

Note: This document is the English translation of “Dai 35kai jigyou houkoku” (35th Business Report) and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation, the Japanese version will prevail.

BUSINESS REPORT

(From April 1, 2022 to March 31, 2023)

1 Matters Concerning the Current Status of the Corporate Group

1. Business Progress and Results

Economies and the management environment of the IT services industry in the current consolidated fiscal year are as follows:

The Japanese and global economies began to improve as the impact of the COVID-19 pandemic was mitigated, and an increasing number of countries have balanced infection control and economic activities.

The economic outlook is expected to further improve, while concerns over the slowdown of overseas economies mainly due to global monetary tightening pose a risk of recession in Japan. Close attention should be paid to the impact of rising resource and commodity prices, restricted supplies, financial capital market fluctuations, etc.

Regarding the Japanese IT services market, as social activities are starting to return to normal, thanks to the containment of infections, digital transformation efforts by client companies have been increased. While there are factors, such as rising prices, that could discourage IT investment, the favorable demand environment is expected to continue.

In the global IT services market, despite the global monetary tightening that could curtail IT investment, client companies' demand for digital transformation is growing. Given these, the demand environment is expected to remain strong.

Progress on Management Policies

In May 2022, the NTT DATA Group announced the new Medium-Term Management Plan (MMP). For the Global 3rd Stage in 2025, we aim to realize a sustainable society together with our clients by creating value for the future and connecting various people with technology under the slogan “Realizing a Sustainable Future.”

To this end, we have implemented the five strategies set out in the current MMP to promote sustainability management while steadily preparing for the transition to a holding company structure scheduled in July 2023.

[Strategy 1. Capitalize on the Convergence IT & Connectivity]

We have been strengthening our capability to offer Edge to Cloud^(Note1) services through greater collaboration with the NTT DATA Group. By securely connecting different customer contact points and data in combination with our strength in providing systems to a wide array of industries, we are realizing cross-industry partnerships beyond enterprise and industry boundaries and creating new social platforms and innovative services.

In fiscal 2022, NTT DATA created a solution to monitor the location and transportation status of cargo during transportation using our connectivity capabilities and won a smart city^(Note2) project. Furthermore, we utilized our knowledge on public and financial sectors and created public-private partnership solutions, such as “KOKO PASS,^(Note3)” thereby expanding cross-industry projects where NTT DATA excels.

In addition, in order to respond to strong demand from Hyper Scaler^(Note4) and provide high-quality services to enterprises in the globally expanding digital transformation market, etc., the Company has positioned the data center business as one of the important pillars of its business foundation over the medium to long term and plans to make aggressive investments in this business.

[Strategy 2. Strengthen Consulting with Foresight]

In July 2022, we established the Consulting & Asset Business Transformation Headquarters as a head office organization reporting directly to the president to accelerate transformation through a company-wide collaboration on the Strategy 2 and Strategy 3 initiatives.

As a methodology for clients and industries to envision the future (foresight), we developed the Foresight Design Method and introduced ways of using the Method and actual cases of using it on the portal of our intranet. We have been promoting initiatives to facilitate practical utilization at organizations in respective fields.

In fiscal 2022, NTT DATA combined the knowledge and experience we have cultivated in the insurance and healthcare industries to envision the desired state of the insurance industry, which led us to create new offering values and receive an order for a project that went beyond existing business boundaries.

[Strategy 3. Evolve to an Asset-Based Business Model]

We are working to consolidate foresight and best practices in industries and businesses, software, in-house tools, and other values that we can provide to our clients in a reusable form and utilize them to provide consulting service and promote delivery and managed services^(Note5) worldwide.

In July 2022, we newly established the Technology Consulting & Solution Segment to consolidate assets that can be repeatedly utilized across industries. We are currently applying them to projects and accumulating know-how. In fiscal 2022, we made use of our “Open Canvas” cloud platform as an asset and created the “Open Canvas for Government,” the community cloud service for the government. The Global Innovation Headquarters established in July 2022 and other organizations have developed a scheme to create global assets in order to acquire global competitiveness and began to create and use the assets worldwide.

As we are evolving to an asset-based business model, we maximize the value we provide to clients by transforming from the prior contracted SI-based business model to one in which we make proposals and suggestions, with business agility appropriate for the digital age.

[Strategy 4. Enhance Advanced & Development Technology]

We are promoting activities in three areas based on the maturity level of technologies – Emerging, Growth, and Mainstream – and seeking to strengthen both advanced technology utilization capabilities for securing future competitiveness and system development technology capabilities for improving productivity.

With regard to Mainstream Technologies, we designated areas with high market growth potential as focus areas and aim to accelerate business growth by incorporating the high market growth in our business.

In fiscal 2022, we provided a customer information management system using EAS (ServiceNow), one of our focus areas, in a speedy manner. In the area of Cyber Security, another area of focus, we received an order for a global-scale project through cooperation between domestic and overseas centers to build a service provision scheme for a client operating business globally.

In the area of Emerging Technologies, we aim to gain future competitiveness and established Innovation Center in six countries worldwide in August 2022 with high sensitivity to advanced technologies. The center is the core of our effort, and we carry out R&D with innovative clients and gain technology and know-how on a global scale.

[Strategy 5. Be the Best Place to Work]

We aim to transform into an attractive company for employees with organizational functions and cultures, allowing each of our diverse talents to express themselves and actively participate. We promote diversity, equity, and inclusion^(Note6) by developing systems to support the self-directed growth of staff, such as realizing treatment commensurate with high degrees of specialization and training systems to learn leading-edge technologies globally and building an environment in which working hours and locations can be flexibly configured based on factors such as the characteristics of work.

Regarding talent development, NTT DATA introduced a new human resource development platform “Olive One” in April 2022 to support employees’ learning and development according to their diverse expertise and aspirations. Furthermore, NTT DATA’s unique human resource development program “Professional Career Development Program (CDP)” is being improved so that it can respond to technological and business changes; the contents of the program are also being enhanced.

We will actively work to build an environment that supports diverse work styles, e.g., encouraging the use of human resource systems, such as the Flexible Grade system^(Note7), that respond to the shift to the job-type employment from the traditional membership-type employment and establishing a telework system assuming the combination of remote working and office working in July 2022. We also promote diversity, equity, and inclusion through measures for women’s empowerment, for sexual minorities such as LGBTQ, and for employment of people with disabilities. In addition, we are increasing our efforts to hire people with working experience to acquire various talents.

As a result, we have become a company group that not only provides consulting services and develops applications but also has capabilities necessary for digital transformation, including the field of connectivity, on a worldwide basis. We established a system capable of addressing clients’ needs that are increasingly complex and diverse at a global level. From now on, we will demonstrate synergies from the business combination and further increase efforts to promote the five strategies set out in the MMP, aiming to realize a sustainable society together with our clients worldwide.

[Promotion of Sustainability Management]

Under the slogan of “Realizing a Sustainable Future” set out in the current MMP, we established the Sustainability Innovation Department in July 2022 to oversee business strategy with a focus on nonfinancial indicators and an aim to promote sustainability management. In addition to the three axes of “Clients’ Growth,” “Regenerating Ecosystems,” and “Inclusive Society,” we established nine key issues (materiality) to be tackled in promoting sustainability management.

We have been implementing initiatives in both business and corporate activities, such as launching C-Turtle, the greenhouse gas emission visualization service, as well as formulating “NTT DATA Carbon-neutral Vision 2050” aimed at net-zero GHG emissions. We are also highly recognized worldwide, as we became the first Japanese company to be recognized as a CDP^(Note 8) Gold Accredited Solutions Provider from CDP, an international nongovernmental organization in the field of climate change.

[Overseas Business Combination and Transition to a Holding Company System/Strengthening of Global Coordination Function]

To support the growth of our clients' businesses and realize a sustainable society together with our clients, we believe that we should further increase our ability to build systems with customer understanding and high technical abilities that we have cultivated so far and our ability to support various enterprise systems and industry infrastructure to connect people with enterprises and society. To achieve this, NTT DATA integrated the group overseas business of NTT Inc. (current trade name: NTT DATA, Inc.), which was a subsidiary of Nippon Telegraph and Telephone Corporation, into the NTT DATA group's overseas business through an absorption-type company split in October 2022.

Based on the overseas business combination, we plan to transition to a holding company structure in July 2023 to strengthen the global management system and ensure the flexibility and mobility of Japanese and overseas business operations. In October 2022, NTT DATA and NTT Ltd. combined overseas business operations and established NTT DATA, Inc. In November 2022, the NTT DATA domestic business preparation company was established as a company to prepare for the founding of a new domestic business company, which is scheduled to take place at the same time of the founding of a holding company. We are steadily preparing for a transition to a new structure.

Aiming to enhance corporate functions under the global management system, we reorganized the Global Marketing Headquarters in July 2022 and newly created the Global Governance Headquarters and the Global Innovation Headquarters.

Since the establishment of the NTT DATA, Inc., we have promoted measures to create synergies in overseas businesses, including cross-selling approaches to clients and collaboration between NTT DATA's existing application development capabilities and newly acquired strengths in the connectivity areas such as network and infrastructure platforms, which enabled us to receive an order from a major home appliance manufacturer.

Progress on Business Activities

To respond to the digital transformation that is accelerating globally and clients' needs that are becoming more diverse and sophisticated, we expanded our business in the global market and enhanced digital offerings specific to market changes. The business combination with NTT Ltd. allowed us to acquire capabilities in the field of connectivity globally, and we worked to provide various IT services ranging from consulting, application development, to infrastructure services.

[Summary of financial results for the 35th fiscal year]

Net sales, operating income, and net income increased due to the effect of scale expansion resulting from the consolidation of NTT Ltd. due to overseas business integration.

Net sales increased due to the effect of expanded consolidation, as well as the business growth in all segments and the impact of foreign exchange rates.

