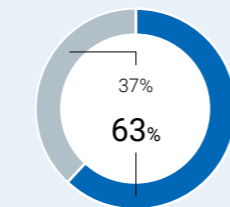
#### Ensure Outside Directors Receive Information and Assistance

- Provide briefings on important agenda items to outside directors prior to each meeting to allow for discussions to be held after any questions have been addressed and items have been fully understood
- During the Board of Directors' meetings, each director who is in charge of the agenda provides supplementary explanations of key points and strategic implications
- Detailed explanations and various facility tours for outside directors to deepen understanding regarding NTT DATA's business and operating environment
- Exchanges of opinion between outside directors and the president and other members of the executive team
- Organization of seminars for outside directors led by lawyer

#### Level of Satisfaction with Discussions at Board of Directors' Meetings



#### Ratio of Opinions Offered at Board of Directors' Meetings by Director Type



■ Outside directors  
■ Internal directors

## Initiatives for Deepening Outside Director Understanding of Business and Operating Sites

### Provision of Facility Tours

The Company arranges tours of various facilities each year to deepen the understanding of outside directors for its business and operating sites. As one facet of these activities, outside directors were invited to participate in the NTT R&D Forum held by NTT at its Musashino R&D Center in November 2022.

With participation by executive directors, this tour was used as an opportunity to observe the latest products of NTT's research activities.

The forum included a presentation on the IOWN concept being advanced by the entire NTT Group. Including demonstrations by researchers, this presentation highlighted the latest information on IOWN technologies, services using these technologies, and future prospects, thereby giving attendees a better understanding of our business and operating sites.

After the tours, the outside directors offered positive opinions, stating how they were able to gain a better understanding from explanations on technologies and services at actual operating sites and how they hope that tours, explanatory forums, and other such informative events will continue to be arranged in the future. The Company intends to keep offering such opportunities for promoting understanding of its business and operating sites, while incorporating input from outside directors, in order to contribute to more robust discussions at meetings of the Board of Directors.

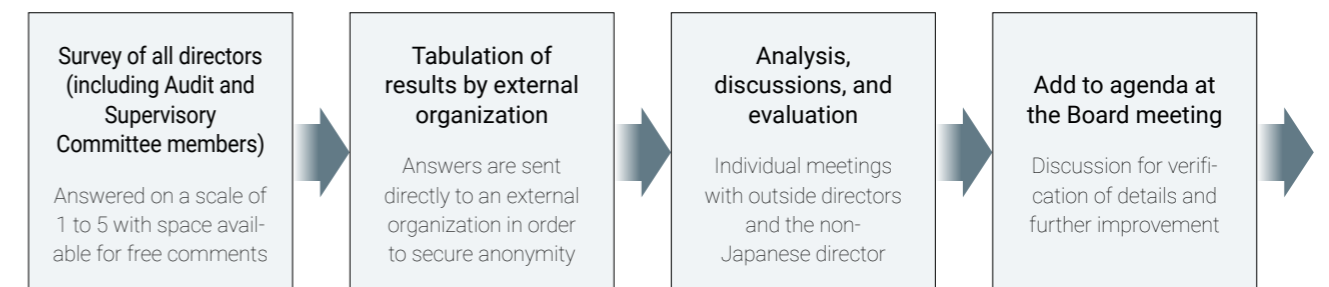


NTT R&D Forum

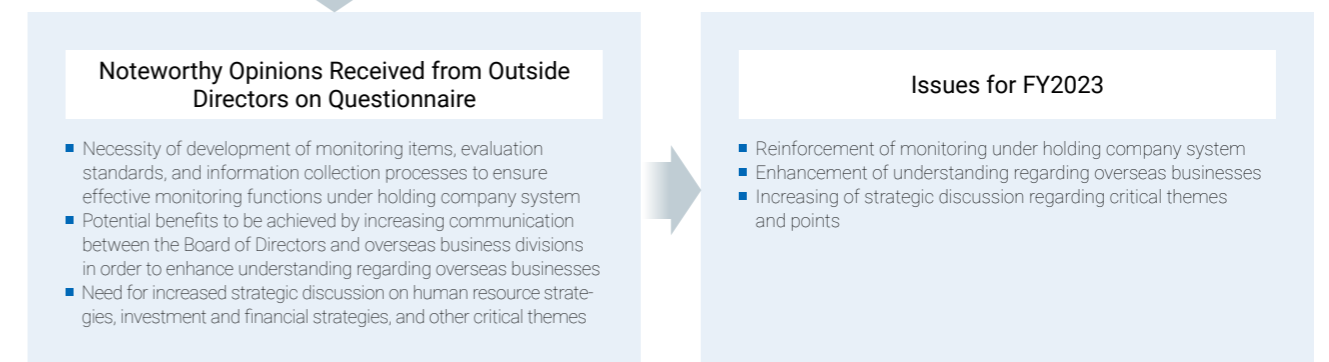
## Evaluation of Effectiveness of the Board of Directors

With the purpose of enhancing the functions of the Board of Directors and subsequently corporate value, the Board of Directors has been implementing self-evaluations and analyses of its effectiveness since FY2016. In FY2022, evaluations were conducted through the following process.

- Self-evaluation and analysis with involvement by an external organization to secure objectivity
- Administration of questionnaires to all directors (including Audit and Supervisory Committee members) followed by analysis based on comparison with average scores of other companies through the external organization
- Individual meetings with outside directors and the non-Japanese director to gain more insight into analysis, discussions, and evaluations based on results of above analysis
- Mostly positive evaluation received in relation to structure and operation of Board of Directors indicating overall effectiveness



Issues Identified in FY2022 Evaluation and Response Measures	
Issues	Response Measures
Strategic discussions based on the annual plan	Steps were taken to energize discussion on management strategies at Board of Directors' meetings, including establishing and implementing annual plans for forums dedicated to discussions of strategies.
Strengthening of monitoring of investee companies	Discussions were advanced for looking at the monitoring items and frameworks to be employed under the holding company system.
Increasing of opportunities for communication between the executive team and outside directors	Opportunities for communication between the executive team and outside directors were increased through the arrangement of forums for free discussion between outside directors and the president and exchanges of opinion among outside directors and executive officers.
Provision of opportunities to gain knowledge on IT and digital technologies and to better understand operating sites	Outside directors were provided with opportunities to participate in events explaining the latest technologies and trends to gain a better understanding of our business and operating sites.





## Policies Regarding Executive Remuneration

The following policies, composition, and standards have been implemented for remuneration of directors.

### Directors That Are Not Audit and Supervisory Committee Members

- To ensure objectivity and transparency, NTT DATA explains policies for determining the compensation for directors to independent outside directors, directors that are Audit and Supervisory Committee members, and the parent company. Upon receiving appropriate advice from them, the Board of Directors, which is comprised of a majority of independent outside directors, determines the amount of compensation within limit approved at General Meeting of Shareholders.
- The amount of remuneration for individual directors is determined by the Representative Director and President, who is delegated with this responsibility by the Board of Directors.

### Directors That Are Audit and Supervisory Committee Members

- For the purpose of securing a high degree of independence, the remuneration is determined via discussions among the directors that are Audit and Supervisory Committee members. Their remuneration is not linked to the business results and they receive monthly remuneration only.

## Compensation Structure

Types and ratios of compensation paid to directors are as follows.

		Fixed Remuneration	Performance-Linked Compensation	
			Short Term	Medium to Long Term
Directors That Are Not Audit and Supervisory Committee Members	Internal	● (50%)	● (30%)	● (20%)
	Outside	● (100%)	—	—
Directors That Are Audit and Supervisory Committee Members		● (100%)	—	—

<b>Fixed Remuneration</b>	Medium- to long-term Monthly fixed compensation determined in accordance with degree of responsibility and extent of role of the position of given director
<b>Performance-Linked Compensation</b>	<b>Short Term</b> Bonuses determined in consideration of Company's performance during relevant period and paid in June of each year
	<b>Medium to Long Term</b> Stock compensation and stock purchased via officers' shareholding association

### Introduction of Performance-Linked Stock Compensation System and Clawback Provisions (2021)

The Company has introduced a performance-linked stock compensation system for directors in order to clarify the link between director compensation and corporate value and to have directors share the benefits and risks of stock price fluctuations with shareholders. The purpose of this system is to raise director awareness regarding contributions to medium- to long-term improvements in performance and corporate value. An equivalent system has also been introduced for senior vice presidents.

In addition, clawback provisions have been implemented based on which the Company is able to force forfeiture of share allocation rights, seize allocated shares, or issue claims for monetary payments equivalent to the amount of shares allocated through the performance-linked stock compensation system. These provisions may be used in the event that a director is found to have been involved in a major act of misconduct or a legal violation or to have concluded an employment or subcontracting contract with a competitor without authorization by the Company.

### Introduction of Sustainability Indicators for Performance-Linked Compensation (2022)

Three sustainability indicators have been introduced for performance-linked compensation (bonuses) to be paid in FY2022 and onward. These indicators were selected based on themes necessary for contributing to the realization of a sustainable society.

### Introduction of EBITDA, Capital Investment, and Employee Engagement Rate among KPIs (2023)

For performance-linked compensation to be paid in FY2023 forward, EBITDA and capital investment have been introduced as KPIs among financial indicators to place increased emphasis on business growth as prescribed by the medium-term management plan. In addition, the employee engagement rate has been introduced as a KPI alongside other sustainability indicators with the goal of creating an environment in which employees, who are the source of earnings, are able to heighten their specialized expertise and feel motivated and that they are growing.

## Performance-Linked Compensation

### Short Term Bonuses

- Evaluation of year-on-year improvement and degree of achievement of targets based on performance indicators set in accordance with financial targets of medium-term management plan, etc.
- Calculation method involving conversation of performance for each performance indicator to payment rate through predetermined methods, weighting and averaging of performance indicators based on evaluation weights shown in "Performance Indicators for Bonuses," and then multiplying by preset number for monthly compensation for each director position

### Performance Indicators for Bonuses

Category	KPIs	Evaluation Weight	Evaluation Method
Financial indicators	EBITDA	25%	Year-on-year improvement
	Operating income	10%	
Sustainability indicators	Employee engagement rate	2.5%	
Category	KPIs	Evaluation Weight	Evaluation Method
Financial indicators	EBITDA	25%	Target achievement
	Operating income	10%	
	Overseas operating profit margin	10%	
	ROIC	2.5%	
Capital investment (data centers)	2.5%		
Sustainability indicators	Greenhouse gas emissions	5%	
	B2B2X revenue amount	2.5%	
	Appointment rate of new female managers	5%	

### Medium to Long Term Stock Purchased via Officers' Shareholding Association

Each month, standing directors contribute a minimum amount to the officers' shareholding association for purchasing the Company's shares. Each director is also required to retain all the shares purchased by himself or herself during their term of office as a reflection of medium- to long-term performance.

### Medium to Long Term Stock Compensation

Using a trust set up by the Company and points assigned based on the position of each director as of June in each year, stock compensation is decided based on a performance-linked coefficient that reflects the degree of achievement of performance indicators as of June in the fiscal year after the final fiscal year of the medium-term management plan. The number of shares is calculated based on the number of points accumulated by each director (stock is transferred to directors when they retire).

### Total Amount of Remuneration, etc., for Directors in FY2022\*1

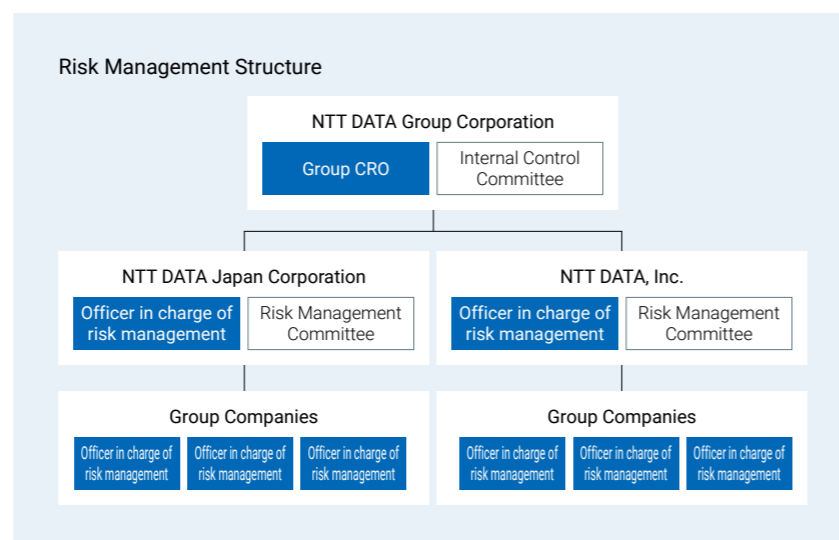
(Millions of yen)

Position	Number of Persons	Total Amount of Remuneration	Fixed	Short Term	Medium to Long Term	
			Monthly Remuneration	Performance-Linked Remuneration (Bonuses)	Remuneration for Stock Acquisition	Performance-Linked Compensation (Stock Compensation)
Directors That Are Not Audit and Supervisory Committee Members*2	11 persons	388	220	117	18	33
Directors That Are Audit and Supervisory Committee Members*3	6 persons	122	122	—	—	—
Total	17 persons	511	342	117	18	33

\*1 The table above includes three directors who are not Audit and Supervisory Committee members and two directors who are Audit and Supervisory Committee members that retired at the conclusion of the 34th Ordinary General Meeting of Shareholders held on June 16, 2022.  
 \*2 At the 33rd Ordinary General Meeting of Shareholders held on June 17, 2021, the following limits were set for annual compensation paid to directors who are not Audit and Supervisory Committee members:  
 1. Monetary remuneration: ¥460 million (including a ¥50 million limit for compensation paid to outside directors)  
 2. Amounts paid to directors for contributions to purchase stock via officers' shareholding association: ¥90 million  
 3. Contributions to performance-linked stock compensation system: ¥90 million  
 However, it was resolved at the 34th Ordinary General Meeting of Shareholders held on June 16, 2022, that the limit for monetary compensation paid to outside directors would be changed to ¥80 million.  
 As of the conclusion of the 34th Ordinary General Meeting of Shareholders, the number of directors that are not Audit and Supervisory Committee members was nine (including four outside directors).  
 \*3 For the remuneration of the four directors who are Audit and Supervisory Committee members, the 32nd Ordinary General Meeting of Shareholders, held on June 17, 2020, resolved to limit the directors' remuneration within ¥150 million per annum. As of the conclusion of the 32nd Ordinary General Meeting of Shareholders, the number of directors that are Audit and Supervisory Committee members was four.  
 \*4 The amount of stock compensation paid is the amount calculated by multiplying the number of points confirmed to be granted for the given period by the market price (¥2,115 per share) when the trust acquired the Company's shares.

## Risk Management Structure

To ensure the healthy growth of its business, the Company appoints officers and assigns risk management divisions to practice risk management from a Groupwide perspective in order to track the various risks present in its businesses and to prevent or minimize the impacts of these risks on management. In addition, officers in charge of risk management are assigned at major Group companies to make for a risk management structure founded on Groupwide coordination.



## Identification and Control of Material Risks

P24 Opportunities and Risks

The Board of Directors has designated risks with the potential to severely impact the Group's business plans or the foundations required for its survival as "material risks" and those risks that require control under normal circumstances and swift emergency responses in the event of materialization as "incredibly material risks."

Priority, Groupwide measures are implemented to control material risks. The Internal Control Committee regularly monitors the status of control of material risks, verifies the effectiveness of controls, and provides advice for pursuing improvements. The committee also discusses and makes decisions on the provisions necessary for promoting and entrenching risk management.

In addition to Groupwide control of material risks, operating companies and regional headquarters' companies also identify material risks based on their business characteristics and control and monitor these risks. Groupwide risk control activities and the risk control activities of operating companies and regional headquarters' companies are advanced through a framework of mutual coordination between the officers in charge of risk management at the respective companies. Overall monitoring of these activities is performed by the Internal Control Committee to facilitate an integrated, Groupwide approach toward risk management.

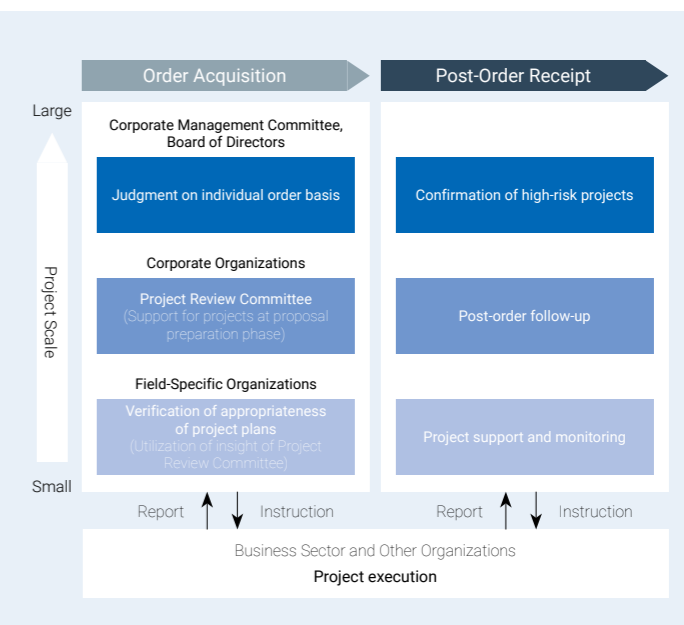
### Case System Development Risk Countermeasures

Should an unprofitable project occur in the NTT DATA Group's mainstay system integration business, it could have a material impact on the Group's performance or financial position due to expectation-exceeding costs or claims for damages resulted from delivery delays. For this reason, system development risks have been defined as an incredibly material risk.

As part of countermeasures in response to this risk, the Project Review Committee assesses project plans, and we have thereby succeeded in limiting the number of unprofitable projects and the impacts of unprofitable projects on income.

### Project Review Committee Initiatives

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



## Cross-Shareholdings

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

The Company assesses the meaningfulness of cross-shareholdings for each stock every year, in a comprehensive manner, from the viewpoint of whether benefits and risks from holding the shares are commensurate with capital costs and in line with the purposes of holding, which include maintaining medium- to long-term relationships, expanding trading volume, and creating synergy with clients and business partners, and reports to the Board of Directors and then decides whether to hold or sell such shares. Through this process, the Company has confirmed that all of its cross-shareholdings are meaningful.

The amount of cross-shareholdings on the balance sheet came to ¥55.9 billion on March 31, 2023, representing 2.3% of consolidated net assets. If the reason for a given holding proves to be inadequate due to changes in situations, the Company will take measures including reduction of the number of shares.

## Protection of Minority Shareholders

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

When conducting transactions with the parent companies and NTT Group companies, the Company considers the need to protect the interests of minority shareholders. Specifically, the Company confirms the rationality and adequacy of transactions, and gives approval in accordance with Authority Rules after preliminary screening, with the legal sector considering the opinions of the third-party specialists when necessary. When the Company conducts a business transaction with those companies, the transaction conditions and determination methods are the same as those of other business partners.

Decisions regarding important agreements contracted with the parent companies shall be made after legal reviews by the legal sector. Particularly important agreements require approval by the Board of Directors, and steps will be taken to ensure that decisions are made independent from the parent companies. The Board of Directors is comprised of 13 directors, including seven independent outside directors, and independent outside directors represent a majority of the directors.