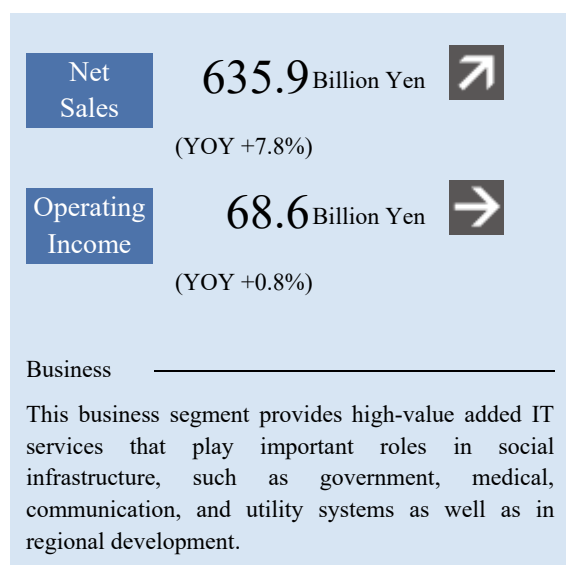
Operating income increased due to the effect of expanded consolidation and sales growth despite increase in company-wide strategic investments as well as loss from unprofitable projects.

(¥ Billion, except for net dividend per share [yen])

Items	Year	34th Fiscal	35th Fiscal Year (FY2022)	
		Year (FY2021)		
Net sales		2,551.9	3,490.2	+36.8% +938.3
Operating income		212.6	259.1	+21.9% +46.5
Net income attributable to shareholders of NTT DATA		143.0	150.0	+4.9% +7.0
Net dividend per share		21*	22	+4.8% +1

*includes special dividend of 2 yen

Public & Social Infrastructure Segment



As efforts are accelerating to realize a digital society, including digital transformation, which is driven mainly by the establishment of the Digital Agency, and structural reforms, NTT DATA Group deepened client-focused business by applying advanced technology to core operations of the government and infrastructure companies and making value-added proposals. Furthermore, we aimed to expand our business by developing social systems from a user's perspective in line with the "Priority Policy Program for Realizing Digital Society."

< Launches services to allow patients with cancer to manage their "vital data" and "diet">

- In July 2022, NTT DATA, along with Omron Healthcare Co., Ltd. (Omron Healthcare); Mitsui Fudosan Co., Ltd.; and Link & Communication Inc. (Link & Communication), launched the vital data management service "Health Data Bank for Medical," which uses digital technology and a dietary treatment course in the "Calomama Plus" diet management service for patients with cancer who are staying at Mitsui Garden Hotel Kashiwa-no-ha Park Side (Note9). In Health Data Bank for Medical, Omron Healthcare's medical and wearable devices are rented to patients so that they can see their vital data recorded on their own while the data also can be viewed, with patient's consent, by medical professionals treating the patients at National Cancer Center Hospital East and the hotel staff to allow them to have better understanding of patients' conditions. In addition, the dietary treatment course (Note10) in the Calomama Plus offered by Link & Communication provides advice on

diet for patients with cancer based on information about their diet, exercise, sleeping, etc.

Health Data Bank for Medical uses multiple accumulated vital data for examining ways to improve the operational efficiency of the hospital and hotel as well as the quality of treatment. In the future, we aim to continually create value by utilizing, with patients' consent, the data and know-how obtained using the Dot to Dot platform (Note11) to develop new services for patients. Through this service, we will establish a model in which companies support patients with cancer in cooperation with medical institutions.



< Developing platform business to connect cultural asset and other contents holder with its supporters >

- NTTDATA, along with the Vatican Apostolic Library (Vatican Library), conducted a demonstration experiment on the "Vatican Library Web3 (Note12) Support Project" to support cultural activities combining digital content and NFT (Note13) from February to March 2023.

Since 2014, NTT DATA and the Vatican Library have been working on the digital archiving project "DigiVatLib" (Note14), aimed at preserving valuable handwritten documents for long periods and disclosing them to the public using the digital archive solution technology AMLAD® (Note15). In the demonstration experiment, we sought supporters for the Vatican Library online and released two systems: one to certify their support activities with the NFT and blockchain technology (Note16) and the other one in which only users with the proof are allowed to view the high-resolution data provided by the Vatican Library especially for the project. During the demonstration examination period, over 20,000 users viewed the data. NTT DATA examined the possibility of expanding a community of a cultural organization and its supporters on the Internet using the Web3 technology. We confirmed its technological and operational feasibility as well as its business feasibility such as whether to attract customers or not.

On the basis of the results of the demonstration experiment, NTT DATA will fully develop services using Web3 technology, aiming to provide those services to cultural and art organizations including museums. We will contribute to preserving valuable cultural properties and building new communities of relevant authorities in various countries and their supporters.

Financial Segment

Net Sales	662.2 Billion Yen 
	(YOY +3.5%)
Operating Income	68.8 Billion Yen 
	(YOY +13.1%)
Business	
This business segment provides high-value added IT services that help financial institutions to improve their business efficiency and offer good services.	

To meet the needs for digitalizing society, financial and nonfinancial companies are increasingly collaborating with each other beyond the boundaries of industries and new financial services that help solve social issues are appearing one after another.

As the safety of financial infrastructure attracts attention again, NTT DATA continued to support safe, secure, and high-quality financial infrastructure to achieve a sustainable society. Cooperating with the Public & Social Infrastructure and Enterprise Segments, we aimed to expand new financial services to help solve social issues along with clients beyond the boundaries of industries.

< Contributing to improving the efficiency of payment operations with one-stop payment service >



● In July 2022, NTT DATA and Resona Bank, Limited (Resona Bank), launched a new payment service “Resona onestop payment” for corporations and self-employed customers. In this joint project, NTT DATA built a system with our technological capabilities and partnerships to address the issues and needs in customers’ payment operations, which Resona Bank had found in its customer base, such as slow computerization.

The service automatically creates payment data from the invoice information uploaded by AI-OCR, which is seamlessly linked to Resona Bank's Internet banking service “Resona Business Direct” to make payments. Moreover, the paid invoice data are automatically stored electronically and can be searched easily at any time. On February 13, 2023, a credit card payment function was added to the service to promote credit card payment in the business-to-business industry where credit cards are used rarely and offer various payment methods to help clients digitalize their businesses and improve their operational efficiency.

In the future, NTT DATA aims to help solve payment operation-related social issues, such as analogue operations due to slow computerization, and inefficient operations by realizing efficient intercompany payment based on the revised Act on Book and Record Keeping through Electronic Methods ^(Note17).

contribute to clients’ decarbonization by reducing electricity consumption and by other means in the future.

<Starting to study “integrated banking cloud” for Japan’s first joint-use core banking system >





● In November 2022, NTT DATA started to study the feasibility of providing an “integrated banking cloud” aimed at ensuring high reliability required for financial institutions on a cloud environment and offering safe, secure, low-priced, and permanent services.

The service is an Ultra-high Service Level Agreement (SLA) ^(Note18) Cloud made in Japan, which dedicated for banking systems. It consolidates data centers, hardware, and middleware, and NTT DATA provides the service in a one-stop manner, which helps financial institutions operate efficiently and reduce management burden. This enables financial institutions to concentrate their resources on competitive fields other than core banking systems and enhance ability to respond to digital transformation, leading to develop new customer value.

NTT DATA considers implementing a joint-use core banking system that we currently offer in the cloud in a phased manner, aiming to apply it to the Chigin Kyodo Center ^(Note19) and MEJAR ^(Note20) banking system and other business sectors by approximately 2028 and 2030, respectively. NTT DATA and banks using MEJAR agreed to start discussions on the participation of Hiroshima Bank, Ltd., and the fourth-term MEJAR including the application of the aforementioned cloud.

NTT DATA contributes to accelerating DX for enhancing customer experience value as a business partner of financial institutions based on the Open Service Architecture (OSA) ^(Note21) concept, which we promote.

Enterprise

Net Sales	520.4 Billion Yen	
	(YOY +11.5%)	
Operating Income	51.4 Billion Yen	
	(YOY +18.6%)	
Business		
<p>This business segment provides high-value added IT services that support manufacturers, distributors, and service providers as well as payment services such as credit cards and platform solutions services, provided in collaboration with other IT services.</p>		

In a rapidly digitalized business environment, we presented management issues and strategies for clients based on industry and technology forecasts and offered optimized value by utilizing advanced technology and global solutions, thereby transforming clients' businesses and developing services together with clients.

< Initiatives for carbon neutrality >

NTT DATA has been implementing various initiatives for carbon neutrality. We contribute to a carbon-neutral society by offering consultations and solutions that help reduce greenhouse gas (GHG) emissions from entire supply chains.

- In May 2022, NTT DATA, jointly with Asahi Kasei Corporation (Asahi Kasei), developed a product management platform for managing and evaluating the carbon footprint of products (CFP) ^(Note22) for each final product and started to provide CFP data for clients in Asahi Kasei's Performance Materials Division. The platform not only helps decarbonize Asahi Kasei but also promotes the decarbonization of the company's entire supply chain by offering CFP data for each final product for clients in downstream supply chains. Furthermore, we utilize the Internal Carbon Pricing that sets a value on a company's own CFP and focus on balancing profit and CFP; thus, we can offer services with an eye on the possibilities of increasing product competitiveness, expanding business, and changing behaviors in the future.
- In August 2022, NTT DATA became the first Japanese company to sign a license agreement with Carbon Disclosure Project (CDP), an international nongovernmental organization renowned in the field of climate change, to use its global database of companies' GHG emissions. This allows NTT DATA to use CDP's data on the GHG emissions visualization platform "C-Turtle" and efficiently calculate the effect of emission reductions of suppliers using the "Company-wide Emission Allocation Method," thereby promoting emission reductions throughout the entire supply chain.

< NTT DATA and Anaplan embarks on the joint rollout of a service in the field of multi-enterprise collaboration >



- In January 2023, NTT DATA strengthened a partnership with Anaplan Japan in the field of multi-enterprise collaboration and embarked on the joint rollout of NTT DATA's "iQuattro" ^(Note23) and Anaplan Japan's "Anaplan" ^(Note24).

"iQuattro" is a platform that promotes the utilization of data dispersed across companies and operational processes. By linking it to "Anaplan," a platform that supports budgeting, planning such as supply-demand adjustment, and performance management operations, it becomes possible to effectively collecting, accumulating, and utilizing large-scale supply chain data and accelerating the establishment of sustainable supply chains for companies. It also enables companies to quickly respond to the needs for sustainability management, including the visualization of GHG emissions, which has become more important lately.

In the future, we will jointly promote businesses by taking advantage of the client bases of both companies and develop a service to quickly link and use various large-scale data generated across companies and projects. We will introduce the service for complex supply chains of industry-leading large companies, aiming to offer it for around 500 companies by 2025.

Overseas Segment

Net Sales	1,880.4 Billion Yen	↑
	(YOY +80.8%)	
EBITA	111.6 Billion Yen	↑
	(YOY +120.2%)	
Operating Income	81.6 Billion Yen	↑
	(YOY +162.3%)	
Business	The business segment provides high value-added IT services, taking into account market characteristics in global businesses.	

We expanded offerings mainly in consultation and digital businesses and increased the profitability in existing business fields by means such as promoting automation, and developing and enhancing digital talent as global basis. Furthermore, we have added NTT Ltd.' strengths in infrastructure and connectivity, such as data center and network services, to our services, which are demanded in accelerating DX environment, to offer comprehensive services on a global scale and have responded to more complex and diverse digital needs of clients.

< North America: Winning a contract through global digital offerings >

● MetLife, Inc. through its subsidiaries and affiliates, is one of the world's leading financial services companies, and has been a strategic client of NTT DATA Services for over 10 years. NTT Data Services provides services that support MetLife's Voluntary Worksite Group Benefit products. In supporting MetLife under this relationship, NTT DATA Services is leveraging our Global Insurance Digital Platform (GIDP) ^(Note25) to improve customer experience and drive operational efficiencies. The platform especially helps us automate key claims processes, and it also provides a single view to our insurance agents to help them create superior customer experiences for MetLife policyholders.



< EMEA & LATAM:

Providing advanced systems for sustainability in water utilities>



● Since FY2020, NTT DATA ITALIA S.p.A. and Italy's largest multi-utility company Acea S.p.A. have been providing the Waidy Management System, a digital platform to manage the entire water cycle using advanced technologies such as cloud, IoT, and AI. We added functions to detect abnormalities in the water supply zones and to monitor and control the balance of water inflow and outflow in 2022.

The system is integrated with organizations' eco-systems to plan, develop, distribute, and manage the optimal use of safe water resources throughout the entire water cycle. It controls the balance of water inflow and outflow, reduces the loss of water due to leaks from pipes, and monitors water quality in order to conserve and expand water resources.

As water management is important in terms of achieving Goal 6 of the SDGs, "Ensure access to and sustainable management of water and sanitation for all," and water scarcity is a key issue in the UN's "2030 Agenda," we will continue to work toward achieving sustainable water use through the continuity of the service.

<NTT Ltd.: Promoting factory innovation by combining the Group's SI and infrastructure development capabilities>



● NTT Ltd., NTT DATA EMEAL, BMW Group, Intel Corporation and Microsoft Corporation are collaborating at the innovation hub ^(Note 26), a place for open innovation across those companies, at BMW Group's factory in Germany, which was opened in June 2022 and is used to initiate and implement use cases for the digitization of factory and logistics operations. One of the use cases, "Autonomous driving in Factory," automatically guides vehicles from the assembly line to the shipping yard. In this use case, NTT Ltd. has deployed a private 5G network and NTT DATA EMEAL is contributing as the system integrator to control vehicles based on data acquired from perception sensors in the factory, thus contributing to the digitalization of production processes.

We will continue to contribute to the promotion of innovation in various fields by combining the strengths of our group, such as SI and ICT infrastructure capabilities.

●Reference : Breakdown of Overseas Business

(Billions of Yen, %)

			FYE3/2022 Results	FYE3/2023 Results	YoY (Rate)
Net Sales			1,039.8	1,880.4	+80.8%
	Re- post	North Americas	477.8	594.3	+24.4%
		EMEA&LATAM	551.0	692.5	+25.7%
		NTT Ltd.	-	582.8	-
EBITA			50.7	111.6	+120.2%
	Re- post	North Americas	31.1	41.9	+34.8%
		EMEA&LATAM	19.2	29.9	+56.0%
		NTT Ltd.	-	39.8	-

Notes:

(Note 1) Edge to Cloud

It is an architecture that combines edge computing, in which data processing and analysis is performed on IoT terminals, smart devices, and servers installed nearby, with cloud computing, in which data is centrally managed and processed.

(Note 2) Smart city

A next-generation city that utilizes information technology for its infrastructure operation, etc.

(Note 3) KOKO PASS

The service allows cashless payment of fees and other government funds to administrative agencies.

(Note 4) Hyper Scaler

It is a company that owns huge server resources and provides cloud and data center services.

(Note 5) Delivery and managed services

It is an integrated service that provides everything from environment construction to management and operation, including the installation of hardware, software, etc. associated with IT services.

(Note 6) Diversity, equity, and inclusion

Diversity, equity, and inclusion that need to be addressed to achieve a sustainable society.

(Note 7) Flexible Grade system

It is a personnel system that appropriately allocates and treats diverse business contributions, including management skills.

(Note 8) CDP

Carbon Disclosure Project is a nongovernmental organization that is run by a UK-based charity organization and collects environment-related information from companies and municipalities around the world. The information that CDP discloses serves as global standards for environmental information disclosure. It operates a global information disclosure system to allow investors, companies, countries, regions, and cities to manage their own environmental effect.

(Note 9) Mitsui Garden Hotel Kashiwa-no-ha Park Side

It is a hotel on the premises of National Cancer Center Hospital East that offers accommodation with around-the-clock support for patients with cancer and their families.

(Note 10) Dietary treatment course

It is a course for cancer patients within “Calomama Plus.” In the dietary treatment course, patients input the side effects of anticancer drugs, cancer types, and everyday physical conditions by filling a questionnaire to receive appropriate dietary advice. They can also view records of water intake and exercise contents.

(Note 11) Dot to Dot

It is a platform that has been offered in Kashiwa-no-ha Smart City since November 2020. This platform is managed and operated jointly by UDCK Town Management and BIPROGY Inc. (former Nihon Unisys, Ltd.). We will develop new services, increase value, and promote R&D activities through safe data distribution based on two concepts: “personal data sovereignty,” in which the use of personal data should be decided by individuals to whom the data belongs, and “distributed data management,” in which the data that a company obtained from its own services are linked to other companies only when necessary.

(Note 12) Web3

It is a distributed Internet achieved by blockchain technology. As digital data are stored in a distributed network, it becomes possible to utilizing data across countries and companies, thereby generating wider communities.

(Note 13) NFT

It is a token registered on the blockchain and has characteristics including “not being able to alter the information,” “remaining permanently,” and “being transparent (easy to share and consult).” In the project, NFT was used to certify that the owner supported the Vatican Library and have the right to view the high-resolution images available on the website. This NFT does not grant supporters a right to use the high-resolution images for purposes other than viewing them on their own.

(Note 14) DigiVatLib

It is a digital archiving project aimed at preserving valuable handwritten documents owned by the Vatican Library for long periods and disclosing them to the public.

(Note 15) AMLAD

It is a digital archiving solution that manages digital contents owned by museums and others in an integrated manner and turn them into usable resources, making it possible to search and view the information easily on various devices such as personal computers.

(Note 16) Blockchain technology

It is a database that does not have any central administrator and is managed by multiple participants in a distributed manner. Compared with a database managed by a specific service operator, blockchain technology has advantages in ensuring transparency and reliability of data. The blockchain foundation used in the demonstration experiment uses BlockTrace provided by NTT DATA.

(Note 17) The revised Act on Book and Record Keeping through Electronic Methods

It is a law that allows storage of national tax-related books and records in the form of electronic records (electronic data) with certain conditions satisfied and obliges businesses and organizations to preserve electronically received transaction information, among other provisions. After the Act became effective in January 2022 (with a safe harbor rule period), all digital transaction information is required to be stored as electronic data with no exception.

(Note 18) SLA (Service Level Agreement)

SLA refers to quality assurance levels for services provided (definition, range, content, target to be achieved, etc.)

(Note 19) Chigin Kyodo Center

It is a center for joint-use core banking systems established and operated by NTT DATA for first- and second-tier regional banks.

(Note 20) MEJAR (Most Efficient Joint Advanced Regional) banking system

It is a center for joint-use core banking systems for first- and second-tier regional banks developed by NTT DATA and operated mainly by banks. The fourth-term MEJAR is scheduled to start in fiscal year 2030.

The participating banks are (start of service use and bank code order) the Bank of Yokohama, Ltd.; Hokkaido Bank, Ltd.; Hokuriku Bank, Ltd.; The 77 Bank, Ltd.; Higashi-Nippon Bank, Ltd.; and Hiroshima Bank, Ltd.

(Note 21) OSA (Open Service Architecture)

It is a standard architecture that embodies a new financial information technology required in the post-COVID-19 world.

(Note 22) CFP

Carbon footprint of products is quantitatively calculated by converting total GHG emissions generated from the entire life cycle of products and services, from raw material procurement to disposal and recycling, into the equivalent amount of CO₂, making it possible to discuss effective reduction measures for each manufacturing process. Asahi Kasei's CFP calculation is based on the “cradle-to-gate” assessment, which combines upstream emissions from raw materials and transportation and in-house manufacturing process and energy-related emissions, such as electricity used during manufacturing.

Notes:

(Note 23) iQuattro

It is a platform that NTT DATA has been providing since 2017. It has a proven track record for digitalization projects such as a project for a large-scale supply chain of the assembly manufacturing industry consisting of several hundreds of companies. We offer comprehensive support for companies aiming to advance their supply chains, from planning and implementation to successful completion.

(Note 24) Anaplan

It is a platform which offers innovative methods for business analysis, planning, and implementation. Anaplan's unique technology Hyperblock enables quicker and reliable decision-making by analyzing performance in real time and predicting future results and helps clients advance their businesses, thereby realizing integrated strategies and plans within an entire company. Anaplan Inc., headquartered in San Francisco, U.S., has more than 200 partner companies and 2,000 client companies worldwide.

(Note 25)GIDP

GIDP provides best-in-class consulting, partnerships, Business Process as a Service, Third-party Administration, and technology for the Life & Annuity market. GIDP addresses disruptive conditions by combining business process outsourcing, IT infrastructure, security, compliance and automation in a single platform.