### ■ Establishment of NTT DATA Japan

In July 2023, during the second year of the medium-term management plan slated to conclude with FY2025, NTT DATA Japan Corporation was established as an operating company for overseeing the Group's businesses in Japan to help further us the toward our Global 3<sup>rd</sup> Stage.

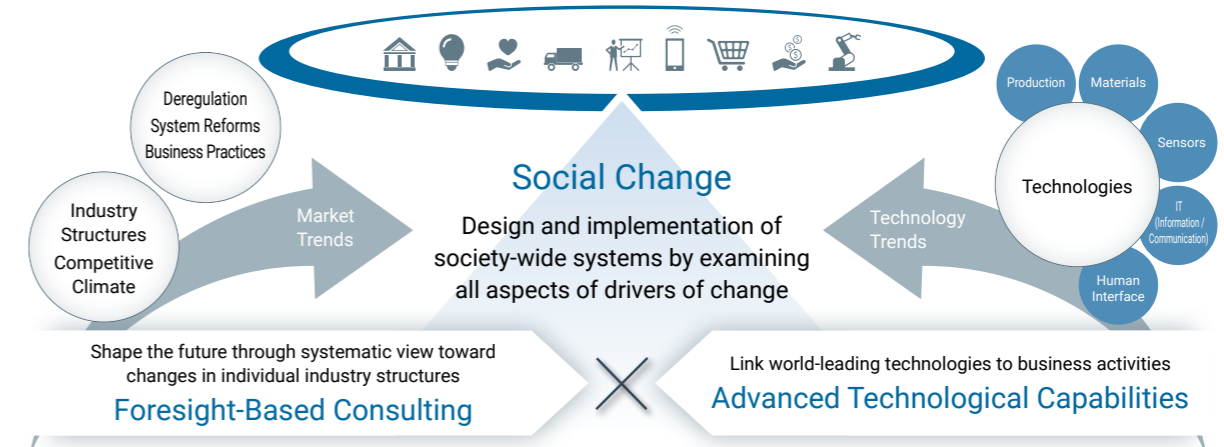
Together with NTT DATA, Inc., the operating company responsible for overseas businesses, NTT DATA Japan will seek to supply services that contribute to the increased competitiveness of Japan by utilizing cutting-edge global best practices and technologies.

### ■ Introduction of New Value for Society

Over the years, the Company has continued to create new paradigms for enhancing the resilience of various types of social infrastructure and corporate management through the use of information, thereby contributing to the development of society and of clients' businesses. Our unchanging sense of identity is founded on our commitment to exercising responsibility and seeing tasks to completion. We do so by utilizing conceptualization skills and reliable systems development and operation capabilities to help shape a sustainable, safe, and secure society. Today, the operating environment is undergoing rapid change, and the issues faced by society and in corporate management are growing increasingly complex and diverse. This

era of volatility requires us to exercise foresight in identifying future trends in society, industry, and technologies in order to lead the resolution of issues. This should be accomplished through an approach that transcends the boundaries of existing businesses and integrates all processes spanning from concept development to benefit creation. By enhancing and combining our foresight-based consulting capabilities and our capacity for utilizing advanced technologies, we aim to introduce new value for society together with clients in various industries. In this era where technology has the power to transform society and companies, NTT DATA Japan is committed to helping energize Japan through its business.

### Introduction of New Value for Society Together with Clients



### ■ Three Strategic Transformations

The business strategies of NTT DATA Japan are focused on three strategic transformations to be advanced based on an overarching view of the Company's segments. Through these transformations, we will seek to facilitate and heighten the benefits of the segment strategies that will be described later in this section.

#### 1 Marketing transformation

Marketing transformation entails the drastic revision of communication methods to more concisely communicate to stakeholders the views of the Company. By reviewing the quality and quantity of disclosures from the Company, we will advance discussions with relevant constituents in order to drive corporate activities that provide greater value to society.

#### 2 Innovation transformation

Innovation transformation involves accelerating decision-making on a Companywide basis in relation to emerging trends with the potential to impact the entire Group. This accelerated decision-making is anticipated to support the

transformation of society and of clients' businesses based on global trends in innovation. At the same time, we look to redesign our innovation creation processes in order to guide the development of businesses based on the issues faced by individual clients in our proactive efforts to branch out beyond our traditional boundaries to explore new business areas.

#### 3 Human resource transformation

Human resource transformation will be advanced through initiatives supporting autonomous career development by employees and utilizing the input gained through proactive communication between employees and management in our management practices. Moreover, these initiatives will be shaped by proposals to management solicited from junior employees in FY2022 and FY2023. We are committed to a flexible approach toward advancing the initiatives necessary for ensuring that every employee is able to exercise their creativity and that we can continue to contribute to society through our business activities.

### ■ FY2025 Management Targets

In FY2025, the final year of the current medium-term management plan, NTT DATA Japan targets an operating income margin of 12%, which will represent a growth rate outpacing the domestic market.

# Public & Social Infrastructure Segment



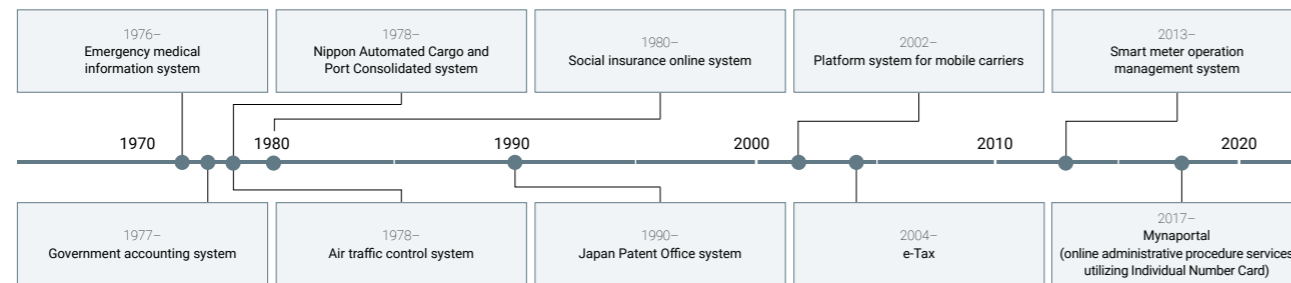
**Katsuichi Sonoda**  
 NTT DATA Japan  
 Senior Executive Vice President  
 Responsible for Public & Social  
 Infrastructure Segment  
 Head of Public Headquarters

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

## Strengths / Achievements

- Top-class technological and project management capabilities that facilitate the development and operation of mission-critical systems supporting social infrastructure
- Deep understanding of client businesses and Long-Term Relationships fostered over a long history of developing and operating systems for central and municipal government agencies, healthcare institutions, telecom companies, power companies, and other clients

Long History of Developing and Operating Systems That Support Social Infrastructure



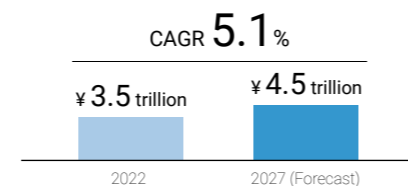
## Market Environment

Although the Japanese government's IT investment is on a downward trend for existing IT operations, government investment is expected to increase on the whole as a result of investments as part of public-private partnerships and systematic medium- to

long-term investments for addressing social issues based on the Priority Plan for the Realization of a Digital Society as well as on the Basic Policy on Economic and Fiscal Management and Reform 2023 approved by the Cabinet Office in June 2023.

<b>Politics</b> <ul style="list-style-type: none"> <li>Accelerated public-private coordination in digitalization efforts</li> <li>Introduction of Individual Number Card systems</li> <li>Promotion of green growth strategies targeting carbon neutrality in 2050</li> <li>Invigoration of regional economies</li> <li>Reinforcement of economic security</li> <li>Opportunities for evidence-based policy making for government agencies</li> </ul>	<b>Economics</b> <ul style="list-style-type: none"> <li>Acceleration of carbon neutrality initiatives</li> <li>Soaring raw material prices as a result of yen depreciation</li> <li>Reduced industry competitiveness</li> <li>Tight supply and demand balance for energy</li> <li>Need for sustainable food sources</li> </ul>
<b>Society</b> <ul style="list-style-type: none"> <li>Acceleration of workforce shrinkage, population aging, and birth rate decline</li> <li>Recovery from impacts of the COVID-19 pandemic</li> <li>Diversification of lifestyles and values</li> <li>Increasing severity of natural disasters</li> <li>Greater disparities between regions</li> </ul>	<b>Technology</b> <ul style="list-style-type: none"> <li>Practical application of AI, IoT, 5G, and other digital technologies</li> <li>Popularization of cloud servers, smartphones, and other digital infrastructure</li> <li>Development of API and other methodologies for utilizing digital data</li> <li>Popularization of generative AI</li> <li>Reinforcement of cybersecurity for combating increasingly more sophisticated cyberattacks</li> </ul>

Scale and Growth Rates of Public & Social Infrastructure Market (Japan)\*1



\*1 Graphs and charts are created by NTT DATA based on Gartner Research. CAGR figures are calculated by NTT DATA. Please see page 115 for sources.

## SWOT Analysis

Although there is a threat of requests for additional reductions to costs in relation to investment in existing domains, we expect opportunities for increased IT investment in new services and digitalization in various fields. Accordingly, the Public & Social Infrastructure

Segment is anticipated to see growth over the medium to long term supported by the top-class technological and project management capabilities, deep understanding of client businesses, and strong trusting relationships it has cultivated thus far.

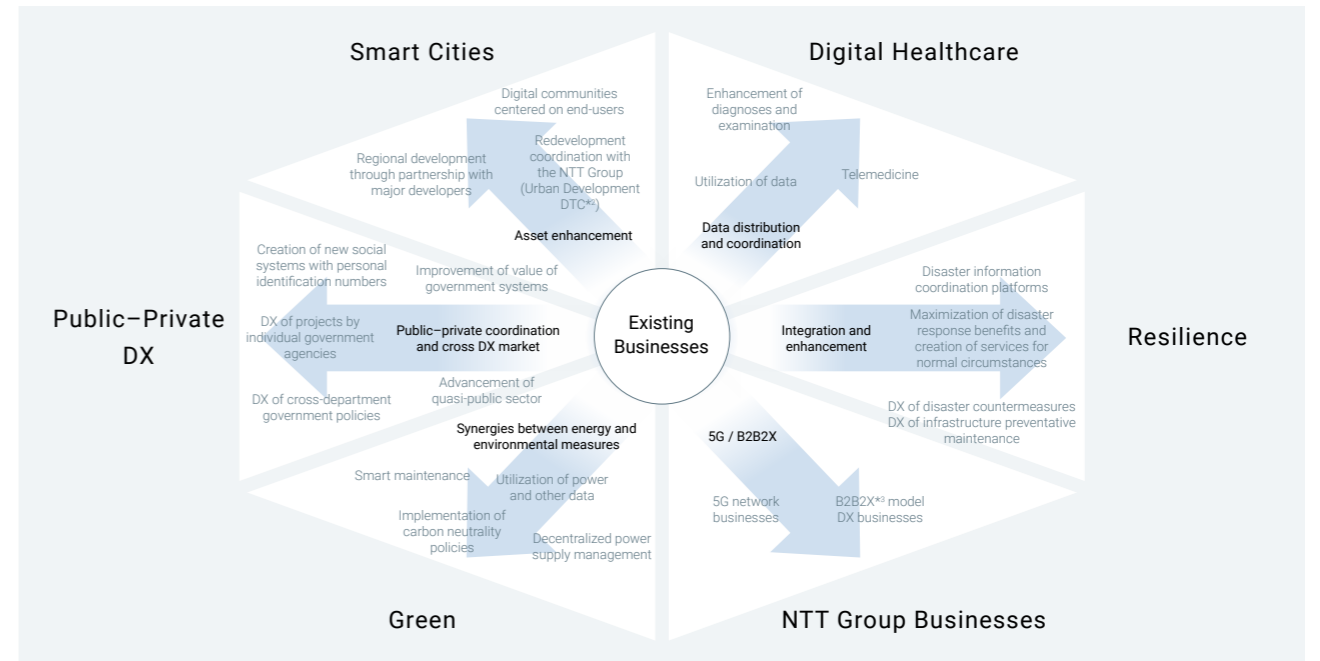
<b>S Strengths</b> <ul style="list-style-type: none"> <li>Top-class technological and project management capabilities that facilitate the development and operation of mission-critical systems supporting social infrastructure</li> <li>Deep understanding of client businesses and strong trusting relationships built over years of developing and operating clients' systems</li> </ul>	<b>W Weaknesses</b> <ul style="list-style-type: none"> <li>Reinforcement of risk management capabilities pertaining to upstream processes to prevent the occurrence of unprofitable projects</li> <li>Enhancement of social design human resources and digital talent to accelerate social design activities</li> </ul>
<b>O Opportunities</b> <ul style="list-style-type: none"> <li>Expansion of IT investment for addressing social issues</li> <li>Growth in investment aimed at improving resident services focused on users and at realizing efficient government operation</li> <li>Acceleration of trend toward digitalization in medical and other fields and effective utilization of medical information</li> <li>Shift from investment in telecommunications infrastructure and network system equipment to IT investments in new services</li> <li>Increased IT investment based on energy and resource policies for promoting decarbonization</li> </ul>	<b>T Threats</b> <ul style="list-style-type: none"> <li>Requests for further cost reductions of IT investment in existing domains</li> <li>Intensification of competition due to market participation from other industries</li> </ul>

## Growth Strategy

In the Public & Social infrastructure Segment, we will maintain existing projects through means such as consistently receiving upgrade orders for core processes from the government and infrastructure companies. At the same time, we will encourage clients to shift to digital technologies by leveraging the track record, expertise, and other strengths and assets we have cultivated thus far. In addition, foresight will be exercised in formulating a vision for the society of the future as we promote the DX of society as a whole together with clients and other partners. We thereby aim to develop the social systems that merge the public and private sectors advocated by the Japanese government's Priority Plan for the Realization of a Digital Society and Vision for a Digital Garden City Nation: Achieving Rural-Urban Digital Integration and

Transformation. This segment will also develop smart energy businesses for contributing to the realization of a green society and consequently achieving our greenhouse gas emissions reduction targets for FY2030 and our goal of carbon neutrality by 2050. Furthermore, we will expand businesses outside of existing business areas based on trends in markets, government policy, and clients in pursuit of medium-to long-term growth with an awareness of sustainability management principles.

The new medium-term management plan focuses on the expansion of digital businesses that capitalize on existing strengths to facilitate the implementation of growth strategies to reach the Global 3<sup>rd</sup> Stage (2025). Having defined the following focus fields, we will draw up action plans and accelerate the related initiatives.



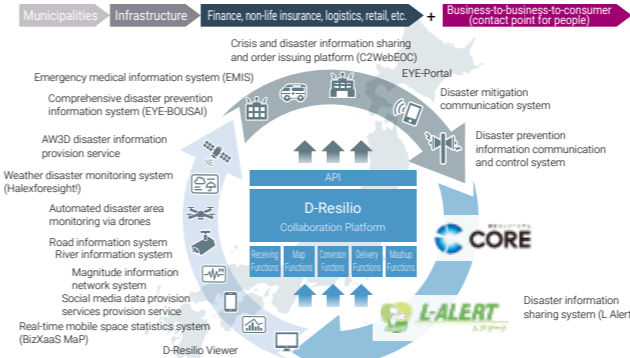
\*1 DTC: Digital twin computing \*2 B2B2X: Provision of services through business partners

### Initiatives in Medium-Term Focused Fields 1

#### Resilience

NTT DATA has released a new collaboration platform that will be a central component of its D-Resilio digital disaster prevention platform, which supports comprehensive disaster countermeasures. Swift and precise response is required in the event of a disaster, and NTT DATA is committed to helping government agencies and companies efficiently collect information on disaster prevention to get ahead of disasters when it comes to assessing and making decisions. We are also coordinating with various companies that supply valuable disaster countermeasure-related content to create unprecedented disaster response platform services.

#### Promotion of DX disaster response activities for governments, companies, and people

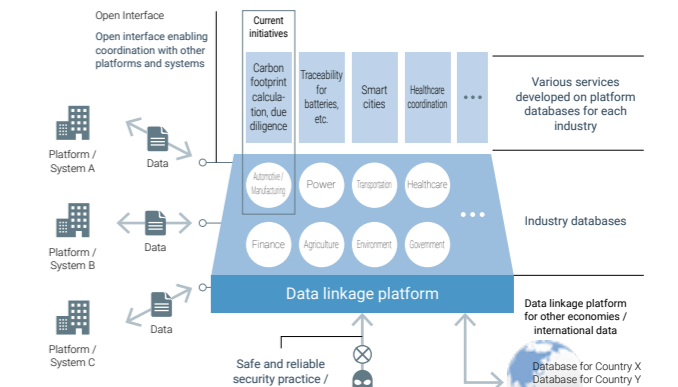


- 1 Development of digital disaster response infrastructure
- 2 Provision of environments for inter-organizational coordination and co-creation

### Initiatives in Medium-Term Focused Fields 2

#### Green

NTT DATA has begun exploring the possibility of developing databases for the automotive and manufacturing industries to manage data pertaining to the life-cycles of electric vehicle (EV) batteries in order to develop a cross-industry EV battery ecosystem. The platform used in the ecosystem will be designed to function as a form of next-generation information infrastructure that can facilitate the secure exchanges of data between companies involved in EV batteries and, in the future, various other industries.