(Note 26) Innovation hub

In this case, it refers to an environment set up in an actual factory training center to verify new technologies in a real-world environment.

2. Progress of Technical Development

In order to survive the intense global competition, the NTT DATA Group works on the “promotion of advanced technology and innovation” to actively introduce new technological trends in business while promoting research and development on “production technology innovation,” such as speeding up and increasing quality of system development and building a cloud foundation that takes into account the greater use of cloud services and digitalization. We create platforms that globally collect and utilize knowledge and know-how on advanced technologies to facilitate innovations and improve next-generation production technologies.

Through collaborative R&D with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), we utilize the results for fundamental R&D themes to focus our resources on applied R&D themes.

The R&D costs for the consolidated fiscal year under review were 24,937 million yen. The results of the R&Ds, which are commonly applicable to the Public & Social Infrastructure, the Financial, the Enterprise, and Overseas Segment, are not separately recorded by each segment.

<Launch of Innovation Center in six countries>



In August 2022, NTT DATA launched Innovation Center in six countries worldwide, aiming to acquire world-leading capabilities for utilizing advanced technology.

The organizational structure of the centers comprises Strategy Headquarters, which formulates technology strategies, and local centers in six countries (Japan, the U.S., Italy, Germany, China, and India). Technology themes are set for each center based on relevant technology strategies from Strategy Headquarters. Through joint R&D with leading companies as well as cooperation with universities and startups, these centers quickly collect information on the advanced technology application cases that are underway in their corresponding regions. Such information then become input for next-technology strategies. The centers consist of approximately 100 experts from all over the world, who are mainly researchers, consultants, and engineers.

These centers conduct Proof of Concept ^(Note1) with leading companies in each country. This fiscal year, an innovation partnership agreement was concluded in the field of industrial digital twin with an Italian media company. Orders for large-scale joint projects were also received in fields such as metaverse and quantum computing with leading companies, including the heavy and automobile manufacturing industries.

In the future, we aim to expand its organization to 300 experts by the end of fiscal year 2025 and conclude medium- to long-term R&D project partnerships with 50 or more leading companies. In fiscal year 2023, we set three fields as priorities for the Growth Area, which is the next step of the Emerging Area set forth in Strategy 4 “Enhance Advanced & Development Technology” of the Medium-term Management Plan. The three fields are the industrial digital twin, quantum computing, and blockchain, where NTT DATA was recognized as a world-leading IT service provider that supports clients in the Everest Group PEAK Matrix ^(Note2). Through these, we will accelerate our efforts to expand real-world projects to help innovate our clients’ businesses.

< Utilization of combinational optimization technology with Ising machines ^(Note3)

>



From November 2022 to March 2023, NTT DATA, Komi Hakko Corp. (Komi Hakko), and Nippon Telegraph and Telephone Corporation (NTT) jointly conducted an examination using actual equipment on a method to calculate optimal combinations from several thousands of odor components and instantly reconstruct various odors and fragrances with a few odor components.

This examination applied optimization calculation using NTT's next-generation optical Ising machine LASOLV and NTT DATA's analysis technology ^(Note4) for the optimization of odor component combinations to calculate optimal combinations from the Komi Hakko odor database and conducted comparison evaluation with existing methods. With the existing methods, odor combination calculation can cover up to 1,000 types of odor components at most, whereas the new method is confirmed to be able to increase the types of odor components to 8,000 or more. Additionally, the method is confirmed to be effective in improving the optimization calculation accuracy and supporting processes for odor AB testing ^(Note5).

Given the aforementioned results, NTT DATA concluded a partnership agreement with Komi Hakko in April 2023 and started discussions on the conclusion of business partnership and other issues. In the future, the two companies will work not only on the efficiency improvement and advancement of fragrance development but also on the development of new businesses, such as adding smell information to the video industry and metaverse, aiming to develop at least 10 odor or fragrance businesses by 2025. Moreover, NTT DATA will promote business innovations by applying new methods to the issue of combination optimization not only in the odor or fragrance industry but also in other industries. We will conduct quantum computing business and next-generation architecture lab services globally and improve business operations with 100 or more new methods over the next three years.

(Note 1) Proof of Concept

Simple trial experiments to demonstrate the feasibility of a new concept or idea.

(Note 2) NTT DATA was recognized as a world-leading IT service provider that supports clients in Everest Group PEAK Matrix

NTT DATA was named as a "Leader" in a US company's survey report "Enterprise Blockchain Services PEAK Matrix Assessment 2022," issued in December 2021.

(Note 3) Ising machine

Next-generation optical Ising machine LASOLV is a new principle-based calculation device that has been researched and developed by NTT Inc. LASOLV can be used at room temperature and imitate Ising models with multiple optical pulse phase combinations, so called "optical physical phenomenon." It develops interactions in which the closer a possible solution is to the optimum one, the fewer phase combination changes occur (that means stable), thereby leading to a solution. As LASOLV can solve the issue of combination optimization at quite high speed, it is expected to solve issues that have not been solved so far.

(Note 4) NTT DATA's analysis technology

NTT DATA provides services to verify and evaluate various real business issues, regardless of industry, based on business requirements by appropriately utilizing quantum computers and Ising machines that perform efficient combinatorial optimization calculations.

(Note 5) AB testing

It is a testing method that compares two patterns and determines the better one.

3. Challenges to be addressed

[Outlook of the business environment]

The social environment is changing every day, and requirements for corporate management are becoming more diverse, in terms of creating a balance between contributing to solving social and global environmental issues and improving economic value by new value creation. As things and people are more connected than ever, thanks to technological advancement, various social trends from corporate activities to consumer consumption and lifestyle are changing, and IT services, mainly digital transformation (DX), are increasing in importance.

On the other hand, the economic situation overseas may take a downturn due to monetary tightening across the globe, which may then aggravate the economic situation in Japan. Moreover, the impacts of the rising costs of resource and commodity, restrictions in supply, and fluctuations in the financial capital market should be considered.

Even under such circumstances, DX is accelerating among client companies, and demand for digital shift is increasing and expected to grow steadily. However, competition in the IT market continues to get stiffer as seen by the entry of new players; thus, it is necessary to further improve our business competitiveness on a global level to continue contributing to our clients.

[Issues to be Addressed]

Efforts to improve the profitability of the overseas business have produced certain results; however, it remains low compared to the domestic business, and we need to continue improving profitability and promoting digital shift for further growth of the overseas business.

To expand the digital business, it is necessary to boost upstream business such as consulting and improve productivity and quality by automation, use of assets, and shoring.

On the other hand, as mentioned regarding the outlook of the business environment, digital transformation for solving social issues and contributing to the global environment is accelerating, and efforts to further strengthen our competitiveness are necessary.

In addition, we recognize the need for appropriate investment management, taking into consideration the impact on investment profitability and financial soundness, as we move forward with aggressive investment in M&A, data centers, and other areas to achieve further business growth.

Furthermore, as competition for talent becomes severer worldwide, it is our challenge to develop an environment and culture where a diversity of people can work for a long-term and eventually grow into a truly global company.

[Addressing the Issues]

Growth of overseas business accompanied by quality

To improve the profitability of our overseas business, we have been reforming our business structure since before the integration of the overseas businesses. As a result, the overseas EBITA ratio ^(Note1) has improved from 2.5% in FY2019 to 8.0% in FY2022, and we are steadily achieving growth accompanied by quality.

In FY2023, we will promote full-fledged restructuring of our overseas operations and accelerate the creation of synergies through the transformation of our overseas business structure, including (1) shifting to an integrated structure that can provide offerings uniformly on a regional basis, (2) strengthening our ability to provide services on a global level, and (3) overall optimization of corporate functions existing in multiple companies, aiming to achieve the management target of 10% overseas EBITA ratio ^(Note1) in the Medium-Term Management Plan.

Thorough Implementation of the Medium-Term Management Plan

To address the above issues, we will thoroughly implement the five strategies of the Medium-Term Management Plan to strengthen our competitive advantage, including the acquisition of digital-related capabilities.

Investment for Business Growth

As a framework to support the five strategies of the Medium-Term Management Plan, we will make strategic investments amounting to 32 billion yen in FY2023 to establish a favorable cycle of investment and growth, and to achieve business growth toward the Global 3rd Stage. We will strengthen focused technologies and industries, particularly in the digital area, to achieve the goals of the Medium-Term Management Plan, and create next-generation businesses, including the utilization of advanced technologies such as IOWN and the promotion of sustainability businesses, for medium- to long-term growth.

In FY2022, we invested approximately 80 billion yen in M&A to expand our market share in North America and other major markets and to acquire digital-related capabilities, and we are planning to invest the equivalent amount or more in FY2023.

Through aggressive M&A, we will strengthen our ability to provide digital business, enhance our consulting capabilities, and expand our client base in focused industries.

We also recognize the data center business as an important business area as a future source of profit, and we will aggressively invest in the business to strengthen our partnership with Hyper Scaler and to develop our enterprise services business.

Through these aggressive investments, we will strive to achieve the management targets of the Medium-Term Management Plan as well as maintain and strengthen our competitiveness over the mid-to-long term.

Meanwhile, strategic investments with leverage, such as M&A and data center investments, will have an impact on investment profitability and financial soundness, but we will take a multi-faceted approach, including financial strategies such as shortening payback periods, and improving profitability.

Efforts to Acquire Human Resources

As for recruiting and developing talented people, in Japan, we are strengthening our recruiting system to enhance the hiring of mid-career talent in addition to new graduates, and we are seeing the positive results in FY2022. Overseas, in addition to enhancing recruitment, we are also working to secure talent through the M&As and other measures mentioned above.

We also recognize the need to turn the power of diverse people into new competitiveness, and will enhance systems for successful participation of human resources and establish globally shared training courses and promote personnel exchanges from the medium- and long-term perspectives.

Sustainability management

Led by the Sustainability Innovation Department established in July 2022, and under the slogan of “Realizing a Sustainable Future” set in the Medium-Term Management Plan, we will promote efforts to incorporate sustainability into our business to realize “Business with Sustainability” based on the three pillars and nine material issues.

NTT Data Group’s mission statement “NTT DATA Group uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society” is the sole meaning of our existence even at this age, with significant changes. Under this mission statement, we will continue to create future-oriented value and connect people by technology to realize a sustainable society together with our clients.

(Note 1) Excluding one-time costs for M&A, structural reform, etc.

4. Changes in Assets and Profit and Loss

Changes in Assets and Profit and Loss of the Corporate Group

(¥ million, except for net income per share [yen])

Items	Year	IFRS				
		31st Fiscal Year (FY2018)	32nd Fiscal Year (FY2019)	33rd Fiscal Year (FY2020)	34th Fiscal Year (FY2021)	35th Fiscal Year (FY2022)
Net sales		2,163,625	2,266,808	2,318,658	2,551,906	3,490,182
Operating income		147,716	130,937	139,173	212,590	259,110
Income before income taxes		146,914	120,155	130,452	215,849	242,800
Net income attributable to shareholders of NTT DATA		93,616	75,148	76,843	142,979	149,962
Net income per share		67	54	55	102	107
Total assets		2,476,062	2,686,008	2,897,015	3,084,513	6,158,194
Total equity		966,809	987,415	1,126,548	1,328,267	2,396,365

Notes:

1. Net income per share is calculated based on the average number of shares outstanding during the fiscal year.

5. Capital Investments

The amount of capital investments and the like in the current consolidated fiscal year is 381,681 million yen (115.9% increase compared to the previous fiscal year). The major component of them was the capital investment in the Overseas Segment.

6. External Financing

During the consolidated fiscal year 2022, NTT DATA procured funds, including 200 billion yen in long-term debt, mainly from NTT FINANCE CORPORATION, to fund the acquisition of additional shares of NTT, Inc. (currently, NTT DATA, Inc.) and the repayment of long-term debt in connection with the integration of overseas businesses.

7. Parent Company and Principal Subsidiaries

(1) Relationship with parent company

Dated October 1, 2022, NTT Inc. completed the transfer of all its shares of NTT DATA (the Company) under its ownership to Nippon Telegraph and Telephone Corporation, which is its parent company. Therefore, NTT Inc. is no longer our parent company, and Nippon Telegraph and Telephone Corporation is the only parent company. As of March 31, 2023, Nippon Telegraph and Telephone Corporation holds 809,677,800 shares of the Company (57.73% of voting rights held).

Business transactions between the Company and Nippon Telegraph and Telephone Corporation include services and benefits to the Company regarding the latter's basic research and development and group management.

In the current consolidated fiscal year, in accordance with the integration of overseas businesses implemented in October 2022, the Company entered into a transaction with its parent company, Nippon Telegraph and Telephone Corporation, to acquire shares of NTT, Inc. (currently, NTT DATA, Inc.), an overseas operating company. However, we have taken measures to ensure fairness and avoid conflicts of interest, such as obtaining a written report from the special committee, which has no interest in the Company, stating that the transaction will not cause any disadvantage to minority shareholders of the Company, and since the Board of Directors of the Company makes the final decision independently from the parent company, the Board of Directors believe that the transaction will not harm the interests of the Company.

(2) Principal subsidiaries

Name of Company	NTT DATA's Voting Right Ratio	Location	Main Line of Business
■ Public & Social Infrastructure Segment			
NTT DATA i CORPORATION	100.0%	Tokyo	System design/development
NTT DATA KYUSHU CORPORATION	100.0%	Fukuoka Prefecture	System design/development
NTT DATA TOKAI CORPORATION	100.0%	Aichi Prefecture	System design/development
NTT DATA KANSAI CORPORATION	100.0%	Osaka Prefecture	System design/development
NTT DATA CHUGOKU CORPORATION	100.0%	Hiroshima Prefecture	System design/development
■ Financial Segment			
NTT DATA FINANCIAL TECHNOLOGIES INC.	100.0%	Tokyo	System design/development
NTT DATA CUSTOMER SERVICE CORPORATION	100.0%	Tokyo	Systems operation/maintenance
NTT DATA FORCE CORPORATION	90.0%	Kanagawa Prefecture	System design/development
NTT DATA FRONTIER CORPORATION	75.5%	Tokyo	System design/development
NTT DATA SOFIA CORPORATION	85.0%	Tokyo	System design/development
NTT DATA Luweave Corporation	100.0%	Tokyo	System design/development
XNET Corporation	51.1%	Tokyo	System sales

Name of Company	NTT DATA's Voting Right Ratio	Location	Main Line of Business
Japan Information Processing Service Co.,Ltd.	80.0%	Tokyo	System design/development
■ Enterprise Segment			
NTT DATA WAVE CORPORATION	80.1%	Tokyo	System design/development
QUNIE CORPORATION	100.0%	Tokyo	Consulting
NTT DATA BUSINESS SYSTEMS CORPORATION	100.0%	Tokyo	System design/development
NTT DATA CCS CORPORATION	60.0%	Tokyo	System design/development
NTT DATA MSE Corporation	45.0%	Kanagawa Prefecture	System design/development
JSOL Corporation	50.0%	Tokyo	System design/development
NTT DATA NJK CORPORATION	100.0%	Tokyo	System design/development
NTT DATA Global Solutions Corporation	100.0%	Tokyo	System design/development
NTT DATA MHI Systems Corporation	51.0%	Tokyo	System design/development
Netyear Group Corporation	48.5%	Tokyo	SIPS (Strategic Internet Professional Services) business (Note 3)
PAYGENT Co., Ltd.	50.0%	Tokyo	Payment processing services
■ Overseas Segment			
NTT DATA, Inc.	55.0%	Tokyo	Governance and strategy formulation for global business and promotion of measures
North America			
NTT DATA, Americas, Inc.	100.0% (100.0%)	U.S.A.	Consulting, system design/development
NTT Data International L.L.C.	100.0% (100.0%)	U.S.A.	Supervision of North American operating subsidiaries
NTT DATA Consulting, Inc.	100.0% (100.0%)	U.S.A.	Consulting, system design/development
NTT DATA Services International Holdings B.V.	100.0% (100.0%)	Nederland	Consulting, system design/development
NTT DATA Services Holdings Corporation	100.0% (100.0%)	U.S.A.	Consulting, system design/development
NTT DATA Services, LLC	100.0% (100.0%)	U.S.A.	Consulting, system design/development
EMEA & LATAM			
NTT DATA Europe & Latam, S.L.U	100.0% (100.0%)	Spain	Supervision of European operating subsidiaries
NTT DATA EMEA LTD.	100.0% (100.0%)	England	Consulting, system design/development
NTT DATA Spain, S.L.U.	100.0% (100.0%)	Spain	Consulting, system design/development
NTT DATA Business Solutions AG	100.0% (100.0%)	Germany	Consulting, system design/development
NTT DATA EUROPE GmbH & CO. KG	100.0% (100.0%)	Germany	Supervision of overseas SAP operating subsidiaries
APAC			
NTT DATA ASIA PACIFIC PTE. LTD.	100.0% (100.0%)	Singapore	Supervision of APAC operating subsidiaries
VietUnion Online Services Corporation	89.5% (89.5%)	Vietnam	Payment Processing Services
NTT Limited			
Dimension Data Investments South Africa (Pty) Ltd	85.0% (85.0%)	South Africa	Provision of IT services and communications and internet-related services for corporations Management of certain subsidiaries of NTT Ltd. in South Africa
NTT America Holdings II, Inc.	100.0% (100.0%)	U.S.A.	Management of certain subsidiaries of NTT Ltd. in America
NTT Australia Pty Ltd	100.0% (100.0%)	Australia	Provision of ICT Services in Australia and management of certain subsidiaries of NTT Ltd in Australia
NTT Cloud Communications International Holdings SAS	100.0% (100.0%)	France	Provision of teleconference, web conference and video conference services
NTT Cloud Infrastructure Australia Pty Ltd	100.0% (100.0%)	Australia	Provision of ICT Services in Australia
NTT Global Data Centers Holding Asia Pte. Ltd.	100.0% (100.0%)	Singapore	Management of certain data center subsidiaries and affiliates of NTT Ltd. in Asia

Name of Company	NTT DATA's Voting Right Ratio	Location	Main Line of Business
NTT Global Data Centers Holding EMEA S.a r.l.	100.0% (100.0%)	Luxembourg	"Provision of data center-related services in Europe"
NTT Security Corporation	100.0% (100.0%)	Tokyo	Provision of professional security services
NTT Singapore Pte. Ltd.	100.0% (100.0%)	Singapore	Provision of ICT Services in Singapore
PT NTT Global Data Centers Indonesia	100.0% (100.0%)	Indonesia	Provision of Data Center services in Indonesia
■ Others			
NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.	100.0%	Tokyo	Consulting
NTT DATA MANAGEMENT SERVICE CORPORATION	70.0%	Tokyo	Administrative agent business
NTT DATA SMS CORPORATION	100.0%	Tokyo	Systems operation
NTT DATA INTELLILINK CORPORATION	100.0%	Tokyo	System design/development
NTT DATA INTRAMART CORPORATION	47.9%	Tokyo	Package software sales
NTT DATA Smart Sourcing Corporation	100.0%	Tokyo	Contact Center Business

Notes:

1. In addition to the above, there were 569 subsidiaries as of March 31, 2023.
2. Figures in parentheses in the column of NTT DATA's voting right ratio show the ratio of indirectly owned voting rights included therein.
3. SIPS (Strategic Internet Professional Services) business:
Business that provides support, etc. for marketing activities based on the internet technology
4. There are no subsidiaries that fall under the category of designated wholly-owned subsidiary

8. Employees

Number of Employees (persons) ^(Note1)	Increase/Decrease Compared with the End of the Previous Fiscal Year (persons)
195,106	+43,115

(For reference) Employees of NTT DATA

Gender	Number of Employees (persons) ^(Note2)	Increase/Decrease Compared with the End of the Previous Fiscal Year (persons)	Average Age (years old)	Average Working Years (years) ^(Note3)
Male	9,703	+183	40.2	15.6
Female	3,011	+180	34.8	11.0
Total	12,714	+363	39.0	14.5

< Efforts to increase the number of female managers >

As part of the diversity and inclusion initiative, we have promote women's active engagement. With the expiration of previous action plan and the achievement of the goals, we newly established and announced general employer action plans (companies, etc.) (5 years from April 2021 to March 2026).