# Financial Segment



**Masanori Suzuki**  
NTT DATA Japan  
Senior Executive Vice President  
Responsible for Financial Segment

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

## Strengths / Achievements

**Providing Large-Scale Financial Infrastructure Systems That Connect and Support the Industry**

Network systems for connecting ATMs of financial institutions across Japan

**Integrated ATMs**  
Connecting more than **1,000\***, or over **99%** of financial institutions across Japan

Digital banking platforms connecting financial institutions and users

**Number of financial institutions connected to ANSER**  
Approx. **800\***, or over **70%** of financial institutions serving private and corporate clients

\*1 Source: Number of Financial Institutions by Business Model, The Japan Financial News Co., Ltd., June 30 2023

Network system connecting life and non-life insurance

**Number of companies using the common gateway service for insurance companies**  
Approx. **57**, or over **70%** of insurance companies  
Approx. **10,000** agencies

**Ability to Connect—Financial Infrastructure**  
Support for reliable financial system operation through supply of infrastructure offering connectivity to multiple financial institutions

- 1973 Start of Zengin System (nationwide bank data transmission system)
- 1981 Launch of ANSER service
- 1984 Commencement of CAFIS services
- 1988 Introduction of Bank of Japan financial network system
- 2002 Launch of joint insurance company gateway
- 2004 Commencement of integrated ATM migration services
- 2012 Release of AnserBizSQL corporate internet banking service
- 2013 Launch of AnserParaSQL private internet banking service
- 2017 Release of My Pallet banking app
- 2020 Introduction of BizSQL\_Square comprehensive service platform for corporate and private business owners

**Strong Trusting Relationships with Clients**

**Client Coverage Ratio (Core banking systems)**  
Having strong trusting relationships with clients over long years by providing high-quality and highly reliable systems

Major banks / Japan Post Bank (5)	<b>40%</b>
Regional banks (99)	<b>43%</b>
Shinkin (254)	<b>93%</b>
Credit unions (145)	<b>99%</b>
Labor banks (13)	<b>100%</b>
JA Bank (537)	<b>100%</b>

As of June 2023

**Long-Term Relationships—Sharing of Systems**  
Ongoing development of shared systems and evolution of these systems in line with the times through co-creation with clients

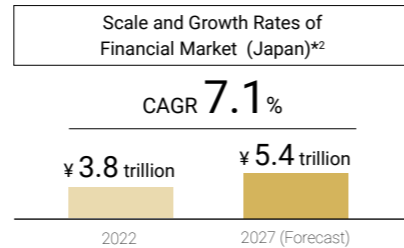
- 1971 Introduction of the Shinkin Tokyo Shared Operation Center (Predecessor to the Shinkin Shared System of today)
- 1978 Launch of the Shinyo Kumiai System
- 1999 Launch of the JASTEM System
- 2004 Launch of the Regional Bank Integrated Services Center (Utilization of NTT DATA's proprietary BeSTA standardized banking application)
- 2010 Start of the MEJAR Service
- 2011 Start of the STELLA CUBE Services
- 2014 Start of the BeSTAcloud Service
- 2014 Launch of the R1 System
- 2021 Agreement for open provision of the MEJAR Service (Aiming to develop the first shared core system for the banking industry by applying open mission-critical platform)
- 2022 Announcement of integrated banking cloud scheme

## Market Environment

The Japanese financial market is witnessing the creation of new businesses amid accelerated coordination between financial and non-financial industries. At the same time, the digitalization trend is advancing throughout society and increased attention is being turned toward the need for safety for important infrastructure. IT investment in financial services is anticipated to grow going forward as these services are indispensable to achieving sustainable growth for both companies and society by resolving social issues pertaining to regional economic development, workforce decline, and climate change. Financial institutions have been conducting full-scale IT investments in reinforcing customer contact points and utilizing big data and IT. In addition, these institutions have been increasingly investing in streamlining and enhancing back-office functions, through means such as adopting digital technologies for use in contract-related processes. Accordingly, the range of business opportunities available to NTT DATA is expected to expand.

## SWOT Analysis

<p><b>S</b> Strengths</p> <ul style="list-style-type: none"> <li>Sophisticated technological and project management capabilities for providing large-scale mission-critical financial infrastructure systems that connect the financial industry</li> <li>Deep understanding of client businesses and strong trusting relationships built over a long history of providing clients with high-quality, high-reliability systems</li> </ul>	<p><b>W</b> Weaknesses</p> <ul style="list-style-type: none"> <li>Recruitment of IT human resources capable of accommodating increases in IT investment stemming from accelerated society-wide digitalization trend</li> <li>Expansion of assets capable of accommodating new business opportunities arising from inter-industry coordination and market entry to non-financial industries resulted from financial industry deregulation</li> </ul>
<p><b>O</b> Opportunities</p> <ul style="list-style-type: none"> <li>Expansion of IT investment for strengthening customer contact points and stepping up data utilization</li> <li>Rising needs for coordination between financial institutions and with other industries for creating new business models and resolving social issues</li> <li>Increased IT investment accompanying transition to open platforms for mission-critical systems and other technological advancements</li> </ul>	<p><b>T</b> Threats</p> <ul style="list-style-type: none"> <li>Intensified competition following management and system integration as a result of reorganization and coordination within the financial industry</li> <li>Rise of competition due to market participation by diverse players</li> </ul>



\*2 Graphs and charts are created by NTT DATA based on Gartner Research. CAGR figures are calculated by NTT DATA. Please see page 115 for sources

## Growth Strategy

### New BCE Strategy Supporting Open Co-Creation with Financial Institutions

The Financial Segment has continued to develop core assets while supplying our ANSER joint online network for financial institutions, integrated ATM network, BeSTA joint-use core banking system for regional banks, and other financial platforms. At the same time, we have proceeded to provide system integration and outsourcing services for individual financial institutions.

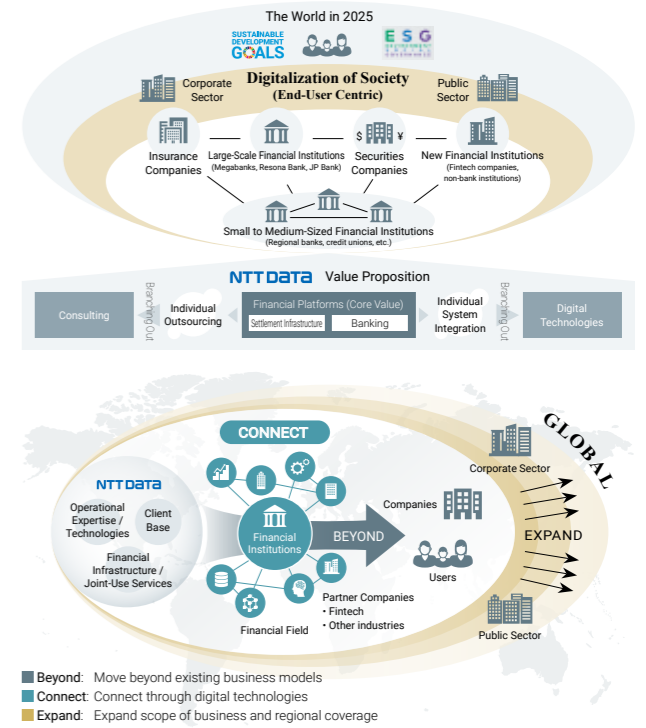
However, the accelerated society-wide digitalization trend has spurred changes to the businesses of financial institutions and given rise to more difficult social issues. There is thus a need to promote the use of digital technologies for resolving these issues and to advance initiatives that blur the lines between various industries, fields, and domains.

In addition, the Financial Segment will implement the following new BCE (Beyond, Connect, Expand) strategy to support open co-creation with financial institutions and strengthen and expand its business.

**Beyond**  
NTT DATA seeks to create new financial services with an eye to clients of the financial institutions to which it supplies IT services.

**Connect**  
We will support connections among various financial institutions and between financial institutions and partner IT companies, fintech companies, and start-up firms while utilizing external resources in an open manner to create new services.

**Expand**  
Expanding the scope of our services and partners to include industries outside of the financial industry, we will formulate a vision for the future society while creating new end-user centric services that contribute to society.

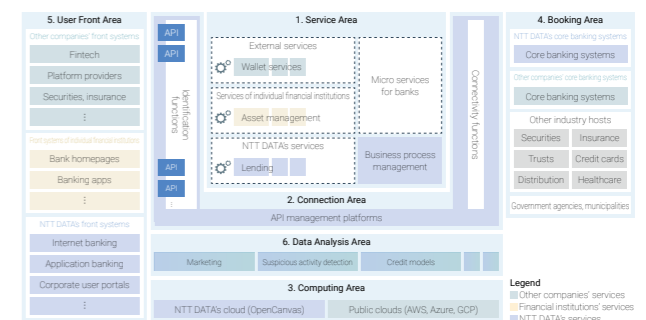


### Initiatives of Open Service Architecture, a Standardized Financial IT Architecture for Accelerating New BCE Strategy

It is important for financial institutions to utilize various external resources in order to give shape to new ideas for responding to social needs. The Financial Segment is bolstering its service lineup to assist with this undertaking. Specifically, we are augmenting our services for supporting connections of internal systems to external application programming interfaces (APIs) as well as our lineup of services that assist financial institutions in the development of new products through the utilization of external APIs and services. We have a long history of providing core banking and other systems for the financial industry, and these systems are expected to have rigorous security. Accordingly, we work to ensure the reliability of applications without altering them while providing ongoing services through open platforms. When supplying new systems, we will seek to provide the optimal service platform based on the requirements for security and development flexibility. In addition, the Financial Segment will enhance its lineup of solutions for strengthening customer contact

points and realizing more sophisticated data utilization in order to maximize the value financial institutions supply to their clients.

**New Shape for Financial IT**  
Co-creation with clients of new services (assets) for financial institutions, government agencies, and companies via the Open Service Architecture framework to promote society-wide open innovation



### BCE and Open Service Architecture Initiative 1

**Integrated Banking Cloud**  
NTT DATA seeks to develop Japan's first cloud platform for joint-use core banking systems to enable it to provide a safe, secure, and continuous service that features the high level of reliability that financial institutions expect.

We are examining the possibility of applying this service to the Regional Bank Integrated Services Center around 2028.

**Today**  
Integration of major core banking systems that NTT DATA provides  
Regional Bank Integrated Services Center, MEJAR, BeSTAcloud, STELLA CUBE, etc...

**2028 and Beyond**  
Possible application for reforming core banking system of Regional Bank Integrated Services Center Around 2030:  
Potential expansion of scope of applicability to MEJAR and other systems  
Integrated Banking Cloud

### BCE and Open Service Architecture Initiative 2

**Green (C-Turtle and Mizuho Bank)**  
In July 2023, NTT DATA embarked on a joint venture with Mizuho Bank, Ltd., with the goal of supplying and enhancing services for use in managing the greenhouse gas (GHG) emissions data of corporate clients. In the future, the companies will work to provide new services and solutions through means such as developing financial products that encourage clients to engage in decarbonization initiatives.

**C-Turtle**

- Visualization of GHG emissions: Visualization of GHG emissions, including Scope 3 emissions from other companies associated with a given company's business activities
- Utilization of CDP's company data: Utilization of company emissions data through Japan's first license agreement with international environmental NGO CDP
- Compatibility with disclosure based on TCFD recommendations: Viable tool for meeting climate change information disclosure expectations and guiding action for reducing emissions

# Enterprise Segment



**Isao Arima**  
NTT DATA Japan  
Senior Executive Vice President  
Responsible for Enterprise Segment

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

## Strengths / Achievements

### Industries

The Enterprise Segment supplies services targeting clients in a wide range of industries, including the manufacturing, distribution, and service industries. We also contribute to the structural transformation of client businesses and industries.

	Healthcare	Retail	Mobility	Food
<b>Strengths</b>	<ul style="list-style-type: none"> <li>Development of businesses that contribute to improved quality of life through smooth and safe use and coordination of information from healthcare institutions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Supply of comprehensive consulting, system development, and IT services for transforming communication between companies and consumers</li> </ul>	<ul style="list-style-type: none"> <li>Provision of new mobility experiences centered on mobility for consumers by combining vehicles with technologies</li> </ul>	<ul style="list-style-type: none"> <li>Resolution of consumer health issues and DX of entire value chains with a focus on contact points with consumers</li> </ul>
<b>Achievements</b>	<ul style="list-style-type: none"> <li>Ability to utilize medical data from large-scale healthcare institutions as nationally certified business operator</li> <li>Analytical capabilities and knowledge pertaining to medical data gained from past projects</li> </ul>	<ul style="list-style-type: none"> <li>Track record and knowledge pertaining to creation of customer contact points using omni-channel retailing approaches and e-commerce sites</li> <li>Track record and knowledge related to creation of new customer experiences by merging e-commerce sites (online) and physical stores (offline)</li> </ul>	<ul style="list-style-type: none"> <li>Consulting and development capabilities built on operational expertise pertaining to digital marketing and dealerships</li> <li>Platform technologies for collecting, analyzing, and utilizing data from millions of connected cars</li> </ul>	<ul style="list-style-type: none"> <li>End-to-end service provision capabilities for supplying personalized services (support for establishing direct-to-consumer businesses, system development and operation, data utilization, etc.)</li> <li>Robust track record and operational expertise in handling expansive large-scale databases of personal and medical information</li> </ul>
<b>Offerings</b>	<ul style="list-style-type: none"> <li>Introduction of system at Otsuka Pharmaceutical Co., Ltd., for supporting pharmaceutical production process (shipment inspection process) compatible with legally mandated high levels of quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Launch of Lectit app allowing for shops to be opened by anyone with just a smartphone, supply of new sales channels (consumer-to-consumer) in the form of e-commerce boutiques produced by influencers</li> </ul>	<ul style="list-style-type: none"> <li>Joint verification with Mitsui Fudosan Co., Ltd., of CO<sub>2</sub> emissions reduction benefits of transportation optimization using connected car data</li> <li>Launch of micro-mobility service with guide functions for tourist locations in Hiroshima City together with HIROSHIMA TOYOPET CO., LTD.</li> </ul>	<ul style="list-style-type: none"> <li>Utilization of NTT DATA's AI technologies and verification platforms in early health and illness risk detection and diet improvement project being advanced by NTT and Ajinomoto Co., Inc.</li> <li>Advancement of PoC test for new service that utilizes sleep analysis data as well as Fitbits, Google Cloud, and 9h locations</li> </ul>

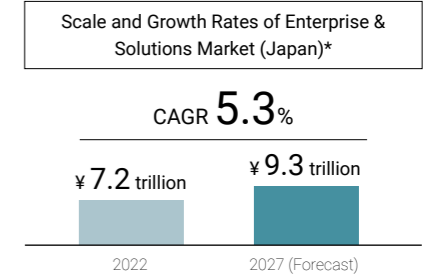
### Offerings (Service lines)

Provision of offerings including technologies and solutions that allow for creation of new customers through data utilization, customer contact points, supply chains, etc.

	Data Utilization (Green)	Customer Contact Points (Payment)	Supply Chains
<b>Strengths</b>	<ul style="list-style-type: none"> <li>Consulting</li> <li>Green technologies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Payment services</li> <li>Remote avatar-based customer service</li> <li>Cashierless digital stores, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Platforms for utilizing information shared between companies and bases</li> </ul>
<b>Achievements</b>	<ul style="list-style-type: none"> <li>Analyses of diverse internal and external data for use in corporate management and business decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Provision of framework for building strong relationships between consumers and companies and eliminating inefficiencies by digitizing customer contact points</li> </ul>	<ul style="list-style-type: none"> <li>Transformation of supply chain processes to allow for swift decision-making by connecting, tracking, managing, and utilizing various types of data</li> </ul>
<b>Offerings</b>	<ul style="list-style-type: none"> <li>Extensive DX support track record spanning more than a decade and expertise gained from over 400 data utilization projects</li> <li>Client business support capabilities encompassing businesses, human resources, organizations, data analytics, IT, and technologies</li> </ul>	<ul style="list-style-type: none"> <li>CAFIS services connected to almost all domestic credit card companies and financial institutions as well as to credit card-accepting institutions of various industries and business models</li> <li>Track record of creating new customer contact points through digital products, credit-card-accepting institutions, and contactless and non-face-to-face customer service</li> </ul>	<ul style="list-style-type: none"> <li>iQuattro business collaboration platform for creating digital supply chains</li> </ul>
<b>Offerings</b>	<ul style="list-style-type: none"> <li>Start of supply of greenhouse gas emissions tracking platform to Asahi Kasei Corp.</li> <li>Commencement of provision of administrative management platform supporting management decision-making emphasizing both sustainability and profitability together with AVANT CORPORATION in July 2023</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of Omni Payment Gateway payment proxy service as cashless payment platform using Japanese government's shared payment platform to allow for cashless payments to be made for government programs in Miyakonjo City (contribution to improved convenience for users by allowing for cashless payment of fees for government programs)</li> </ul>	<ul style="list-style-type: none"> <li>Joint deployment with Anaplan, Inc., of a service for supporting planning and decision-making regarding sustainable supply chains for companies through efficient collection, aggregation, and utilization of massive amounts of data from various companies and bases</li> </ul>

## Market Environment

Growth rates are returning to the levels seen before the COVID-19 pandemic in manufacturing, distribution, and other industrial sectors, and there have been rises in needs pertaining to DX investments and sustainability management (environmental regulation response) initiatives by clients. Accordingly, IT investment demand is expected to show strong growth going forward. In the payment service field, meanwhile, the trend toward cashless payments and rise in inbound travel in Japan is driving increases in traffic.

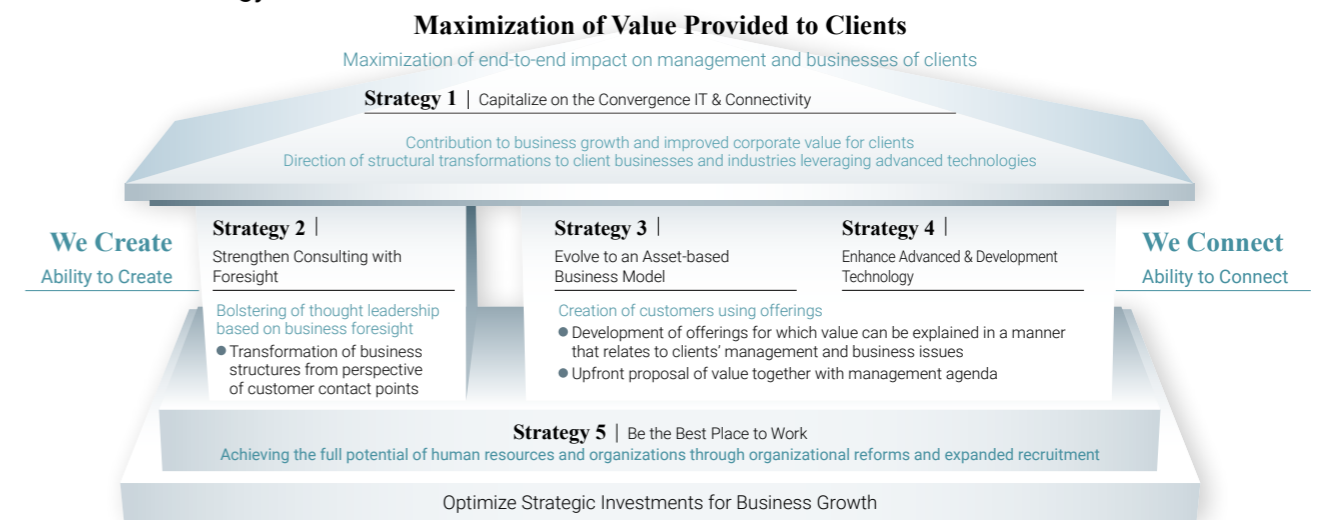


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## SWOT Analysis

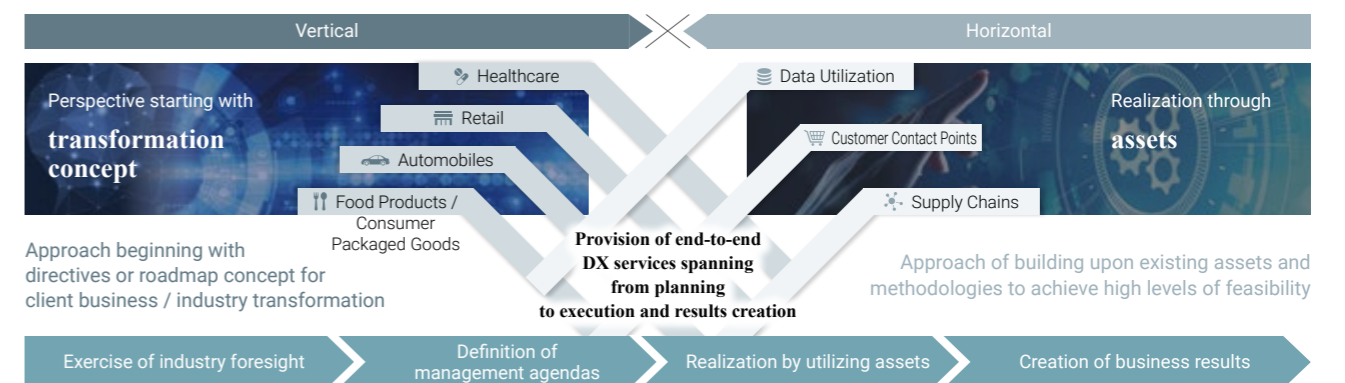
<b>S Strengths</b> <ul style="list-style-type: none"> <li>Track record of transforming society and industries together with leading Japanese companies</li> <li>Expertise regarding use of world-leading technologies</li> <li>Highly reliable system development and operation capabilities</li> </ul>	<b>W Weaknesses</b> <ul style="list-style-type: none"> <li>Lingering impression of prior system integration model</li> <li>Inability to maximize value proposition due to initiatives confined within individual organizations in areas such as consulting, customer contact point creation, and data utilization</li> </ul>
<b>O Opportunities</b> <ul style="list-style-type: none"> <li>Rising needs for utilizing digital technologies by companies to address transformation of social and industry structures</li> <li>Increasing attention regarding sustainability, an area where IT promises significant benefits</li> <li>Growth in mobility and other markets in which synergies can be generated with the NTT Group</li> </ul>	<b>T Threats</b> <ul style="list-style-type: none"> <li>Greater competition for recruiting digital human resources</li> <li>Intensifying competition in consulting and system development fields</li> <li>Opaque domestic economy (impacts of the COVID-19 pandemic, supply chain disruptions, rising energy prices, yen depreciation)</li> </ul>

## Growth Strategy



## Focus Areas and Strategic Policies of the Medium-Term Management Plan (FY2022–2025)

The Enterprise Segment is strengthening its capabilities (industry insight and advanced technology utilization expertise) based on two approaches of Vertical and Horizontal to develop a collective wealth of expertise that can guide transformation processes in an integrated manner encompassing all tasks ranging from planning to execution. With these strengthened capabilities, we will contribute to structural transformation in client businesses and industries.