Goal 1 Continuously aim to achieve a female employment rate of over 30% by the end of FY2025

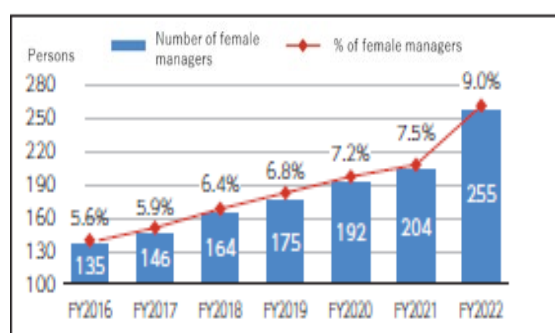
Goal 2 Aim to achieve 10% of female managers by the end of FY2025

Goal 3 Aim to have over 15 female executives (officers and heads of organizations) by the end of FY2025

Goal 4 Aim to achieve over 30% of male childcare leave ratio by the end of FY2025

NTT DATA also believes that it is important to promote diversity among executive officers involved in management. The number of female executive officers Senior Vice Presidents, which is one of the goals under the General Employer Action Plan, has increased year on year to reach 14 in FY2022. Specifically, the Company provides training programs on unconscious bias and diversity management for all employees (about 12,000 participants; attendance rate of 100%). We also help employees succeed, for example, by providing training programs to support the career development of female employees, having employees attend external training sessions, conducting training to change the mindset for officers, and sending messages on promoting the active participation of women in the workplace from all officers. Through these ongoing efforts, we have been able to increase the number of female managers. In January 2023, NTT DATA was certified as a Top Employer 2023 for its efforts of utilizing human resources including the initiative of promoting the active participation of women in the workplace. Also, in recognition of these efforts to improve human resources utilization, including those to empower female employees, NTT DATA was certified as a "Top Employer Japan 2023" in January 2023. The Company was also selected as a constituent of the MSCI Japan Empowering Women Index (WIN), a stock price index composed of companies empowering women with high gender diversity scores.

(For reference) Historical change in ratio of female managers^(Note2) (For reference) Certified Top Employer 2023



Notes:

(Note1) The number of employees above does not include the persons who transferred to other companies from the NTT DATA Group, but includes the persons who transferred to the NTT DATA Group from other companies.

(Note2) The number of employees above does not include the persons who transferred from NTT DATA to other companies, but includes the persons who transferred from other companies to NTT DATA.

(Note3) In calculating the average working years of employees, the number of working years in NIPPON TELEGRAPH AND TELEPHONE CORPORATION, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, NTT Communications Corporation, and other companies are included in the above average working years in case the employees transferred from such companies.

9. Principal Lenders

Name of Lender	Borrowings Outstanding (¥ million)
NTT FINANCE CORPORATION	1,548,200

2 MATTERS CONCERNING SHARES

1. Total number of shares authorized to be issued by the company 5,610,000,000shares

2. Total number of shares issued 1,402,500,000shares

(Including 496,900 shares held by stock delivery trust under performance-based stock compensation system and 10,671 shares of treasury stock)

3. Number of shareholders 100,691persons

4. Principal shareholders

Name	Number of Shares Held	Ratio of Shareholding (%) ^(Note 1)
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 ASIEN 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%

Notes:

1. Ratio of Shareholding has been calculated after deducting treasury stock (10,671 shares).

< Composition of Shareholders (percentage of shares held) >

Financial Institutions	21.10%
Securities Companies	1.28%
Other Companies	58.09%
Non-Japanese Companies, etc.	12.96%
Individuals and Others	6.58%

3. Circumstances of Corporate Governance

(1) Basic Views on Corporate Governance

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

The NTT DATA Group formulated the Medium-Term Management Plan for FY2022–2025 under this corporate mission. With the aim of creating future-oriented value and connecting people by technology to realize a sustainable society together with our clients, we set the slogan “Realizing a Sustainable Future.”

For "Realizing a Sustainable Future" we developed our past ESG management into sustainability management and work on nine material issues based on three pillars (Environment, Economy, Society). Based on the idea of “Business with Sustainability” that balances improvement of economic value and creation of social and environmental value, we will continue to pursue business activities that contribute to society.

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

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

(i) Ensure transparency and soundness in business management

NTT DATA strives to disclose information in a just, fair, and timely manner in accordance with the "Disclosure Policy" based on the "Disclosure Guidelines." Such disclosure is important in that it enables the market to appraise NTT DATA appropriately. For this reason, NTT DATA holds a meeting for explanation of financial results when financial results are announced quarterly, and often holds other meetings for domestic and international investors and analysts, in order to ensure transparency in business management. NTT DATA places outside directors and directors who are Audit and Supervisory Committee members to reinforce the function of supervising and auditing the fairness in business execution, thereby ensuring soundness in its business management. Furthermore, when transacting with Nippon Telegraph and Telephone Corporation, our parent company; and each company of the NTT Group, we pay attention to maximize the profits of our shareholders.

(ii) Achieve appropriate and swift decision-making and business execution

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

(iii) Implement compliance thoroughly

NTT DATA has set the NTT Data Group Code of Conduct as basic rules for daily activities by each Group employee, in order to foster corporate ethics and compliance awareness and respond to recent changes in the business environment. Continuous awareness activities are necessary for it to be effective, and we continuously communicate these messages from the management regarding compliance across the company and have been holding training sessions on compliance to all officers and employees. Furthermore, in order to foster a more open corporate culture, we have set up an internal reporting system that can be used by all Group employees and accept filings from inside and outside the company regardless of whether they are anonymous or registered. The Group Internal Reporting Policy stipulates that the filer will not be treated unfavorably because the reporting has been filed at the contact point.

(2) Overview of Corporate Governance Structure and Others

NTT DATA has adopted a structure of a company with an Audit and Supervisory Committee. Since the Audit and Supervisory Committee members who are responsible for auditing must also participate in the resolutions of the Board of Directors and the majority of the Audit and Supervisory Committee members must be outside directors, the Company has determined that it can further strengthen the supervisory function and corporate governance of the Board of Directors and further enhance the soundness and efficiency of management. Also, the General Meeting of Shareholders, the Board of Directors, and the Audit and Supervisory Committee are established as the Company's organizations. In addition to this, as mentioned above, we established the Corporate Management Committee in an effort to perform decision making in our business execution as fast as possible.

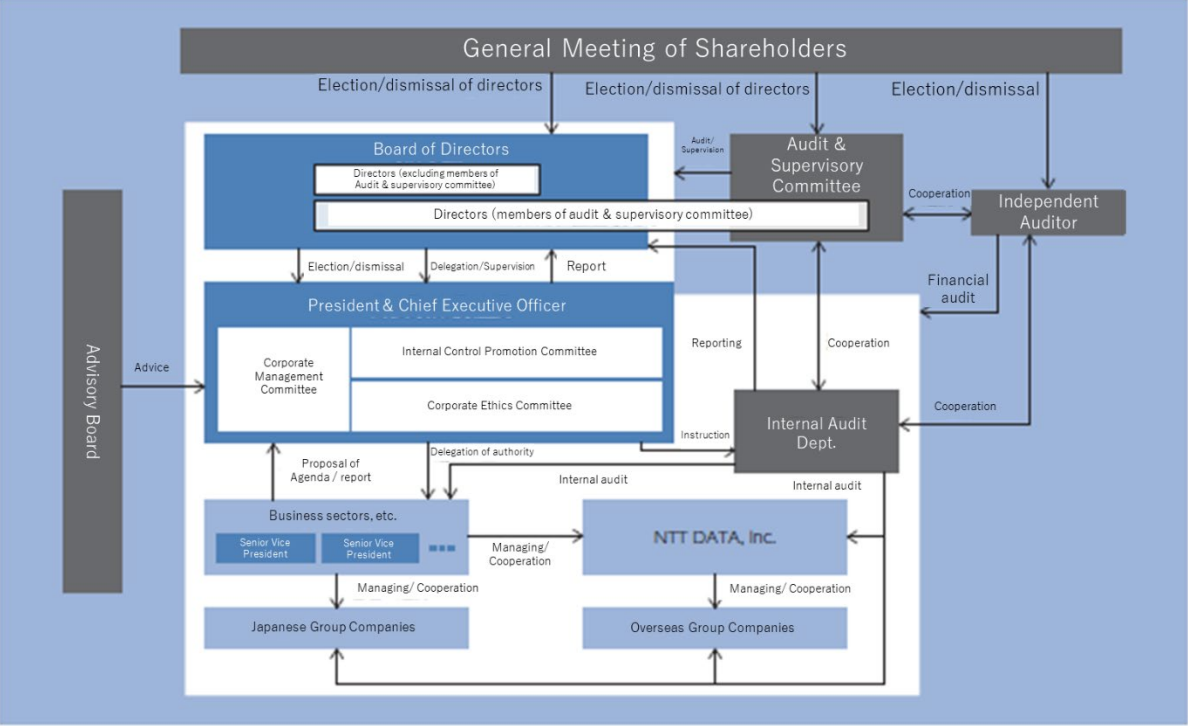
The Board of Directors consists of 13 directors, including seven independent outside directors, three of whom are female directors, and one foreign director (as of March 31, 2023.) The Board of Directors engages in decision making and monitoring of important matters related to corporate management and items stipulated under the laws and regulations by holding an ordinary meeting once a month and extraordinary meetings as necessary.

The Audit and Supervisory Committee consists of four outside directors who are Audit and Supervisory Committee members, including two female members. In principle, it is held once every month to make decisions on the policies, plans, and methods of the audit as well as other important matters related to the audit. Each of these members participates in important meetings, such as Board of Directors meetings, communicates with directors executing the business as well as outside directors, and implements audits on the status of business execution as appropriate. In addition, a specialized organization (Office for Audit and Supervisory Committee members) is established to support it. With regard to the "election, dismissal, or resignation" of directors who are not Audit and Supervisory Committee members and "remunerations, etc.," NTT DATA allows the responsible officers to explain proposals for the election of directors and the reasons, and the remuneration system and amount of remuneration, and carefully confirms their legality and appropriateness in cooperation with outside directors, so as to serve the purpose of the opinion statement system.