# Technology Consulting & Solution Segment



**Hiroshi Tomiyasu**

NTT DATA Japan  
 Director and Executive Vice President  
 Responsible for:  
 • Technology Consulting & Solutions Segment  
 • Social Design  
 • Consulting & Asset Business Transformation  
 Head of Consulting & Asset Business Transformation Headquarters

Through coordination with domestic and overseas segments, we are aggressively expanding our business with technology consulting and asset-based offerings that can be used in the full spectrum of industries.

## Strengths / Achievements

The Technology Consulting & Solution Segment provides solutions and offerings backed by its strength in advanced technologies to government agencies, financial institutions, and clients in a full spectrum of industries. We thereby lead the transformation of clients' businesses. Our services go beyond concept planning to comprehensively include all processes for creating the environment necessary for transformation.



### Gain Insights into the Impact of Advanced Technology on Clients, and Plan and Implement Transformation

<p><b>Concept planning including consulting and architecture engineering using technology and design capabilities</b></p> <ul style="list-style-type: none"> <li>Digital technology direction services</li> <li>Tangity</li> <li>Digital Success program</li> </ul>	<p>Based on prior usage case studies and high-level expertise pertaining to technologies and solutions, we assess the business impacts of advanced technologies from a forward-looking perspective. We are thereby able to formulate feasible concepts using our design capabilities and propensity for addressing architecture issues.</p> <ul style="list-style-type: none"> <li>Launch of service employing 600 design and digital technology experts to improve customer experience value</li> <li>Improvement of user experience of &amp;e, a new automobile insurance offering from E.design Insurance Co., Ltd., based on service design concepts</li> <li>Start of Digital Success Academy program for developing co-creative human resources capable of utilizing digital technologies to create new corporate value</li> </ul>
<p><b>Utilization of data to facilitate data-driven management approaches</b></p> <ul style="list-style-type: none"> <li>Digital Success program</li> <li>DataRobot</li> <li>Tableau</li> <li>Databricks</li> <li>Trusted Data Foundation</li> <li>Informatica</li> <li>Snowflake</li> <li>BizXaaS MaP</li> <li>LITRON</li> </ul>	<p>We support companies in adopting data-driven approaches through comprehensive concept planning capabilities, which encompass strategies, operations, and organizations in data utilization-related areas; our robust track record and log of usage case studies; platform development; and assistance for education programs and operations to entrench approaches.</p> <ul style="list-style-type: none"> <li>Commencement of supply of generative AI services that can securely produce responses grounded on evidence through linkage with various data</li> <li>Receipt of Japan Partner of the Year award for Tableau for four consecutive years</li> <li>Receipt of ARJ Global SI Partner of the Year award for Snowflake for four consecutive years and certified as first accelerate program company for Snowflake</li> <li>Receipt of ARJ Global SI Partner of the Year award for Databricks</li> <li>Start of provision of BizXaaS MaP registered location displaying map data service that can be linked to public service-related information</li> </ul>
<p><b>Agile system implementation and support</b></p> <ul style="list-style-type: none"> <li>Salesforce</li> <li>ServiceNow</li> <li>UiPath</li> <li>Celonis</li> </ul>	<p>We have consulting capabilities to propose the best customer relationship management (CRM) systems for our clients, including the utilization of Salesforce and other collaborative solutions. Our track record of delivering CRM systems for various industries and capacity for promoting DX support the introduction and use of Salesforce</p> <ul style="list-style-type: none"> <li>Receipt of Industry of the Year award in Communications &amp; Media category for Salesforce</li> <li>Start of provision of enterprise business platforms through coordination with MUFG Bank, Ltd., Business Tech Co., Ltd., and Salesforce, Inc.</li> <li>Compatibility of A-gate with Salesforce allowing for automatic restoration of configurations to address information leakage risks</li> <li>Receipt of 2022 ServiceNow APJ Accelerated Growth Partner of the Year</li> </ul>
<p><b>Sophisticated operation and managed services supported by advanced technologies</b></p> <ul style="list-style-type: none"> <li>ManaPlas</li> <li>iRES</li> <li>OpenCanvas</li> <li>Data center</li> <li>AI-powered air-conditioning control technology</li> <li>BizXaaS Office</li> <li>ICT Work site</li> <li>Workstyle Invention</li> </ul>	<p>We have provided numerous comprehensive outsourcing services in on-premise, cloud, and other infrastructure areas to allow clients to focus on their core business while offering safe and secure infrastructure backed by our extensive track record. These efforts are supported by levels of agility and quality made possible by our digital technologies. Moreover, our vast solution lineup enables us to accommodate diverse workstyles.</p> <ul style="list-style-type: none"> <li>Launch of observability and security services specialized for cloud environments</li> <li>Conclusion of strategic partnership agreements with AWS, Microsoft, and other public cloud vendors</li> <li>Participation in VMware Sovereign Cloud Initiative of VMware, Inc.</li> <li>Top leader position evaluation received by BizXaaS Office in Japan Desktop as a Service 2022–2023 Vendor Assessment of IDC MarketScape</li> <li>Introduction of AI-powered air-conditioning control technology at multiple in-house data centers and confirmation of cost reduction benefits</li> </ul>

Utilization of advanced technologies



## Market Environment

Rapid technological progress is transforming consumer lifestyles and corporate activities, prompting companies, financial institutions, and government agencies to respond by transforming themselves.

This trend has resulted in particularly pronounced growth in demand for data utilization, stimulating strong interest in data visualization and usage methods, high-resilience IT and other infrastructure, and the cultivation of human resources capable of using data.

At the same time, we continue to see growth in needs related to cloud technologies and to new workstyles that allow for the

continuation of social and economic activities while preventing the spread of COVID-19. This demand is directing increased attention toward personal information protection and cybersecurity measures.

Demand for related services and solutions is also being driven by rising interest in low-code development, agile development, and other rapid development approaches, which can be used to create swift business benefits, amid operating environment changes and human resource shortages.

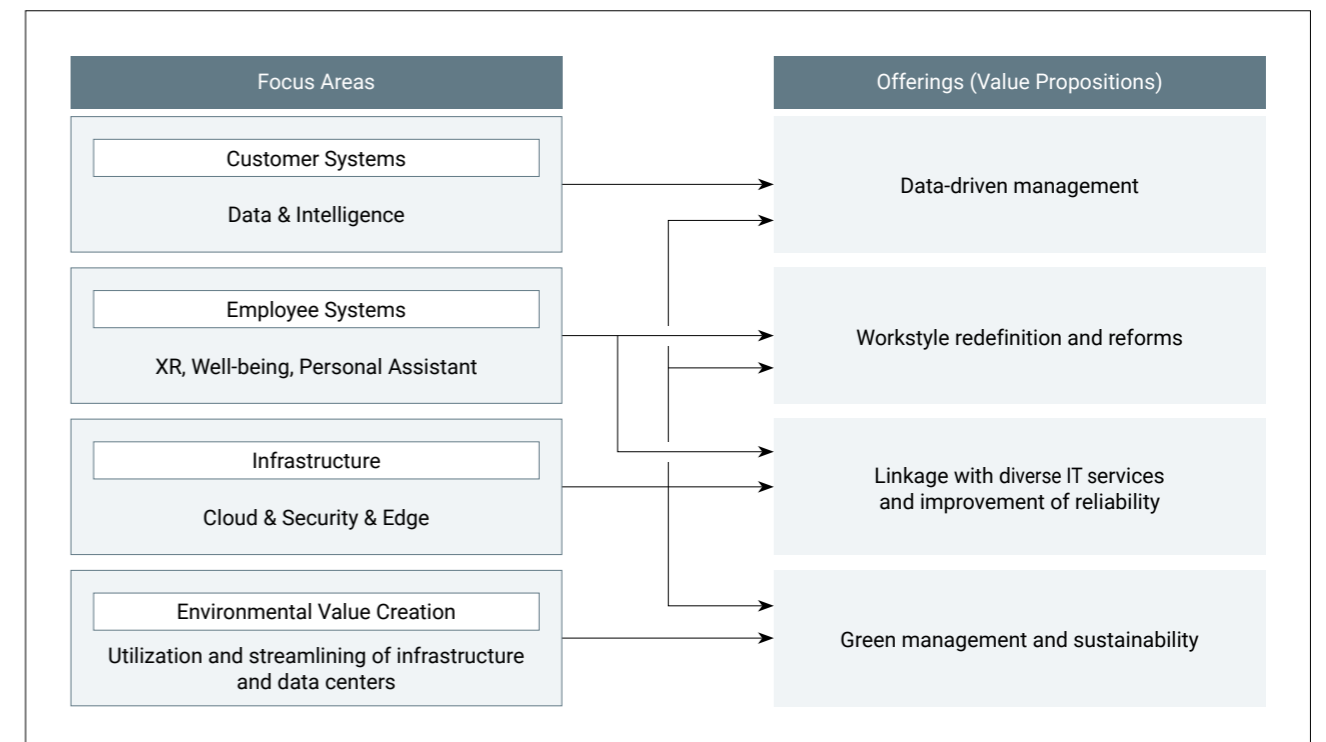
## SWOT Analysis

<p><b>S Strengths</b></p> <ul style="list-style-type: none"> <li>Consulting capabilities that facilitate concept planning for addressing business issues based on assessments of impact of technologies on clients' businesses as well as robust experience and human resources supporting these capabilities</li> <li>Solutions with high market shares (digital workspaces, etc.)</li> <li>High-quality, high-resilience infrastructure services for meeting rigorous service level agreement demands</li> <li>Ability to collaborate with advanced technologies on a global scale</li> </ul>	<p><b>W Weaknesses</b></p> <ul style="list-style-type: none"> <li>Need for swift responses to rapidly changing operating environment</li> <li>Value creation through use of advanced technologies tailored to needs of specific industries</li> <li>Difficulty in securing talented IT engineers due to market-wide labor shortages</li> </ul>
<p><b>O Opportunities</b></p> <ul style="list-style-type: none"> <li>Advent of opportunities to transform society, clients, and consumers using technology</li> <li>Increased investment in DX and data utilization for transforming client businesses</li> <li>Rising needs related to impacts of the COVID-19 pandemic (workstyle innovations, improvement of employee engagement, security countermeasures)</li> <li>Growth of outsourcing demand pertaining to realization of more sophisticated operations accompanying shifts to teleworking and cloud services</li> <li>Moves to improve energy efficiency and greenify IT systems</li> </ul>	<p><b>T Threats</b></p> <ul style="list-style-type: none"> <li>Burgeoning of companies using new technologies</li> <li>Expansion of scope of services provided by consulting firms and cloud service vendors</li> <li>Commodification of network, cloud, security, and other technologies</li> </ul>

## Growth Strategy

The Technology Consulting & Solution Segment primarily develops businesses in the public social infrastructure, financial, and corporate fields. This segment has been positioned as a central component of Strategy 2—Strengthen consulting with foresight—and

Strategy 3—Evolve to an asset-based business model. With this positioning, the segment will provide offerings that contribute to the resolution of social and client issues through the use of advanced technologies.





Overview of NTT DATA, Inc.

We established NTT DATA, Inc. on October 1, 2022. The company generates sales of around US\$18.0 billion (approximately ¥2.1 trillion) through its operations outside of Japan. This IT service company provides its services in more than 50 countries and regions with its base of 150,000 employees.\*1 Through these business activities, NTT DATA, Inc. is helping accelerate the IT modernization and digital transformation

efforts of clients around the world. The number of countries and regions in which we hold a market share of 2% or more has risen to 26 (an increase from five countries and regions prior to the establishment of NTT DATA, Inc.), enabling us to achieve the No. 6 position in the *Brand Finance IT Services 25 2023* ranking. This standing indicates a clear increase in our recognition in the global market.

NTT DATA, Inc. Profile

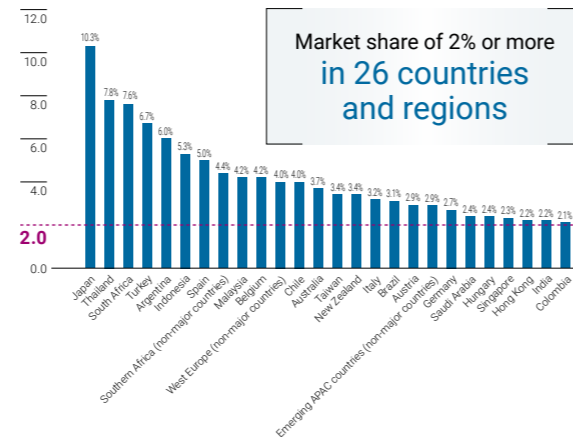
Establishment of NTT DATA, Inc. on October 1, 2022



<b>Revenue</b>	<b>Employees</b>	<b>Countries / Regions</b>
Approx. \$18B	Approx. 150K	50+

Market Share After the Establishment of NTT DATA, Inc. (FY2022)

Source: Market Share Analysis: IT Services, Worldwide, 2022, Gartner Research (Figures are calculated by NTT DATA based on Gartner Research)\*2 (Graphs/charts are created by NTT DATA based on Gartner Research)



Organization-Wide Policies of NTT DATA, Inc.

The medium-term management plan (FY2022–2025) contains the management target of an overseas EBITA margin\*3 of 10.0% for FY2025.

Over the period from FY2023 to FY2025, NTT DATA, Inc. will be entrenching its organization-wide policy based on the keyword of "POM." This keyword is an acronym in which the "P" signifies the pursuit of profit (target of an overseas EBITA margin of 10.0% for FY2025), the "O" indicates the commitment to fostering a culture as one company (fresh start as one united NTT DATA, Inc.), and the "M" stands for market growth, namely the growth of position and revenue in the market.

Organization-Wide Policies of NTT DATA, Inc.

<b>P</b> Profit (Overseas EBITA margin) 10% in FY2025	<b>O</b> One NTT DATA, Inc. One Team	<b>M</b> Market Growth Growth of position and revenue in the market
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Strengths of NTT DATA, Inc.

The strengths of NTT DATA, Inc. include the breadth of its service portfolio, its client-first mindset, its diversity management, and its long-term perspective.

In regard to diversity management, NTT DATA, Inc. bases its operations on the given country while also aspiring to implement uniform global policies ("United Countries of NTT DATA, Inc."). Moreover, this company adopts a long-term perspective in advancing Strategic Investment, M&A and Data center investments in order to bolster its relationships with clients and expand its market shares.

<b>Rich Portfolio of Services</b> Breadth of service portfolio	<b>People First, Clients First</b> People first and Clients first way of thinking
<b>United Countries of NTT DATA, Inc.</b> Diversity-oriented management with the main focus on business operations in each country	<b>Long-Term Perspective</b> Continuous investment from a long-term perspective

\*1 NTT DATA, Inc. develops a wide range of businesses, including business consulting, technology consulting, industry solutions, application development, digital services, edge-to-cloud infrastructure, business process outsourcing, systems development, and global data center businesses.  
\*2 For the purpose of this report, the sales and shares of NTT Ltd., with which NTT DATA undertook a business combination on October 1, 2022, are listed separately in regard to the first half of FY2022, prior to the business combination (April 1 to September 30, 2022). However, these share figures are based on a preliminary calculation for the Group's full-year net sales arrived at by adding the net sales of NTT Ltd. to those of NTT DATA. Please see page 115 for sources.  
\*3 Excluding one-time costs for M&A, structural reform, etc.





### Goal of Establishment of NTT DATA, Inc.

There has recently been a trend toward consolidating and utilizing information on the movements of things and people collected from across society. This trend is increasing the importance of connectivity and data centers on a global scale.

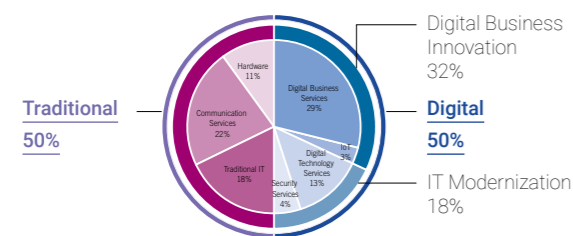
Digital technologies account for around 50% of the global IT market, and particularly strong growth is being seen with regard to digital technology services and IoT technologies, areas in which NTT Ltd. specializes.

NTT DATA has a history of supporting various corporate systems and industry infrastructure leveraging its ability to create based on a deep understanding of clients and its

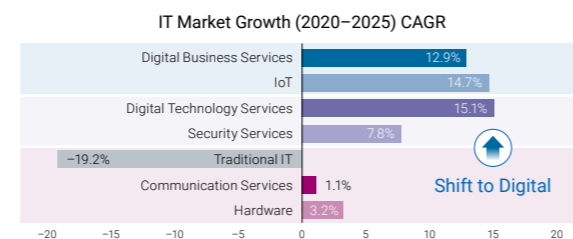
sophisticated technical capabilities. Combining this ability to create with the ability to connect of NTT Ltd. allowed us to enhance our value proposition to business users.

Specifically, we aim to evolve NTT DATA, Inc. into a company that can comprehensively provide services born out of the convergence of IT & connectivity by combining its ability to create, namely the system integration capabilities centered on consulting and application development of NTT DATA, with its ability to connect, which arises from the data center, network, managed service, and other edge-to-cloud service operations of NTT Ltd.

Global IT Market Scale



Average Growth Rate of Global IT Market



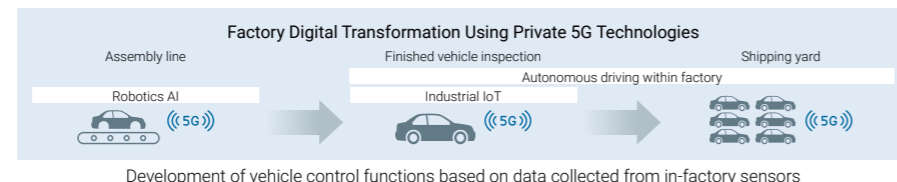
### Synergistic Projects after the Establishment of NTT DATA, Inc.

**Digital Transformation of BMW Group Factory Using Private 5G Network**

We have begun a project for developing an open innovation hub for use by various companies within a BMW Group factory in Germany. This project involves developing and implementing usage cases for digitalizing factory and logistics operations. In this project, NTT DATA, Inc. installed a private 5G network to securely collect data and achieved automation based on AI and data intelligence analyses of the collected data. In the past, people would have to drive finished vehicles to their designated storage position within the factory, but the autonomous driving system developed through this digital transformation project allows vehicles to drive themselves to the shipping yard.

#### Private 5G Network-Driven Digital Transformation of BMW Factory

Support for private 5G technology use case development for digital transformation of factory in line with client strategies



**Enabling Full-Stack Solution Offering to Major Multinational Corporation**

NTT DATA, Inc. has received an order for providing full stack IT services to a multinational corporation headquartered outside of Japan. In conjunction with a spinout from its parent company, this client found itself pressed to detach its application and infrastructure from the parent company by early 2024, which meant it needed to install its own stand-alone system. NTT DATA, Inc. is accommodating the needs of this client by providing it with full stack IT services ranging from IT infrastructure development (Microsoft 365, ID as a service, networks, Microsoft Azure, AWS) and business applications (Oracle ERP, SAP Concur, Workday, ServiceNow, MuleSoft).

### Progress of the transformation of overseas business structure

In order to realize further growth of our overseas business along with increased profitability and enhanced competitiveness, it is important to transform our business structure with strong value propositions and operational excellency. Since

the launch of NTT DATA, Inc., we have been preparing for the transformation of our overseas business structure.

In May 2023, we announced that we would newly transform the operating model of our overseas business from FY2024.

### Basic principles for the transformation of our overseas business structure

We launched the Transformation Management Office (TMO) for the transformation of our overseas business structure. Abhijit Dubey (Chief Transformation Officer) is appointed to appropriately manage this transformation project based on basic principles.



Abhijit Dubey



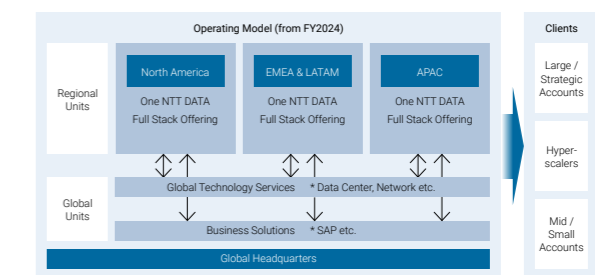
- Basic principles**
- Increase values to our clients and employees
  - Enhance competitiveness, brand value and operational excellency in each market
  - Realize further growth along with improvements in profitability

### Overview of New Operating Model

The new operating model, which we plan to migrate to in FY2024, consists of Regional Units and Global Units.

- Regional Units**
- Comprised of three units, APAC, EMEA & LATAM, and North America, we will further enhance engagement with clients by providing offerings through an integrated clients access in the respective regions.
- Global Units**
- Comprised of two units, Global Technology Services, which provides common global infrastructure services such as data centers and networks, and Business Solutions, which provides SAP globally. Global Units will provide services that take advantage of economies of scale while cooperating with regional units.

#### Overview of New Operating Model



### Leadership team responsible for the transformation of overseas business structure

For achieving a successful transformation, in October 2023 we appointed leaders for the units of the new operating model.\* The leadership team with diverse backgrounds and proved global business skill set will lead the transformation.

- Regional Units**
- APAC CEO: John Lombard
  - EMEA&LATAM CEO: Chieri Kimura
  - North America CEO: Bob Pryor
- Global Units**
- Business Solutions CEO: Norbert Rotter
  - Global Technology Services CEO: Shuichi Sasakura



John Lombard



Chieri Kimura



Bob Pryor



Norbert Rotter



Shuichi Sasakura

\* <https://www.nttdata.com/global/en/news/press-release/2023/october/ntt-data-inc-unveils-new-global-operating-model-and-executive-leadership-for-2024>

## Solution

### Global Data Center & Managed Network

NTT DATA, Inc. is the world's third largest global data center operator, providing both hyperscalers and enterprises with over 100 data centers in approximately 30 cities worldwide.

NTT DATA, Inc. is also a global carrier that provides network services in approximately 190 countries and supports its clients' infrastructure by monitoring 24/7 operations.

#### Global Data Center

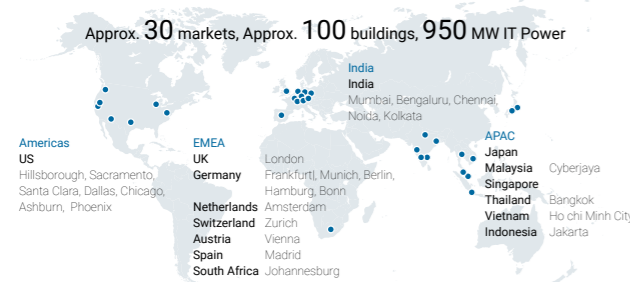
The data center business is an important business area as a future revenue source

FY2023 Data Center Investment: Approx. 2.7 billion USD

Plan to launch 15 new data centers in FY2023

Organic expansion, land acquisition, and explore M&A to drive Global Data Center platform growth

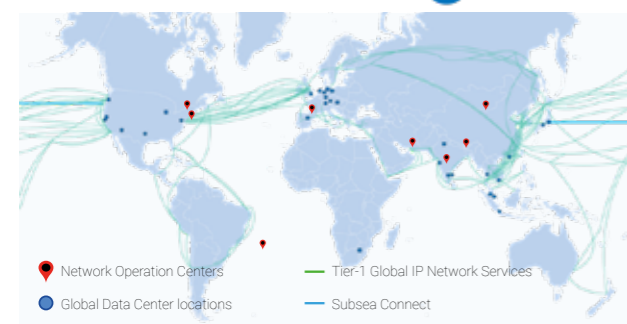
#### Data Center Locations



#### Managed Network

- Over 16 Tbps global submarine cable
- Tier 1 Global IP backbone with 90 PoPs offering IP transit
- Leading Managed Network Services provider
- Over 75 hosted nodes for SD-WAN and NFV
- Over 200 PoPs across 100 countries
- Market leading Private 5G provider

#### Managed Network



#### Third Party Evaluation

**Network Services, Global : A Leader**  
Gartner, Magic Quadrant<sup>®2</sup> for Network Services, Global, Danellie Young et al., 22 February 2023 (Listed as NTT)

**Managed Network Services : A Leader**  
Gartner, Magic Quadrant<sup>®2</sup> for Managed Network Services, Ted Corbett, Bjarne Munch, Lisa Pierce, Danellie Young, Jon Dressel, 8 November 2023 (Listed as NTT DATA)

#### New Service Launch: SPEKTRA

The next generation of the Global Services Platform for Managed Networks solution, SPEKTRA (Sentient Platform for Network Transformation), is now available.\*1 SPEKTRA encapsulates the vision of a fully autonomous Network Operation Center (NOC) that leverages AIOps, predictive analytics, and automation technologies to enhance network performance and reliability, improve monitoring capabilities, and increase operational efficiency.

**Network as a Service : A Leader**  
Everest Group, Network Transformation Services PEAK Matrix Assessment

**Edge as a Service (Private 5G) : A Leader**  
Everest Group, 5G Engineering Services PEAK Matrix Assessment 2023

\*1 NTT Announces Next Generation Platform for Managed Network Services (global.ntt)

### SAP Business

The SAP business grew at a CAGR of over 10% from FY2010 to FY2022. It has more than 20,500 SAP employees and supports more than 10,000 clients businesses.

As clients businesses have become borderless and SAP projects have become cross-border, Group companies have joined forces within Japan, the United States, Europe, and Asia on a global scale to promote projects, with 9 overseas countries (Germany, the

United States, Turkey, Switzerland, the United Kingdom, Brazil, India, the Nordics and Spain) accounting for 80% of overseas business.

In 2020, SAP and the NTT Group signed an agreement for a strategic alliance, and the two companies are working more closely together through joint sales and joint advanced asset development.\*

\* <https://group.ntt/en/newsrelease/2020/12/07/201207b.html>



#### Strengths / Achievements

In recent years, the digitalization of SAP has been remarkable, and it is strengthening its approach for the industry by advancing advanced initiatives such as productivity improvement using generative AI. In particular, SAP has proven its achievements for the automotive industry, the pharmaceutical industry, and the assembly and processing manufacturing industry.



#### Automotive

Support the global supply chain through global highly consolidated management, factory IoT collaboration, dealer management



#### Pharmaceutical

Support for complex tasks such as clinical experiments and product temperature management, compliance, and analysis of large volumes of data



#### Assembly and Processing Manufacturing

End-to-end support for core business (production management, purchasing, sales, financial accounting)  
Providing solutions for carbon dioxide emission management

#### Third-Party Evaluation

**SAP S/4HANA Application Services, Worldwide : A Leader**  
Gartner, Magic Quadrant<sup>®2</sup> for SAP S/4HANA Application Services, Worldwide, Jaideep Thyagarajan et al., 27 June 2022 (Listed as NTT DATA. This research has already archived.)

**SAP Cloud Migration Services 2023: A Leader**  
NelsonHall, NEAT Report for SAP Cloud Migration Services

**Asia/Pacific SAP Implementation Services: A Leader**  
IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2022 (July 2022, IDC #AP48871022)

**SAP Business Application Services: A Leader**  
Everest Group, SAP Business Application Services PEAK Matrix Assessment 2023 report.

#### Success Case: a major Japanese electronics manufacturer

NTT Ltd. and NTT DATA Business Solutions were awarded a project on a major Japanese electronics manufacturer's digital transformation journey starting with the conversion of their existing SAP ECC system to SAP S/4HANA.

NTT DATA Business Solutions will conduct the conversion of the application to S/4HANA and optimize the business processes. NTT Ltd. provided the Microsoft Azure infrastructure for the SAP environment and the Network (SD-WAN) for connecting to the environment.

NTT DATA Inc. is providing a wide range of services for this project, from Network and Infrastructure to Applications.

\*2 GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally, and MAGIC QUADRANT is a registered trademark of Gartner, Inc. and/or its affiliates and are used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

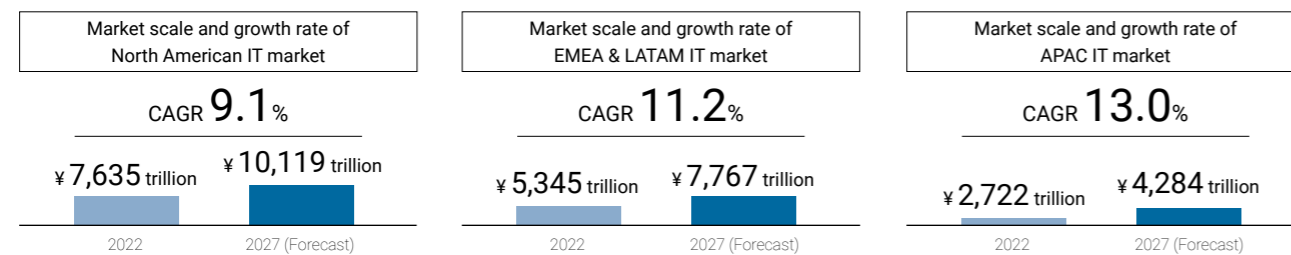
## Region

### Growth Strategies

We aim to accelerate growth accompanied by quality in order to accomplish the management target of an overseas EBITA margin of 10%\*1 for FY2025 defined in the medium-term management plan. In the past, our approach has been to expand businesses centered on consulting and digital technologies on an individual country and region basis. However, we are scheduled to transition to a new operating model in FY2024, based on which we will seek to acquire new business through the full stack offering of a wide range of solutions encompassing everything from applications to infrastructure. Under the new operating model, our operations will be structured around three regions (North America, EMEA & LATAM, and APAC), and we will be ramping up engagement with clients in each of these regions.

### Market Environment

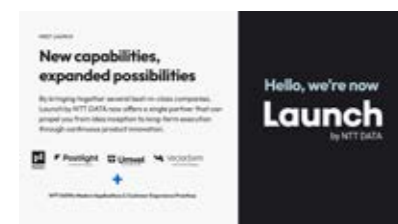
The North American IT market accounts for approx. 44.5% of the global IT market and was the world's largest IT market in 2022 (based on the net sales figure for FY2022).\*2 This market is expected to show an annual growth rate of 9.1% going forward.\*3 The IT market in the EMEA & LATAM region represents approx. 31.2% of the global IT market (based on the net sales figure for FY2022).\*4 This market is expected to show an annual growth rate of 11.2% going forward.\*5 The IT market for the APAC region (excluding Japan) accounts for approx. 15.9% of the global IT market (based on the net sales figure for FY2022).\*6 This market is expected to show an annual growth rate of 13.0% going forward.\*7



\* Graphs and charts are created by NTT DATA based on Gartner Research. Compound annual growth rate figures are calculated by NTT DATA. Please see page 115 for sources.  
\* Amounts are translated at a rate of ¥131.38 to US\$1 for 2022 and a rate of ¥112.41 to US\$1 for 2027 (vendor revenue basis).

### North America

In North America, NTT DATA has been expanding its consulting and digital transformation business, organically and through acquisitions. In April 2023, NTT DATA started "Launch by NTT DATA," a practice that brings together the capabilities of five recently acquired companies and NTT DATA Services' existing organizations, and has already received orders for this service.



#### Introducing "Launch by NTT DATA"

The new digital practice was revealed in April 2023 during an event in Napa, California with clients.\*8 "Launch by NTT DATA" is a service line that combines the capabilities of five recently acquired companies—Nexient, Postlight, Vectorform, Sierra Systems and Umwel - and existing capabilities from NTT DATA Services—Modern Applications and User/Customer Experience. By providing offerings such as Digital Experience and IoT, NTT DATA Services helps organizations create distinctive digital experiences that drive customer engagement and growth.

#### Digital Project Order Received in "Launch by NTT DATA"

NTT DATA's acquisition of digital innovation company Vectorform has already shown tremendous synergy with one of the fastest sales cycle of a Fortune 500 CIO engagement. What started with a small proof of concept quickly expanded into a digital transformation engagement leveraging the capabilities of each acquired company that make up our digital experience practice, Launch by NTT DATA. In this multi-year engagement NTT DATA will help transform the supply chain distribution model for a major global consumer goods client. Using our Aim, Engage and Grow model, we will modernize the supply chain architecture, homogenizing the experience for dozens of sub-brands representing the company's large diverse workforce. We will replace legacy integrations, working through an Agile framework, utilizing a mix of onshore and near-shore delivery resources.

\*1 Excluding one-time costs for M&A, structural reform, etc. \*2-7 Please see page 115 for sources.  
\*8 NTT DATA Unveils Launch By NTT DATA To Help Organizations Deliver Bold Digital Experiences | NTT DATA

### EMEA & LATAM

In EMEA and Latin America, business expansion and social contribution toward sustainability, resolution of various social issues, and realization of a new society are accelerating, and cases of digital ID solutions being implemented by Romanian city halls for services provided to citizens and EC platform enhancement using generative AI are emerging.



#### Cluj-Napoca City Hall Collaborates with NTT DATA Romania for ClujID Project

NTT DATA Romania launched the ClujID project, which aims at innovating the access to the public services offered to citizens by the Cluj-Napoca City Hall, through the use of the most modern digital tools available in the company's ecosystem, in order to give people a reliable and trustworthy digital identity.\*9 This app is an innovative and intuitive digital identity system. The project will enable Privacy Preserving Biometric Authentication in compliance with GDPR rules and in line with national and European digital identity strategies. ClujID will improve the quality of life of citizens by eliminating individual and repetitive certification processes when citizens access public services and by reducing unnecessary mobility in the city caused by the need to physically access public services, thus contributing to the achievement of the double transition (green and digital).



#### NTT DATA signs partnership with L'Oréal to boost its e-commerce platforms

NTT DATA recently partnered with L'Oréal Group, a global leader in cosmetics and beauty, to develop innovative technology solutions to provide users with a personalized experience on digital channels at any time of day and improve customer service responses. They are using NTT DATA's Conversational AI platform (EVA),\*10 which uses advanced artificial intelligence and generative AI to provide highly personalized guidance to users. Applied across the various communication channels L'Oréal has for its clients, they create a more dynamic, fluid and intuitive shopping experience both online and offline, helping customers find the best products for them.

### APAC

In APAC, as in other regions, synergies associated with the transformation of overseas have emerged, and we have received an order for an SAP migration project for Thailand's toll road corporation. We are also promoting open innovation with local universities and companies using our advanced technologies to contribute to the needs and development of the region.



#### SAP migration project awarded to Thailand's toll road corporation

Don Muang Tollway (DMT) has a long-term relationship with NTT Ltd. and in close collaboration with NTT DATA Business Solutions led to the award of this initial phase of DMT's Journey to Digital Business. DMT is a well-known toll road corporation in Thailand. NTT Ltd. and NTT DATA Business Solutions jointly pursued DMT and recently being awarded 'moving the ERP to cloud (SAP) project'. NTT DATA Business Solutions is in charge of the migration and implementation of overall solution, and NTT Ltd. is going to deliver Rise with SAP S/4 HANA cloud, AWS for backup, Managed Services, Security Firewall, etc., to DMT. Thai Joint Pursuit Team (JPT) is closely working with DMT, developing opportunities for next phases of the DMT's Journey to Digital Business.

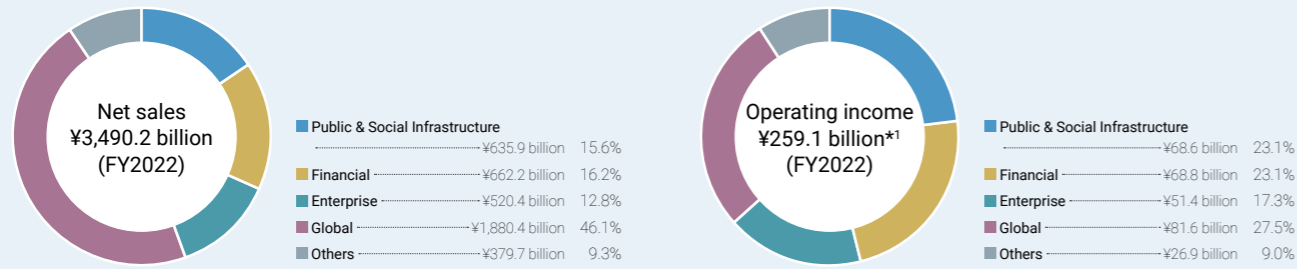


#### Co-creation innovation with UTS to enhance relevant digital technologies

NTT DATA has built a strategic partnership with the University of Technology Sydney (UTS), a world-leading university of technology in the Australian state of New South Wales, to develop new markets using advanced R&D technologies and to collaborate with local enterprises and start-ups.\*11 In order to effectively protect valuable information in the face of the growing importance of industry-academic collaboration and ecosystem formation in regional economic development, NTT DATA is implementing and utilizing ABE (Attribute-Based Encryption) technology,\*11 which can embed encryption and access policy into data, within the UTS Vault,\*11 a purpose-built, research and innovation facility, to secure data sharing that provides a robust solution for protecting sensitive information while maintaining granular control over data access. NTT DATA continues to widely deploy digital assets using our advanced technologies and contributing to regional needs and development through open innovation.