The Corporate Management Committee consists of the President and CEO, Senior Executive Vice Presidents, officers responsible for regions and segments, directors executing the business, and heads of other related important organizations. It is held once every week in principle to perform smooth and quick decision making and monitoring on matters related to business operation. To increase the transparency of decision making, one director who is an Audit and Supervisory Committee member takes part in the Corporate Management Committee.

The Company's corporate governance structure is presented on the next page.

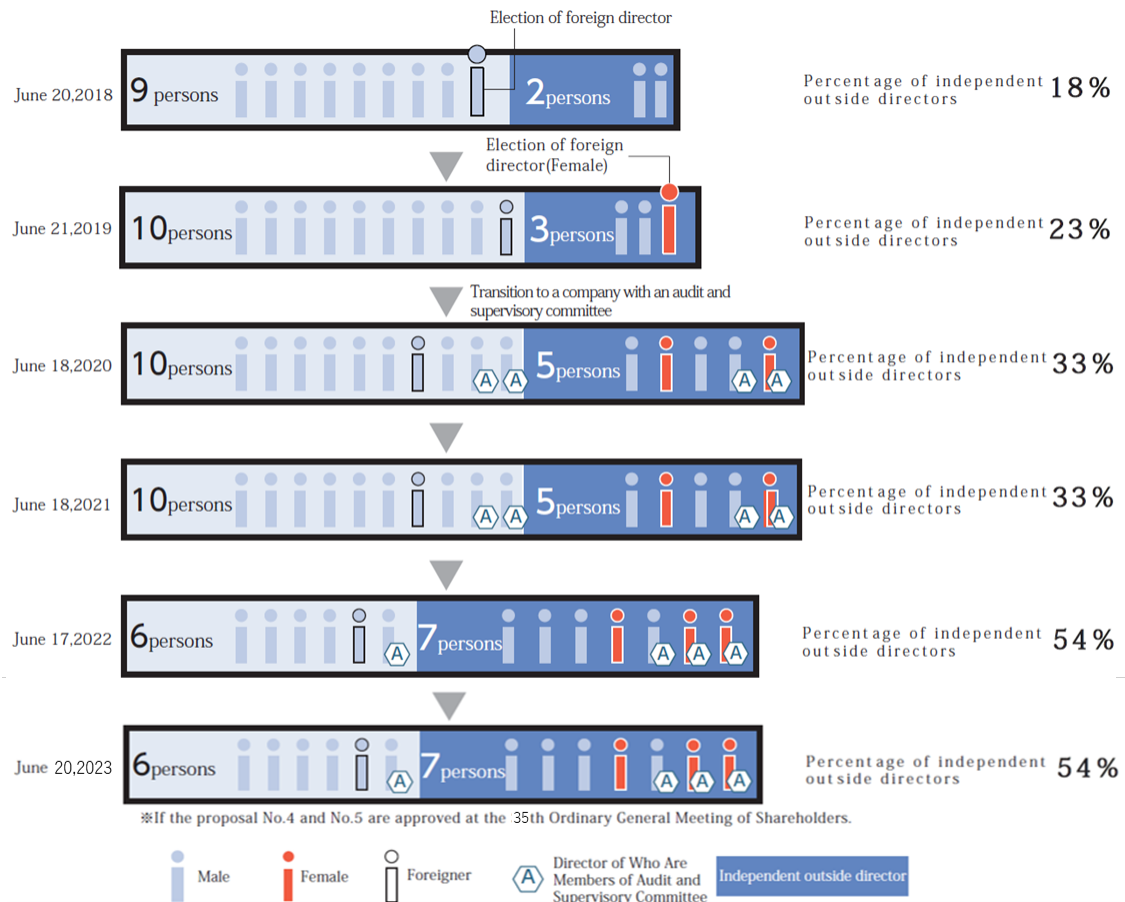
(Reference) Corporate Governance Structure
 The corporate governance structure of the Company is shown below.



(3) Initiatives to Strengthen the Governance System









The Company transitioned to a company with an Audit and Supervisory Committee in June 2020 and increased the number of outside directors from seven to eight (including directors who are Audit and Supervisory Committee Members) to improve the monitoring of management. We have seven independent outside directors (including three female directors), and the majority of all directors are independent outside directors. We also appoint human resources 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. Currently, we have three female directors and one foreign director (as of June 17, 2022.)








Changes in the Composition of the Board of Directors



(4) Matters Related to Corporate Officers

(1) Names of Directors

Position	Name	Areas of Responsibility and Principal Concurrent Positions
President and Chief Executive Officer, Representative Director	Yo Honma	President and Representative Director of NTT DATA Japan Preparation Corporation
Senior Executive Vice President and Representative Director	Shigeki Yamaguchi	Responsible for Technology Consulting & Solution Segment and Social Design Office Head of Consulting & Asset Business Transformation Headquarters Representative Board Member and Vice Chairperson of Japan Institute of Information Technology, a public interest incorporated association Representative Director, President and CEO of NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc.
Senior Executive Vice President and Representative Director	Toshi Fujiwara	Responsible for Corporate Management and Technology Management Head of HR Headquarters, Corporate Headquarters Co-Chairman, Committee on Technology-based Business Management of Japan Techno-Economics Society
Senior Executive Vice President and Representative Director	Kazuhiro Nishihata	Responsible for Global Segment Representative Director, President and CEO of NTT DATA Inc.
Director	  Eiji Hirano	Director of RIKEN CORPORATION Director of Ichiyoshi Securities Co., Ltd.
Director	  Mariko Fujii	Director of Mitsubishi UFJ Financial Group, Inc.
Director	Patrizio Mapelli	Chairman of the Board of Directors, Eurotech S.p.A. Director of the Board, NTT DATA Europe & Latam, S.L.U. Director of the Board, NTT DATA EMEA LTD. Director of NTT DATA, Inc.
Director	  Fumihiko Ike	Director of Eisai Co., Ltd. Director of Resona Holdings, Inc.
Director	  Shigenao Ishiguro	Chairman & Director of TDK Corporation

Position	Name	Areas of Responsibility and Principal Concurrent Positions
Director (Full-time Audit and Supervisory Committee Member)  	Katsura Sakurada	
Director (Full-time Audit and Supervisory Committee Member) 	Akihiko Okada	
Director (Full-time Audit and Supervisory Committee Member)  	Tomoko Hoshi	Certified Public Accountant Company Auditor of NTT DATA, Inc.
Director (Audit and Supervisory Committee Member)  	Mitsuko Inamasu	Lawyer Audit & Supervisory Board Member of Seven & i Holdings Co., Ltd.

(Note 1) Directors Masanori Suzuki, Yutaka Sasaki, Takeshi Arimoto, Tetsuya Obata, and Rieko Sato retired after their term expired at the conclusion of the 34th Ordinary General Meeting of Shareholders held on June 16, 2022.

(Note 2) In the current fiscal year, Director Yo Honma retired from the post of Director of NTT Inc.(currently, NTT DATA, Inc.), Director Kazuhiro Nishihata retired from the posts of Chairman of NTT Data International L.L.C. and Vice Chairman of NTT DATA Europe & Latam, S.L.U., and Director Patrizio Mapelli retired from the post of Board Member of Triboo S.p.A.

(Note 3) NTT DATA has entered into agreements with Directors Eiji Hirano, Mariko Fujii, Fumihiko Ike, and Shigenao Ishiguro and four directors who are Audit and Supervisory Committee Members, limiting their liability for damage compensation pursuant to Article 423 (1) of the Companies Act under Article 427 (1) of the Act. The maximum amount of compensation shall be the minimum liability amount prescribed in Article 425 (1) of the Companies Act.

(Note 4) NTT DATA has concluded a directors and officers liability insurance contract with an insurance firm, as stipulated in Article 430(3)-1 of the Companies Act, which covers liability for damages and litigation costs incurred by an insured person that arises from compensation claims to the insured person for damages due to the insured person's acts, including inaction, in the use of his or her position as a corporate officer, etc. However, the Company takes measures to ensure that any damage suffered by an insured person as a result of his or her commitment to criminal activities such as giving or accepting a bribe or intentional conduct of illegal activities is not covered by the insurance so that the properness of duties of corporate officers will not be impaired by the contract. The insurance covers directors, including directors who are Audit and Supervisory Committee Members, and officers executing the business of the Company. The Company pays 90% of the insurance premiums.

(Note 5) To ensure the effectiveness of audits through attendance to meetings on internal control and gathering of information, NTT DATA selects Full-time Audit and Supervisory Committee Members.

(Note 6) Director (Full-time Audit and Supervisory Committee Member) Akihiko Okada, who has worked in the financial division of NIPPON TELEGRAPH AND TELEPHONE CORPORATION, has considerable expertise in finance and accounting. Director (Full-time Audit and Supervisory Committee Member) Katsura Sakurada, who has engaged in operations at the Board of Audit of Japan, has considerable expertise in finance and accounting. Director (Full-time Audit and Supervisory Committee Member) Tomoko Hoshi, who is a certified public accountant, has considerable expertise in finance and accounting.

(Note 7) Director Eiji Hirano also works for Ichiyoshi Securities Co., Ltd., with which NTT DATA has a business relationship. However, its transaction value is below 1% of NTT DATA's non-consolidated net sales in the current fiscal year. Director Mariko Fujii also works for Mitsubishi UFJ Financial Group, Inc., with which NTT DATA has a business relationship. However, its transaction value is below 1% of NTT DATA's non-consolidated net sales in the current fiscal year. Director Fumihiko Ike also works for Eisai Co., Ltd. and Resona Holdings, Inc. NTT DATA has a business relationship with both of them, and each of their transaction values is below 1% of NTT DATA's non-consolidated net sales in the current fiscal year. Director (Audit & Supervisory Committee Member) Mitsuko Inamasu also works for Seven & i Holdings Co., Ltd., with which NTT DATA has a business relationship. However, its transaction value is below 2% of NTT DATA's non-consolidated net sales in the current fiscal year.

(2) Policies concerning and total remuneration of Directors and Auditors

(a) Policy for determining remunerations for individual Directors

At the Board of Directors meeting held on May 11, 2023, a new policy for determining regarding the content of individual remuneration for directors (hereinafter referred to as the "Determining Policy") was resolved. The Determining Policy is as follows.