\*9 Cluj-Napoca City Hall Collaborates with NTT DATA Romania for ClujID Project | NTT DATA  
\*10 eva.bot  
\*11 <https://www.nttdata.com/global/en/news/press-release/2023/august/ntt-data-to-jointly-countermeasure-data-security-risks-with-uts-in-australia>  
ABE is a technology invented by NTT Research, Inc., which also holds the primary patents for this technology, that combines data encryption with access control to allow for disclosure that more precisely reflects the attributes of users and data. UTS Vault is a facility that encourages joint innovation between government agencies, private-sector companies, and universities through means such as joint research on cybersecurity technologies.

# Performance Summary / NTT DATA's Market Share

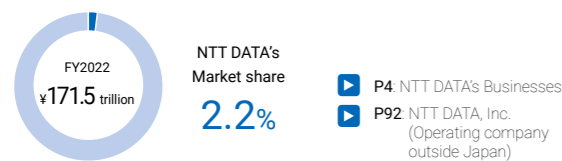


## Global Market

IT Services Market Vendor Ranking in Global Market by Revenue\*2

**6<sup>th</sup>**

Global Market and NTT DATA's Market Share by Revenue\*2, 3, 4



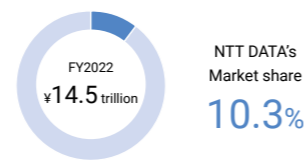
Source: Market Share Analysis: IT Services, Worldwide, 2022, Gartner Research (Figures are calculated by NTT DATA.)\*2

## Japan Market

IT Services Market Vendor Ranking in Japan Market by Revenue\*3

**2<sup>nd</sup>**

Japan Market and NTT DATA's Market Share by Revenue

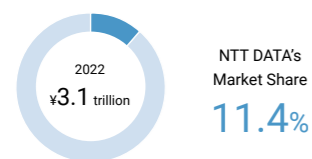


## Public & Social Infrastructure

IT Services Market Vendor Ranking in Public & Social Infrastructure Market (Japan)\*3 by revenue

**3<sup>rd</sup>**

Public & Social Infrastructure Market (Japan) and NTT DATA's Market Share\*3 by revenue

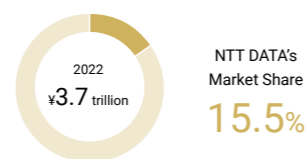


## Finance

IT Services Market Vendor Ranking in Financial Market (Japan)\*3 by revenue

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

Financial Market (Japan) and NTT DATA's Market Share\*3 by revenue

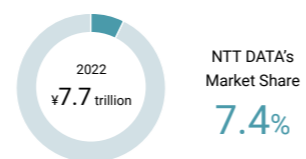


## Enterprise

IT Services Market Vendor Ranking in Enterprise Market (Japan)\*3 by revenue

**2<sup>nd</sup>**

Enterprise Market (Japan) and NTT DATA's Market Share\*3 by revenue



\*1 Above ratios are calculated excluding adjustments

\*2 For the purpose of this report, the sales, ranking, and share of NTT Ltd., with which NTT DATA Group Corporation undertook a business combination on October 1, 2022, are listed separately in regard to the first half of FY2022, prior to the business combination (April 1 to September 30, 2022). However, these rankings and share figures are based on a preliminary calculation for the Group's full-year net sales arrived at by adding the net sales of NTT Ltd. to those of NTT DATA Group Corporation. Please see page 115 for sources.

\*3 Graphs and charts are created by NTT DATA based on Gartner Research. Compound annual growth rate figures are calculated by NTT DATA. Please see page 115 for sources.

\*4 Amounts are translated at a rate of ¥131.38 to US\$1 for 2022 and a rate of ¥112.41 to US\$1 for 2027 (vendor revenue basis).



## Part 3 Financial and Non-Financial Data and Other Information

- 102 Financial Models of Principal Businesses
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- 112 Company Information

# Financial Models of Principal Businesses

## Integrated IT Solutions (Order-Based)

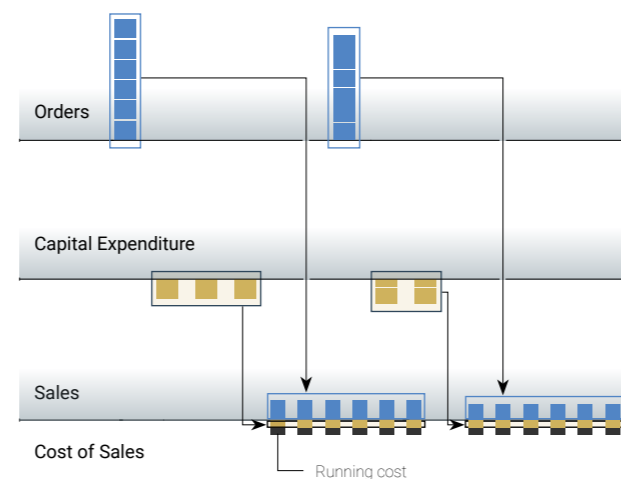
### Business Model

- After receiving an order from a client, the Company makes capital expenditure to build IT systems, etc., that are held by us as our company asset, and provides full-cycle services from requirements definition to maintenance and operation with such asset.
- This model primarily targets Japanese central government offices and financial institutions.

### Financial Model

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

### Financial Model Image



## System / Software Development

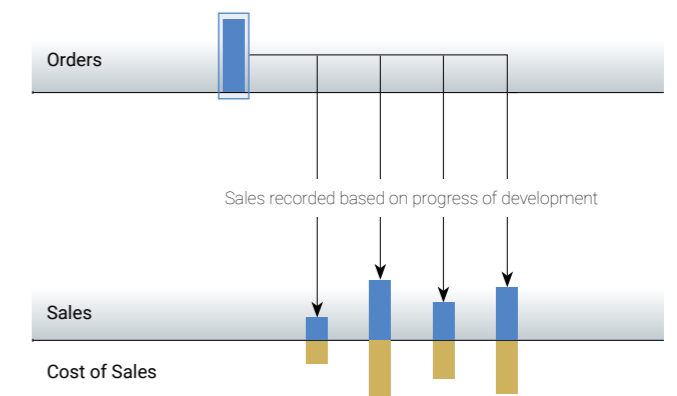
### Business Model

- NTT DATA receives orders for planning, design, and development of clients' information systems and delivers the systems to the clients.
- After delivering the systems, the Company often handles the maintenance and operation of the clients' systems.

### Financial Model

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

### Financial Model Image (Calculated on construction progress basis)



## Integrated IT Solutions (Planned by NTT DATA)

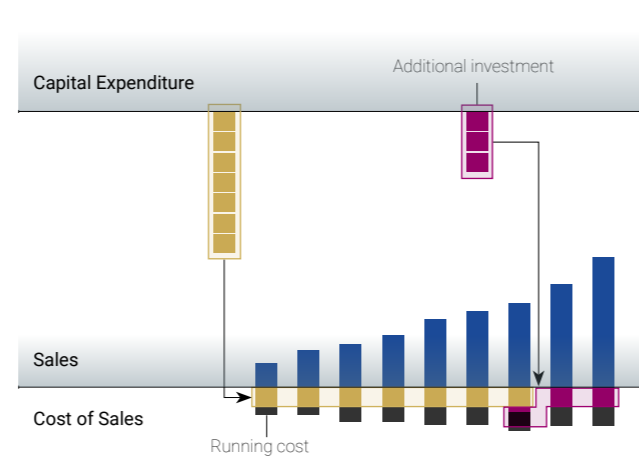
### Business Model

- NTT DATA makes capital expenditure in anticipation of multiple clients using our services, holds IT systems that we built as our assets, and receives commissions when the services are used.
- The services are mainly used by domestic financial institutions and the payment sector, and include systems shared among regional banks, ANSER, CAFIS, and various packaged softwares.

### Financial Model

- Cost of sales does not fluctuate significantly after the launch of services, but requires upfront investment, and sales will fluctuate depending on clients usage. (Not recorded in orders)
- Additional investments will be made depending on business conditions.

### Financial Model Image



## Consulting / Maintenance Support

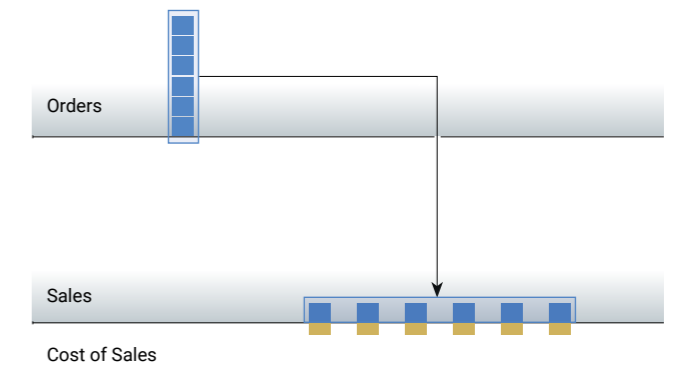
### Business Model

- Consulting: The Company considers clients' businesses together and defines the concepts of their IT system concepts, etc.
- Maintenance support: The Company provides technology support for system development, etc., that does not involve transfer of deliverables to clients, such as AMO, ITO, and BPO services, or services in which we perform maintenance and operation.

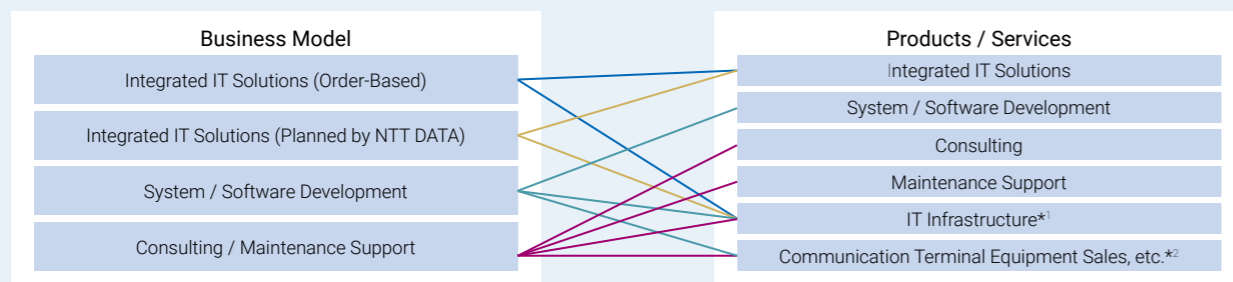
### Financial Model

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

### Financial Model Image



### Relation between Business Models and Products / Services



\*1 "IT Infrastructure" includes businesses conducted by NTT Ltd., primarily managed service and data center businesses.

\*2 "Communication Terminal Equipment Sales, etc." includes businesses conducted by NTT Ltd., primarily communication terminal equipment sales and maintenance service businesses.

### Results by Product and Service per Segment (Net sales to clients outside NTT DATA) (Billions of yen, figures in parentheses represent composition ratio)

Products / Services	Public & Social Infrastructure	Financial	Enterprise	Global	FY2022 Results (Net Sales to Clients Outside NTT DATA)
Integrated IT Solutions	100.2 (19%)	283.9 (51%)	88.0 (19%)	206.9 (11%)	694.8 (20%)
System / Software Development	179.2 (34%)	103.9 (19%)	118.0 (26%)	302.8 (16%)	717.6 (21%)
Consulting	9.0 (2%)	4.9 (1%)	25.9 (6%)	410.0 (22%)	460.4 (13%)
Maintenance Support	226.0 (43%)	153.6 (28%)	182.8 (40%)	356.8 (19%)	943.8 (27%)
IT Infrastructure	-	-	-	278.5 (15%)	278.5 (8%)
Communication Terminal Equipment Sales, etc.	-	-	-	299.6 (16%)	299.6 (9%)
Other Services	8.8 (0%)	5.9 (1%)	44.8 (10%)	11.5 (1%)	95.5 (3%)

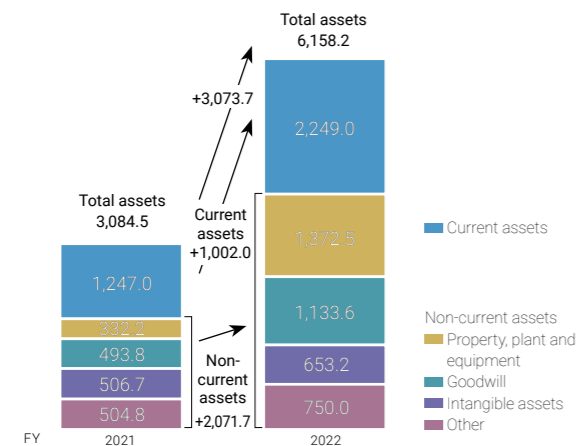
# Financial Position and Business Results Analysis

## Consolidated Statement of Financial Position

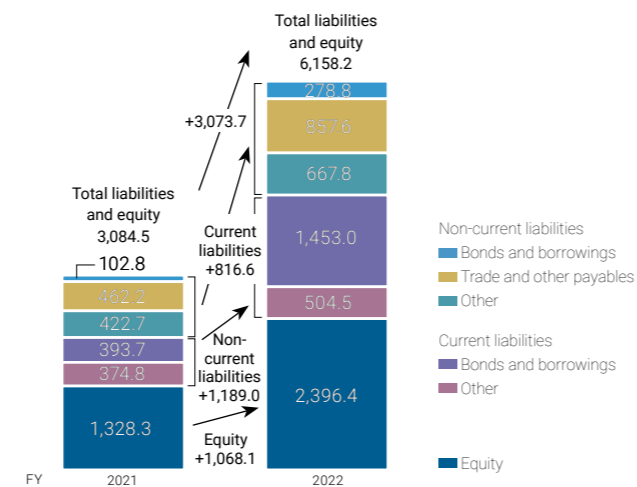
Total assets stood at ¥6,158.2 billion on March 31, 2023, an increase of ¥3,073.7 billion attributable to expanded scope of consolidation following the overseas business combination with NTT Ltd. Total liabilities on March 31, 2023, amounted to ¥3,761.8 billion, up ¥2,005.6 billion due to the expanded scope of consolidation and the resulting increase in interest-bearing debt.

Equity rose ¥1,068.1 billion from March 31, 2022, amounting to ¥2,396.4 billion on March 31, 2023, as a result of an increase in retained earnings.

(Billions of yen)



(Billions of yen)



## (Consolidated) New Orders Received / Order Backlog

New orders received\* for FY2022 increased ¥324.8 billion compared to the previous fiscal year, to ¥2,725.6 billion.

Orders in the Public & Social Infrastructure Segment were down year on year as a result of the absence of the large-scale orders received from central government agencies in the previous fiscal year.

Orders from major financial institutions resulted in a year-on-year increase in orders for the Financial Segment.

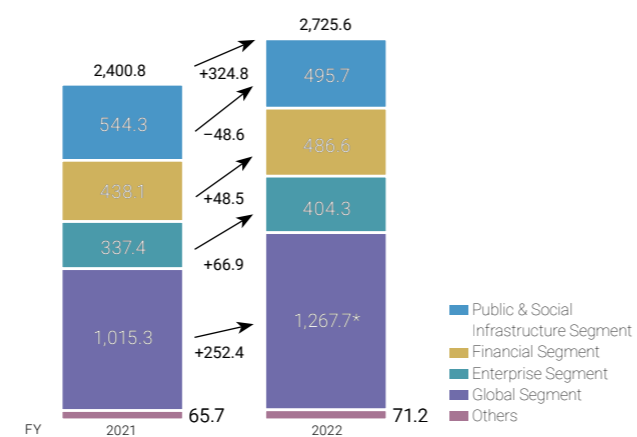
The Enterprise Segment enjoyed higher orders as a result of orders acquired from distribution and service business operators and from manufacturers.

Orders were up in the Overseas Segment due to the acquisition of new orders in Europe and beneficial foreign exchange influences.

\* New orders received do not include the impacts of the inclusion of NTT Ltd. in the scope of consolidation.

### New Orders Received (excluding NTT Ltd.)

(Billions of yen)



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

Order backlog (including NTT Ltd.) on March 31, 2023, came to ¥4,653.9 billion, an increase of ¥1,793.3 billion from a year earlier attributable to the inclusion of NTT Ltd. in the scope of consolidation.

Year-on-year increases in order backlog (excluding NTT Ltd.) were seen in all segments except the Public & Social Infrastructure Segment, enabling the Company to once again secure a high order backlog.

The Public & Social Infrastructure Segment maintained a high order backlog, despite the decrease from the beginning of the fiscal year as a result of the absence of the large-scale orders received from central government agencies in the previous fiscal year.

Order backlog is growing smoothly in conjunction with the expansion of business scale, and we have secured a backlog that exceeds one year's worth of net sales.

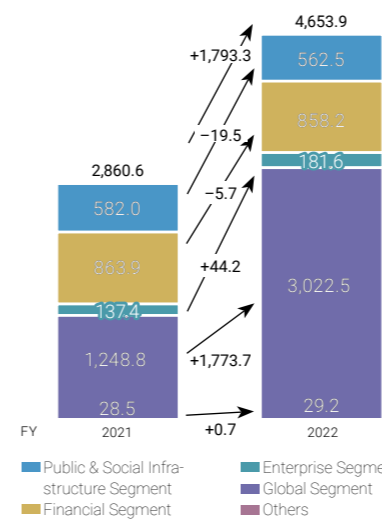
Order backlog is particularly large in the Overseas Segment, the Financial Segment, and the Public & Social Infrastructure Segment, reflecting the tendency to receive many large-scale and long-term projects in these segments.

As for the forecasted timing of the recognition of the order backlog on March 31, 2023, as net sales, a little less than half is expected to be recognized within a year.

We then expect to sequentially recognize net sales in FY2024, FY2025, and FY2026 onward. The more time passes, the larger the portion of net sales represented by orders from the Overseas Segment, the Financial Segment, and the Public & Social Infrastructure Segment will become, also reflecting the tendency to receive many large-scale and long-term projects in these segments.

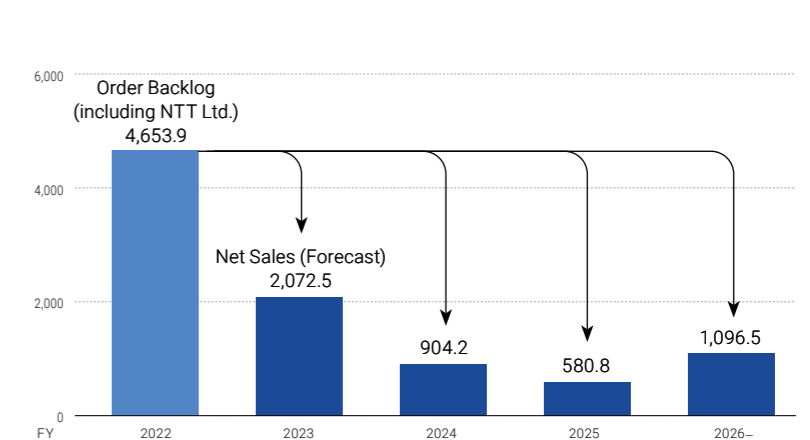
### Order Backlog (including NTT Ltd.)

(Billions of yen)



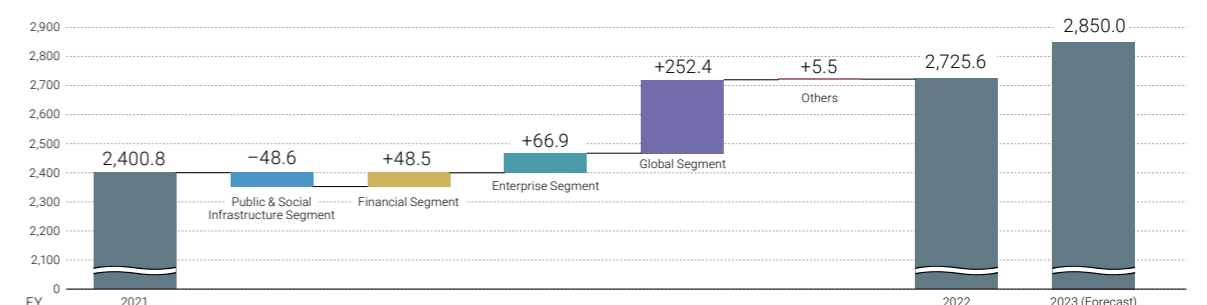
### Recognition Period of Net Sales from Order Backlog (Forecast, including NTT Ltd.)

(Billions of yen)



### New Orders Received (excluding NTT Ltd.)

(Billions of yen)



### Consolidated Statement of Income

Net sales increased year on year due to the inclusion of NTT Ltd. in the scope of consolidation, growth in all segments, and beneficial foreign exchange influences. Despite the impacts of higher strategic investment on a Companywide basis and

losses on unprofitable projects, operating income was up as a result of higher sales and the inclusion of NTT Ltd. in the scope of consolidation.

	FY2021	FY2022	YoY
(Billions of yen)			
Net sales	2,551.9	<b>3,490.2</b>	+938.3
Cost of sales	1,875.9	<b>2,567.9</b>	+692.0
Gross profit	676.0	<b>922.2</b>	+246.2
SG&A expenses	463.4	<b>663.1</b>	+199.7
Personnel expenses	247.8	<b>348.6</b>	+100.8
Outsourcing expenses	88.3	<b>136.3</b>	+48.0
Other expenses	127.3	<b>178.2</b>	+50.9
Operating income	212.6	<b>259.1</b>	+46.5
Operating income margin (%)	8.3	<b>7.4</b>	-0.9 P
Financial income and costs / Share of profit / Loss of entities accounted for using equity method	3.3	<b>-16.3</b>	-19.6
Income before income taxes	215.8	<b>242.8</b>	+27.0
Income taxes and others*	72.9	<b>92.8</b>	+19.9
Net income attributable to shareholders of NTT DATA	143.0	<b>150.0</b>	+7.0

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

### Consolidated Statement of Cash Flows

Net cash provided by operating activities in FY2022 was ¥350.6 billion (up ¥40.2 billion from the previous fiscal year) as the impacts of income tax expenses were counteracted by the benefits of higher net income and depreciation and amortization.

Net cash used in investing activities was ¥322.3 billion (up ¥125.8 billion from the previous fiscal year) due to the acquisition of additional shares of NTT DATA, Inc., and the effect of related cash and cash equivalents received as well as payments

for acquisition of property, plant and equipment and intangible fixed assets and payments for investments in subsidiaries. As a result, free cash flow was a positive ¥28.3 billion (down ¥85.6 billion from the previous fiscal year).

Net cash provided by financing activities totaled ¥135.7 billion (compared with net cash used in financing activities of ¥166.5 billion in the previous fiscal year), due mainly to long-term financing.

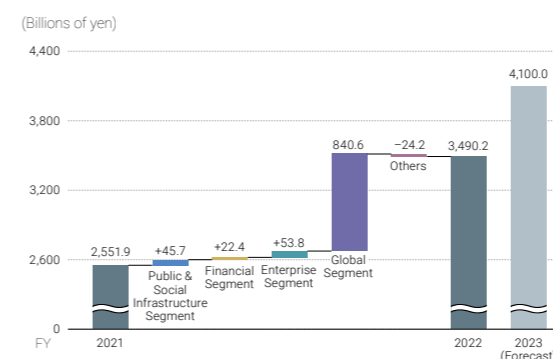
	FY2021	FY2022	YoY
(Billions of yen)			
Free cash flow			
Cash flows from operating activities	310.4	<b>350.6</b>	+40.2
Cash flows from investing activities	-196.5	<b>-322.3</b>	-125.8
	113.9	<b>28.3</b>	-85.6
Cash flows from financing activities	-166.5	<b>135.7</b>	+302.2
Cash flow at end of the year	246.9	<b>415.4</b>	+168.5

### Net Sales and Operating Income by Segment

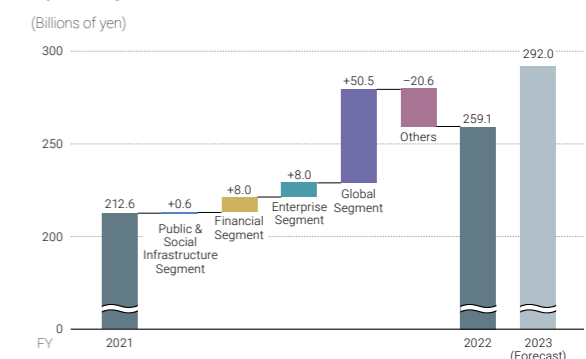
In FY2022, net sales in the Public & Social Infrastructure Segment increased primarily due to the expanded scale of services provided to central government agencies and the telecom and utility industries. Net sales in the Financial Segment increased largely as a result of higher sales of services to major financial institutions. Net sales in the Enterprise Segment were up following growth in sales of services to the manufacturing, retail, and payment service industries. Net sales in the Overseas Segment rose due to beneficial foreign exchange influences, growth in Europe, and the inclusion of NTT Ltd. in the scope of consolidation.

Operating income in the Public & Social Infrastructure Segment was relatively unchanged year on year as higher net sales counteracted the impacts of an unprofitable project. In the Financial Segment and the Enterprise Segment, operating income grew together with net sales. Operating income in the Overseas Segment was up following higher sales and the inclusion of NTT Ltd. in the scope of consolidation. In the Others segment, operating income was down due to a rise in Companywide strategic investments that surpassed the amount incorporated into initial performance forecasts.

#### Net Sales



#### Operating Income



		FY2022 1Q		FY2022 2Q		FY2022 3Q		FY2022 4Q		FY2022		FY2023 (Forecast)
		Apr-Jun	YoY	Jul-Sep	YoY	Oct-Dec	YoY	Jan-Mar	YoY	Apr-Mar	YoY	
Net sales	Public & Social Infrastructure	129.7	+6.2	140.8	+0.4	153.0	+10.3	212.5	+28.9	635.9	+45.7	665.0
	Financial	163.4	+13.5	157.5	-5.5	161.3	+8.7	180.0	+5.7	662.2	+22.4	692.0
	Enterprise	119.0	+13.7	121.2	+5.7	128.0	+9.8	137.0	+9.3	520.4	+53.8	550.0
	Global	305.3	+56.9	320.1	+74.6	639.9	+373.2	615.1	+336.0	1,880.4	+840.6	2,436.0
Total		677.4	+86.6	694.1	+72.8	1,034.7	+398.6	1,084.1	+380.4	3,490.2	+938.3	4,100.0
Operating income	Public & Social Infrastructure	11.3	+0.7	7.8	-10.0	18.8	+3.0	30.7	+6.7	68.6	+0.6	80.0
	Financial	16.2	+3.2	16.9	+0.6	17.5	+2.7	18.2	+1.4	68.8	+8.0	73.0
	Enterprise	13.1	+4.1	14.0	+0.1	14.5	+1.2	9.8	+2.7	51.4	+8.0	55.0
	Global	13.3	+5.3	12.9	+4.5	26.3	+18.0	29.1	+22.7	81.6	+50.5	99.0
Total		57.5	+10.2	50.4	-11.5	75.5	+17.5	75.6	+30.1	259.1	+46.5	292.0

# Financial / Non-Financial Values (Historical Changes)

	Units	JGAAP						IFRS					
		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Financial</b>													
Fiscal year													
New orders received	Billions of yen	1,197.1	1,400.2	1,429.1	1,662.6	1,781.5	2,021.1	1,950.0	2,076.1	2,275.2	2,223.3	2,400.8	2,725.6
Net sales	Billions of yen	1,301.9	1,343.7	1,511.8	1,614.8	1,732.4	2,117.1	2,039.7	2,163.6	2,266.8	2,318.7	2,551.9	3,490.2
Cost of sales	Billions of yen	980.5	1,031.2	1,147.3	1,216.7	1,293.6	1,592.7	1,535.5	1,618.6	1,694.6	1,734.1	1,875.9	2,567.9
Cost of sales ratio	%	75.3	76.7	75.8	75.4	74.7	75.2	75.3	74.8	74.8	74.8	73.5	73.6
Selling, general and administrative expenses (SG&A)	Billions of yen	235.7	249.9	280.4	297.2	321.7	400.8	381.0	397.3	441.3	445.4	463.4	663.1
SG&A ratio	%	18.1	18.6	18.6	18.4	18.6	18.9	18.7	18.4	19.5	19.2	18.2	19.0
Operating income	Billions of yen	85.6	62.5	84.0	100.8	117.1	123.5	123.1	147.7	130.9	139.2	212.6	259.1
Operating income margin	%	6.6	4.7	5.6	6.2	6.8	5.8	6.0	6.8	5.8	6.0	8.3	7.4
Operating income (w/o goodwill amortization)*1	Billions of yen	96.4	75.2	98.5	112.9	134.3	150.4	—	—	—	—	—	—
Net income attributable to shareholders of NTT DATA*2	Billions of yen	43.5	23.2	32.1	63.3	65.6	58.1	82.4	93.6	75.1	76.8	143.0	150.0
Overseas net sales*3	Billions of yen	231.3	298.7	449.0	504.4	586.3	911.1	831.3	881.1	906.7	907.2	1,050.5	1,866.1
Overseas EBITA margin*3, 4	%	4.7	3.2	5.2	5.3	4.8	4.8	2.3	3.2	0.7	-0.5	5.1	6.0
Loss from unprofitable projects	Billions of yen	5.3	31.5	15.5	15.9	7.4	9.9	9.9	16.9	10.3	1.4	-4.6	-13.8
Loss from unprofitable projects to consolidated net sales ratio	%	0.41	2.34	1.03	0.98	0.43	0.47	0.49	0.78	0.45	0.06	0.18	0.40
Capital expenditure	Billions of yen	122.1	147.7	140.9	134.0	158.1	198.6	194.8	179.2	193.8	169.5	176.7	381.7
Depreciation and amortization / Loss on disposal of property and equipment and intangibles	Billions of yen	153.8	143.6	158.5	155.2	160.0	163.2	161.1	160.7	163.8	178.4	182.0	223.1
R&D expenses	Billions of yen	12.1	12.8	12.9	12.4	12.3	14.5	14.6	15.1	21.8	22.7	19.7	24.9
Free cash flow	Billions of yen	46.2	44.8	26.7	44.0	-189.8	24.2	30.7	55.1	22.8	178.6	113.9	28.3
EBITDA*5	Billions of yen	250.3	220.2	257.3	272.1	297.1	313.7	284.2	308.4	295.7	320.3	394.9	482.2
<b>At year-end</b>													
Order backlog	Billions of yen	1,140.2	1,341.4	1,355.8	1,544.5	2,411.3	2,371.5	2,369.2	2,457.1	2,636.3	2,735.1	2,860.6	4,653.9
Total assets	Billions of yen	1,524.3	1,689.9	1,822.8	1,860.3	2,238.9	2,234.2	2,270.2	2,476.1	2,686.0	2,897.0	3,084.5	6,158.2
Interest-bearing debt*6	Billions of yen	378.3	412.9	446.9	407.0	650.8	592.0	586.3	605.0	598.0	578.9	496.5	1,731.9
Total equity	Billions of yen	651.3	676.8	773.4	740.9	802.1	833.8	826.2	925.7	939.7	1,072.9	1,270.9	1,452.4
Equity ratio	%	42.7	40.1	42.4	39.8	35.8	37.3	36.4	37.4	35.0	37.0	41.2	23.6
Invested capital	Billions of yen	885.6	915.5	1,002.3	947.1	1,224.5	1,270.8	1,256.7	1,320.5	1,380.0	1,218.4	1,086.3	1,998.3
Debt-to-equity (D/E) ratio	Times	0.58	0.61	0.58	0.55	0.81	0.71	0.71	0.65	0.64	0.54	0.39	1.19
<b>Other information</b>													
Return on invested capital (ROIC)*6, 7	%	5.1	3.6	4.6	5.5	6.1	5.8	5.9	6.8	5.8	5.9	8.4	6.0
Return on assets (ROA)*6	%	2.9	1.4	1.8	3.4	3.2	2.6	3.7	3.9	2.9	2.8	4.8	3.2
Return on equity (ROE)*9	%	6.9	3.5	4.4	8.4	8.5	7.1	10.3	10.7	8.1	7.6	12.2	11.0
Net income per share*10	Yen	31.0	16.6	22.9	45.2	46.8	41.5	58.8	66.8	53.6	54.8	102.0	107.0
Net assets per share*10	Yen	464.4	482.6	551.5	528.3	571.9	594.6	589.1	660.0	670.0	765.0	906.2	1,035.9
Net dividend per share*10	Yen	12	12	12	14	15	15	15	17	18	18	21	22
Dividend payout ratio (Annual)	%	38.7	72.3	52.4	31.0	32.0	36.2	25.5	25.5	33.6	32.9	20.6	20.6
Dividend payout ratio (5-year weighted average)	%	43.1	49.4	50.5	45.1	40.0	39.3	35.7	30.4	29.1	29.6	26.5	25.0
Total shareholder return (TSR) (Holding period of 5 years)	%				100	95	103	103	112	98	159	237	162
<b>Non-Financial</b>													
Client base*11	Companies				50	62	65	65	70	74	78	82	98
Number of countries and regions	Countries / Regions	34	41	41	45	51	53	53	53	53	55	52	50 countries and regions
Number of cities	Cities	136	175	176	185	210	214	214	223	225	208	203	—
Number of employees	Employees	61,369	75,020	76,642	80,526	111,664	118,006	118,006	123,884	133,196	139,677	151,991	195,106
Number of overseas employees	Employees	28,820	42,241	43,781	47,541	77,123	81,362	81,362	86,154	94,424	99,491	111,006	152,993
Working hours*12	Hours	1,996	1,966	1,966	1,941	1,910	1,901	1,901	1,889	1,876	1,984	1,982	1,996
Percentage of employees who return to work after childcare leave*12	%	92.5	97.6	98.1	98.3	98.0	97.0	97.0	100.0	98.8	97.2	98.9	98.4
Purchased power*13	10,000 kWh	48,878	48,342	49,169	47,661	49,437	48,063	48,063	47,678	46,726	46,084	33,592	37,223
Water consumption *14, 15	10,000 m <sup>3</sup>	59	50	61	34	55	58	58	62	49	45	45	45
Paper usage*14	t	932	936	905	920	835	765	765	689	581	349	304	245
Greenhouse gas (GHG) emissions*15, 16, 17, 18	10 kt-CO <sub>2</sub> e	23.9	25.9	26.1	24.1	14.0	13.1	13.1	12.9	11.9	15.0	12.7	9.8

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

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

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

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

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

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

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

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

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

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

\*11 In July 2017, a 5-for-1 stock split of common shares was conducted. Dividend per share is recorded with an amount considering this stock split.

\*12 Clients with annual sales of ¥5 billion or more (Japan) or US\$50 million or more (outside of Japan)

\*13 Figures for NTT DATA (non-consolidated)

\*14 Total for NTT DATA and all Group companies excluding NTT Ltd. (158 companies in FY2022); total for NTT DATA (non-consolidated), Group companies in Japan, and certain Group companies outside Japan (91 companies in FY2021)

\*15 Total for NTT DATA Group Corporation, NTT DATA Japan Corporation, and Group companies in Japan (70 companies in FY2022); total for NTT DATA (non-consolidated) and Group companies in Japan (75 companies in FY2021)

\*16 Figures have received guarantees from a third party. The scope of third-party guarantee is Group companies in Japan until FY2019, Group companies in Japan and some overseas Group companies for FY2020 and FY2021, and all Group companies except NTT Ltd. for FY2022.

\*17 Figures for FY2022 represent the total for all Group companies except NTT Ltd. (158 companies) and represent reductions in emissions via the adoption of renewable energy.

\*18 Figures for FY2021 represent the total for the Company (non-consolidated), Group companies in Japan, and some overseas Group companies (91 companies).

\*19 Total of direct gas emissions by use of fuels (Scope 1) and indirect gas emissions by use of purchased electricity and heat (market-basis Scope 2) is converted to CO<sub>2</sub>. The unit is CO<sub>2</sub>e (CO<sub>2</sub> equivalent).

\*20 Some figures after FY2016 have been restated following changes to the scope of data center operations.



# Investor Relations Activities

NTT DATA regularly communicates the input gained from investors via events and other engagement opportunities to the Board of Directors and members of senior management, and this input is discussed to guide management action and the enhancement of investor relations (IR) activities.

Through an ongoing cycle of engagement and feedback, we aim to bolster communication with investors and thereby drive continuous improvements in corporate value.

Events and Other Engagement Activities

## Legally Mandated and Financial Results Disclosure



Financial results briefing materials  
Annual securities reports (In Japanese only)  
Convocation notices, business reports  
Quarterly reports, corporate governance reports, Q&A session summaries, historical financial data, materials from small meetings, etc.

## Arrangement of Briefings

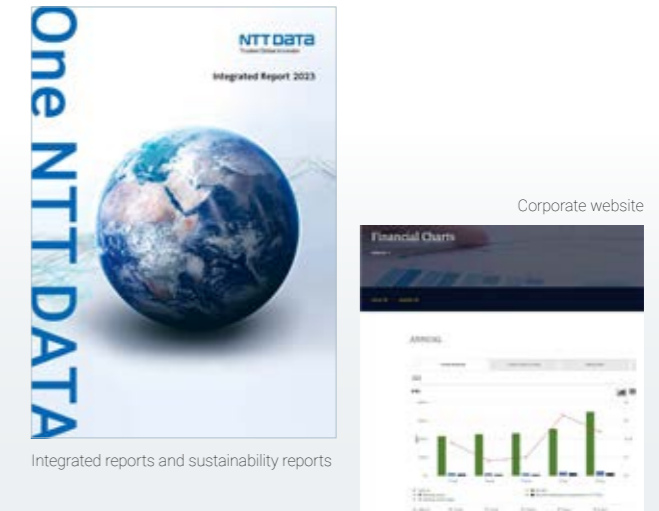


Summaries of briefings on specific themes and overseas businesses



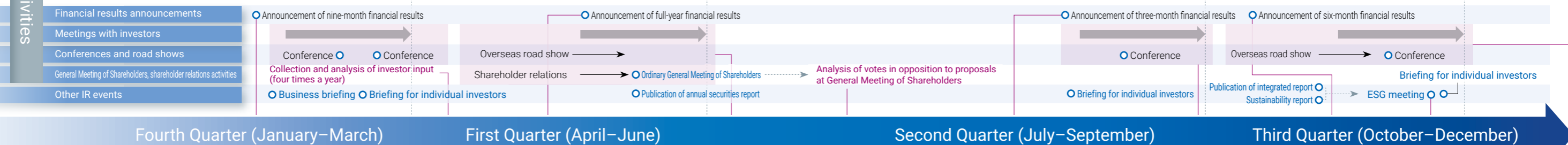
Briefings for individual investors

## Enhancement of Voluntary Disclosure Materials and Website

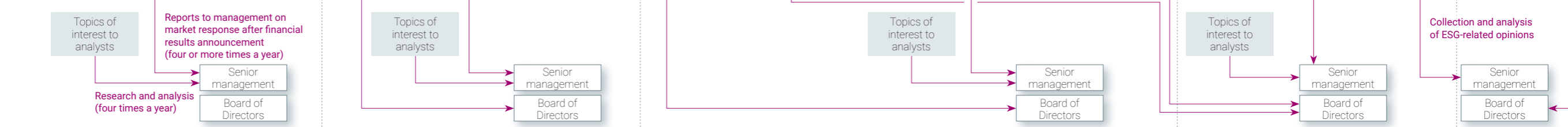


Integrated reports and sustainability reports

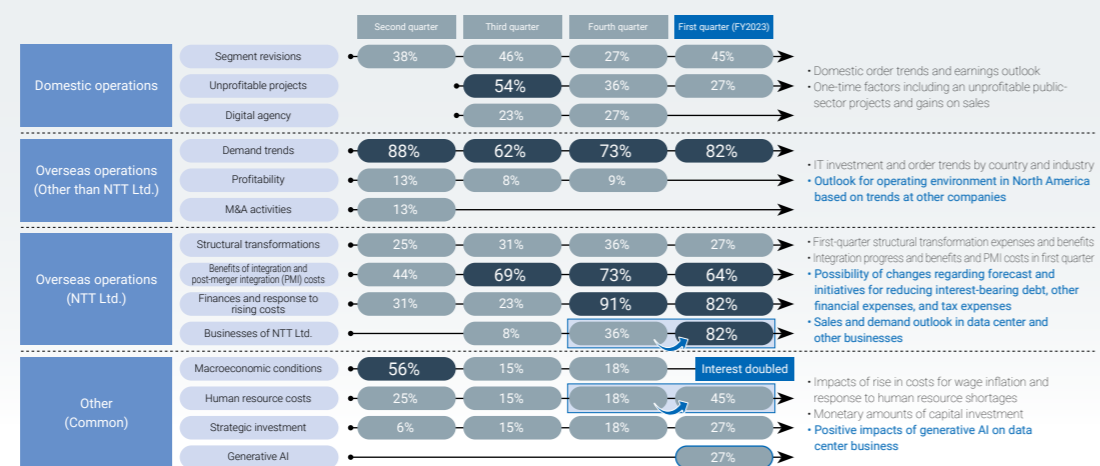
Investors  
<https://www.nttdata.com/global/en/investors/>



Communication to Management



## Input from Investors and Topics of Interest to Analysts



Topics of interest to sell-side analysts

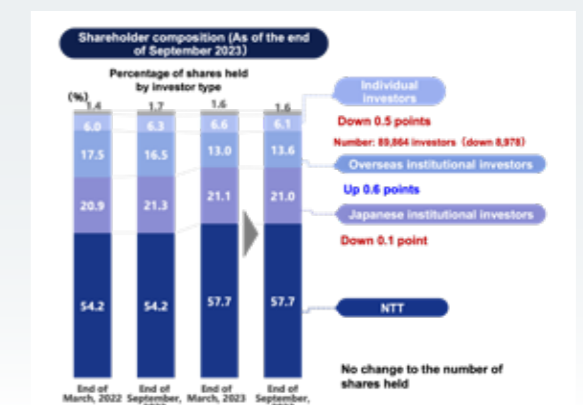
## Analysis of Votes at General Meetings of Shareholders

The distribution of votes for each proposal at General Meetings of Shareholders is tracked (excluding those votes by parent company NTT), and those proposals with low rates of affirmative votes are analyzed and reported to the Board of Directors. In addition, timely reports on the voting policies of institutional investors are submitted to senior management.

## ESG Meeting Reports

Following the timing of publication of integrated reports, meetings with institutional investors and ESG-related conferences are used as opportunities to receive opinions and feedback regarding sustainability-related disclosure activities. This input is reported to senior management to help enhance the Company's information disclosure activities.

## Distribution of Shareholders

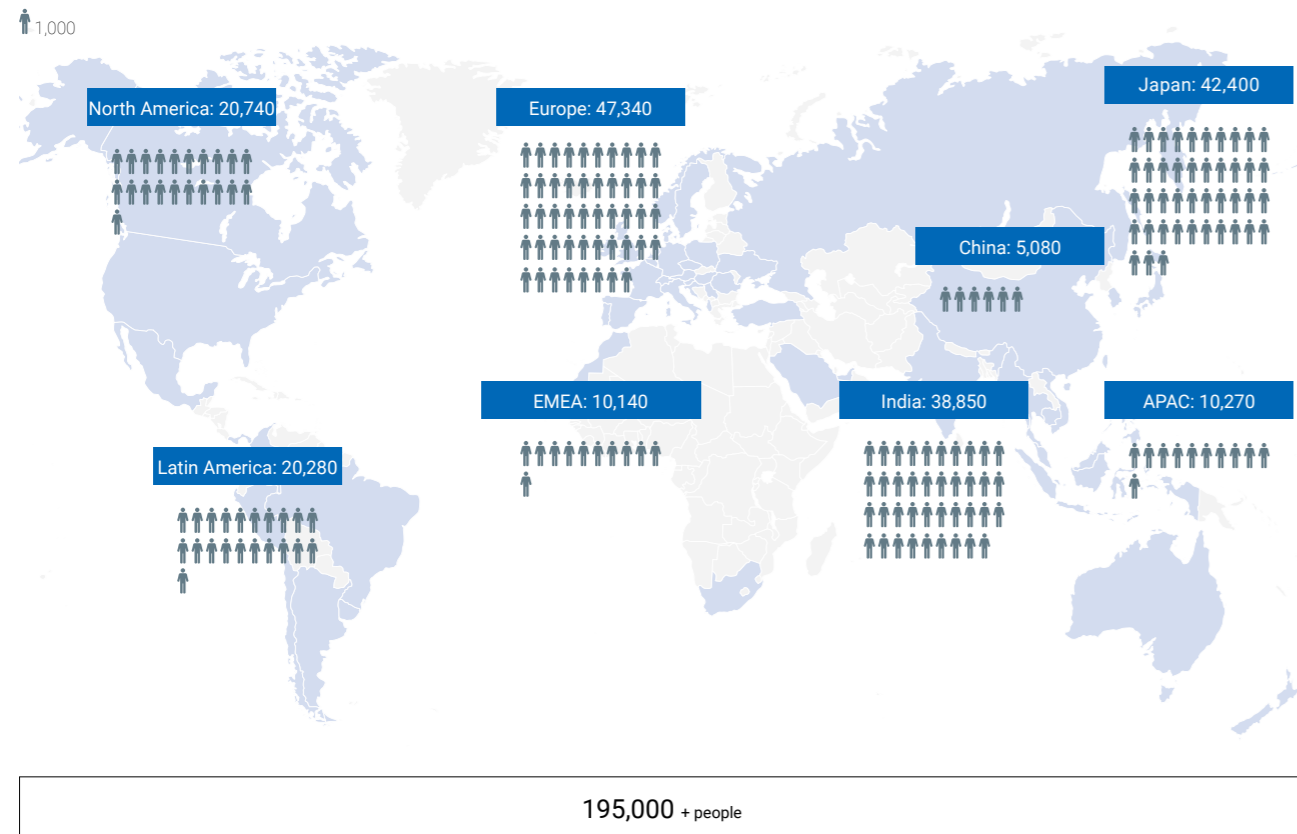


# Company Information

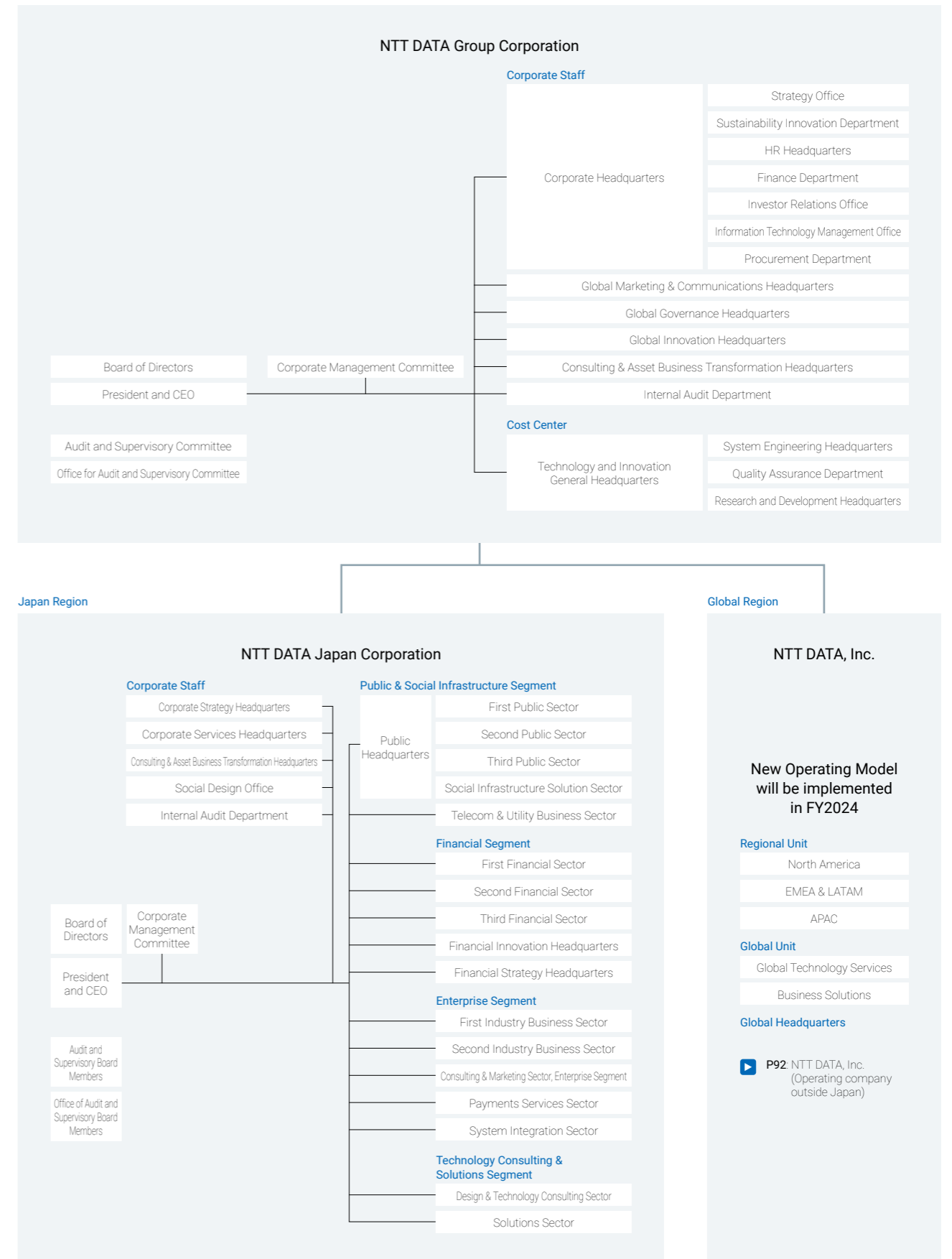
## Basic Information

<b>Company Name</b> NTT DATA Corporation	<b>Common Stock</b> ¥142,520 million	<b>Stock Market</b> Tokyo Stock Exchange Prime Market Stock Code: 9613
<b>Head Office</b> Toyosu Center Bldg., 3-3, Toyosu 3-chome, Koto-ku, Tokyo 135-6033, Japan Telephone: +81-3-5546-8202	<b>Number of Employees</b> (As of March 31, 2023) Consolidated: 195,106 Non-consolidated: 12,714	<b>Administrator of Register of Shareholders</b> Sumitomo Mitsui Trust Bank, Limited
<b>Date of Establishment</b> May 23, 1988	<b>Fiscal Year</b> April 1 to March 31 of the following year	<b>Independent Auditors</b> KPMG AZSA LLC
	<b>Ordinary General Meeting of Shareholders</b> June	

## Offices (As of March 31, 2023)



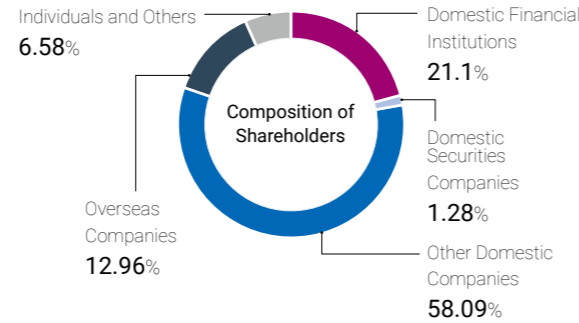
## Organizational Structure (As of July 1, 2023)



**Number of Shares Issued and Number of Shareholders**

Total Number of Shares Auth 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	100,691 shareholders

**Composition of Shareholders (Percentage of Shares Held)**

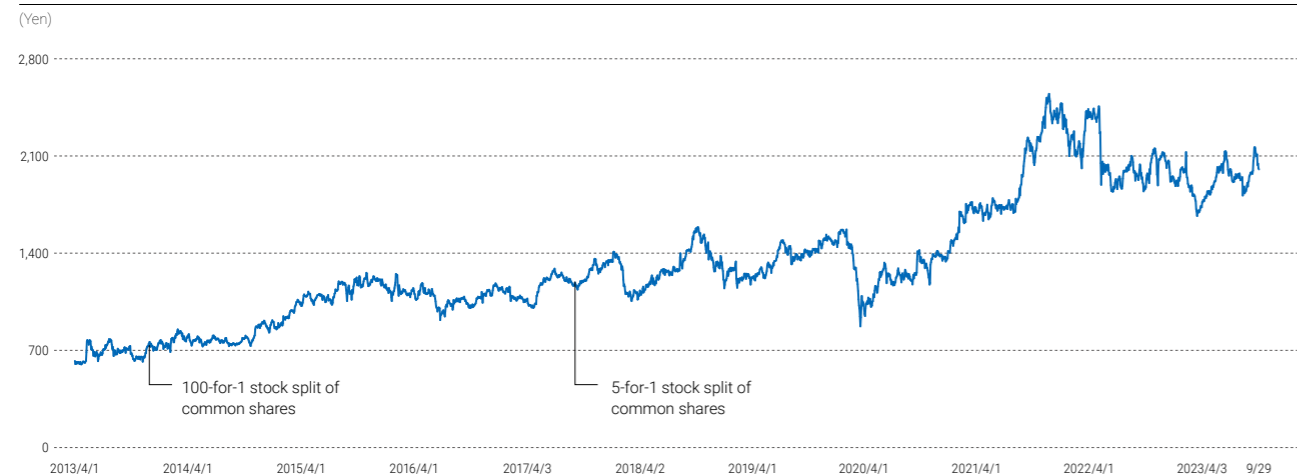


**Principal Shareholders**

Name	Number of Shares Held	Ratio of Shareholding (%)*
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	809,677,800	57.73
The Master Trust Bank of Japan Ltd. (Trust Account)	184,700,900	13.17
Custody Bank of Japan, Ltd. (Trust Account)	92,049,238	6.56
NTT DATA Employee Share-Holding Association	14,332,600	1.02
JP MORGAN CHASE BANK 385635	11,700,449	0.83
STATE STREET BANK WEST CLIENT - TREATY 505234	11,366,572	0.81
HSBC HONGKONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	8,168,512	0.58
JP MORGAN CHASE BANK 380072	7,733,700	0.55
SSBTC CLIENT OMNIBUS ACCOUNT	7,141,172	0.51
JP MORGAN CHASE BANK 385781	6,281,401	0.45

\* Ratio of shareholding is calculated excluding the treasury stock (10,671).

**Stock Price Chart of NTT DATA Group (As of September 29, 2023)**



**Shareholders' Memo**

Fiscal year	April 1–March 31
General Meeting of Shareholders	June
Record date	Ordinary General Meeting of Shareholders (year-end dividend) March 31 Interim dividend September 30
Administrator of register of shareholders and special account management institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Administrative location for administrator of register of shareholders	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Stock market listing	Tokyo Stock Exchange Prime Market (as of April 4, 2022)
	Electronic notice <a href="http://www.nttdata.com/global/en/">www.nttdata.com/global/en/</a>
Method of public notice	However, in the event that electronic distribution is impossible, due to an accident or other unavoidable circumstances, the Company's public notices will appear in Nihon Keizai Shimbun published in Japan.
Stock code	9613

**Sources (Gartners, etc.)**

- P5, 27, 92, 98<sup>2022-23</sup>, 100**  
Source: Gartner, "Market Share: IT Services, Worldwide 2022" Vendor Revenue in 2022 Basis, Neha Sethi et al., 14 April 2023
- P84, 86, 89**  
Source: Gartner "Prediction of 2023 2Q IT Service Market (Japan) Size by Industry," Rika Narisawa, et al., 20 September 2023
- P98<sup>2022-23</sup>**  
Source: Gartner "Forecast: IT Services, Worldwide, 2021-2027, 3Q23 Update", Srujan Akurathi et al., 29 September 2023
- P5, 100**  
Public and Social Infrastructure Markets = Government, Education, Healthcare and Life Sciences, Power and Utilities / Financial Markets = Banking and Investment Services, Insurance / Enterprise Markets = Transportation, Wholesale Trade, Communication Media and Services, Manufacturing and Natural Resources, Retail, Oil and Gas
- P98**  
North America Market = North America / EMEA & LATAM Market = Western Europe, Eastern Europe, Middle East and North Africa, Sub-Saharan Africa, Latin America based on Vendor Revenue in 2022 basis
- P84**  
Public and Social Infrastructure Markets = Government / Local Government, Medical / Life Science, Education, Electricity / Gas / Water / Energy Resources
- P86**  
Financial Markets = Finance
- P89**  
Enterprise Markets = Manufacturing / Natural Resources, Retail / Wholesale, Transportation, Communications / Media / Services

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**Procedures Related to Special Accounts**

For procedures related to special accounts (transference shares from special accounts to security company accounts), please contact Sumitomo Mitsui Trust Bank via the following number (toll free in Japan).

**Contact: Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited**

**Telephone**  
**0120-782-031**  
Hours: 9 a.m. to 5 p.m. JST (excluding weekends and holidays and the period from Dec. 31 to Jan. 3)

**URL**  
<https://www.smtb.jp/personal/procedure/agency/> (in Japanese only)



**Reports and Inquiries Regarding Shares**

For changes of address or other reports or inquiries with regard to shareholders with securities company accounts, please contact the securities company with which you have established your account. For changes of address or other reports or inquiries with regard to shares in special accounts, please contact Sumitomo Mitsui Trust Bank via the aforementioned toll-free number.