As for policies, composition, and standard of remuneration of our directors who are not Audit and Supervisory Committee Members, NTT DATA explains the policy for determining remunerations for directors to its parent companies, independent outside directors, and directors who are Audit and Supervisory Committee Members to ensure objectivity and transparency. Upon receiving their appropriate advice, the Board of Directors consisting of 13 directors, including seven independent outside directors, determines the amount of remuneration within the limits resolved at a shareholders' meeting. Regarding remunerations for individual directors, Yo Honma, the President and Chief Executive Officer and Representative Director delegated by the Board of Directors shall determine them. The reason for delegating this authority to the President and Representative Director is that we believe that we can make appropriate decisions while taking a bird's eye view of the overall business performance of the Company. In addition, the Company has taken measures to ensure that the authority is exercised appropriately while respecting the opinions of outside directors and the right to express opinions on the remuneration of the Audit and Supervisory Committee.

The remuneration for individual directors who are not Audit and Supervisory Committee Members (excluding outside directors) consists of monthly remuneration (basic remuneration) and bonuses (short-term performance-linked remuneration) as well as stock purchasing through the Executive Shareholding Association and stock compensation (medium- and long-term performance-linked remuneration). Monthly remuneration is a fixed monthly remuneration provided in accordance with the duties and scope of responsibility of each director's position. Bonuses are provided in June every year in consideration of the Company's performance in the current fiscal year. As for the performance indicators for bonuses, the target set in the medium-term management plan is set as the indicator, and the reason is that the link between the remuneration of directors and the corporate value of the Company is clarified and the medium-term management plan. This is to increase the motivation to achieve the goal. In addition, the bonus calculation method is to convert the degree of improvement of each target from the previous year or the degree of achievement of the plan into the payment rate by a predetermined method for each indicator, and then weighted average based on the weight of each indicator. It is calculated by multiplying by another bonus standard amount. (Please refer to [Performance Indicators for Bonuses]).

Regarding the acquisition of our own shares, to reflect the medium- to long-term performance, full-time directors are required to purchase the Company's stock through the Executive Shareholding Association by paying certain amount of money every month. They must hold the purchased stocks while in office. As for stock compensation, points are granted through a trust designated by NTT DATA in June every year in accordance with the position of each director. Moreover, a performance-linked coefficient is decided based on the achievement levels of the performance indicators in June in the year after the final year of the medium-term management plan. Then, the number of stocks granted is calculated by multiplying the performance-linked coefficient by accumulated points. The stocks shall be granted at the time of retirement of the director. For the performance indicators of stock-based compensation, we have selected consolidated sales and consolidated operating margin, which are the financial indicators that are permanently core in the medium-term management plan.

The remuneration composition in a standard performance case is approximately 50% for fixed remuneration, 30% for short-term performance-linked remuneration, and 20% for medium- and long-term performance-linked remuneration.

Outside directors who are not Audit and Supervisory Committee Members are paid only monthly remuneration, unrelated to business performance, to ensure a high degree of independence.

The outline of the policy regarding the decision on the content of individual remuneration of directors who are not Audit and Supervisory Committee members is as described above. The resolution is based on the advice of the directors and the parent company from various perspectives, and it is judged that the content of individual remuneration of the directors for the current fiscal year is in line with the Determining Policy.

The remuneration for directors who are Audit and Supervisory Committee Members shall be determined by directors who are Audit and Supervisory Committee Members after consultation. To ensure a high degree of independence, their remuneration is not linked to business results, and the directors receive monthly remuneration only.

[Performance Indicators for Bonuses]

The Company sets the financial targets set forth in the Medium-Term Management Plan as performance indicators, and evaluates them based on the degree of improvement over the previous year and the degree of achievement of the plan. Bonuses are calculated by converting each performance indicator into a payment rate using a predetermined method, weighting each performance indicator based on the evaluation weights in the table below, and then multiplying this by a certain number of monthly remuneration for each position.

Divisions	Key Performance Indicators	Evaluation weight	Evaluation method
Financial indicators	Operating income	35%	Year-on-year improvement
Divisions	Key Performance Indicators	Evaluation weight	Evaluation method
Financial indicators	Operating income	35%	Plan achievement
	Overseas operating income ratio	10%	
	ROIC	5%	
Sustainability indicators	Greenhouse gas emissions	5%	
	B2B2X revenue amount	5%	
	Appointment rate of new female managers	5%	

As performance indicators for bonuses in FY2023 onward, we plan to add EBITDA and capital investment indicators as financial indicators from the perspective of placing importance on further business growth, as we state in the Medium-Term Management Plan. In addition, as a sustainability indicator, we plan to add an employee engagement rate from the perspective of creating an environment where employees, who are the source of revenue generation, can become more professional and gain a sense of growth and job satisfaction

Divisions	Key Performance Indicators	Evaluation weight	Divisions
Financial indicators	EBITDA	25%	Year-on-year improvement
	Operating income	10%	
Sustainability indicators	Employee engagement rate	2.5%	
Divisions	Key Performance Indicators	Evaluation weight	Divisions
Financial indicators	EBITDA	25%	Plan achievement
	Operating income	10%	
	Overseas operating income	10%	
	ROIC	2.5%	
	Capital investment (only DC)	2.5%	
Sustainability indicators	Greenhouse gas emissions	5%	
	B2B2X revenue amount	2.5%	
	Appointment rate of new female managers	5%	

(b) Total amount of remuneration, etc. for directors for the current fiscal year

The table below shows the total amount of remuneration, etc. for directors for the current fiscal year, including performance-linked remuneration based on the results of each indicator. The performance indicators for bonuses for directors who are not Audit and Supervisory Committee Members (excluding outside directors) mentioned above have achieved the goals for operating income, overseas operating income, ROIC, greenhouse gas emissions, and B2B2X revenue amount, but have not achieved the goal for appointment rate of new female manager as it fell slightly short of the target figure..

Position	Number of persons	Total amount of remuneration	Fixed	Short term	Mid-to-long term	
			Fixed remuneration (Monthly remuneration)	Performance-linked remuneration (Bonus)	Compensation for stock acquisition purposes	Performance-linked compensation (Stock compensation)
Directors who are not Audit and Supervisory Committee Members	11 persons	388 million yen	220 million yen	117 million yen	18 million yen	33 million yen
Directors who are Audit and Supervisory Committee Members	6 persons	122 million yen	122 million yen	-	-	-
Total	17 persons	511 million yen	342 million yen	117 million yen	18 million yen	33 million yen

(Note 1) The table above includes two directors who are not Audit and Supervisory Committee Members and two directors who are Audit and Supervisory Committee Members, retired at the conclusion of the 34th Ordinary General Meeting of Shareholders held on June 16, 2022.

(Note 2) Regarding the amount of remuneration for directors who are not Audit and Supervisory Committee Members, at the 33rd Ordinary General Meeting of Shareholders held on June 17, 2021, a proposal was resolved as follows: (1) Amount of monetary compensation: up to 460 million yen per year (including the maximum amount for outside directors of 50 million yen); (2) Amount to be paid to directors to fund the acquisition of the Company's shares through the executive stockholding association: up to 30 million yen per year; and (3) Money contributed to the performance-linked stock compensation system: up to 90 million yen per year. However, at the 34th Ordinary General Meeting of Shareholders held on June 16, 2022, a proposal was adopted to change the maximum monetary compensation for outside directors (1) to 80 million yen. At the end of the General Meeting of Shareholders, there were nine directors (including four outside directors) who are not Audit and Supervisory Committee Members.

(Note 3) For the remunerations of 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 yen per annum. At the conclusion of the General Meeting of Shareholders, there were four directors who are Audit and Supervisory Committee Members.

(Note 4) The amount of stock compensation paid is the amount calculated by multiplying the number of points confirmed to be granted for the current period by the market price (2,115 yen per share) when the trust acquired the Company's shares.

(3) Outside Directors

(a) Additional posts in other companies of outside directors

The status of outside directors, including outside directors who are Audit and Supervisory Committee Members, regarding important concurrent positions held at other companies is as indicated in “(4) (1) Names of Directors” above, and there is no significant transaction between these companies and NTT DATA.

(b) Main activities during the fiscal year

Position	Name	Board of Directors meetings	Audit & Supervisory Committee meetings	Main activities
		No. of attendances (Attendance rate)	No. of attendances (Attendance rate)	
Outside directors who are not Audit and Supervisory Committee Members	Eiji Hirano	19/19 (100%)	— (—)	At the Board of Directors' meetings, Mr. Hirano gives opinions necessary for deliberation of the agenda from a standpoint independent from the Company's executives, based on his rich experience in finance and extensive insight into financial affairs and international finance. He also gives advice based on his experience and insight outside the Board of Directors' meetings. He thus fulfills his role as an outside director. In addition, he served as the chairman of the special committee established by a resolution of the Board of Directors for the purpose of ensuring fairness in the integration of the overseas businesses of the Company's group and those of NTT, Inc. (currently, NTT DATA, Inc.), to prevent any disadvantage to the Company's minority shareholders.
	Mariko Fujii	19/19 (100%)	— (—)	At the Board of Directors' meetings, Ms. Fujii gives opinions necessary for deliberating the agendas from a standpoint independent from the Company's executives, based on her extensive insight and rich experience nurtured through research on administrative affairs and economics as well as diplomacy. She also gives advice based on her experience and insight outside the Board of Directors' meetings. She thus fulfills her role as an outside director. In addition, she served as the member of the special committee established by a resolution of the Board of Directors for the purpose of ensuring fairness in the integration of the overseas businesses of the Company's group and those of NTT, Inc. (now NTT DATA, Inc.), to prevent any disadvantage to the Company's minority shareholders.
	Fumihiko Ike	19/19 (100%)	— (—)	At the Board of Directors' meetings, Mr. Ike gives opinions necessary for deliberating the agendas from a standpoint independent from the Company's executives, based on his rich experience in global business management and extensive insight of IT. He also gives advice based on his experience and insight outside the Board of Directors' meetings. He thus fulfills his role as an outside director. In addition, he served as the member of the special committee established by a resolution of the Board of Directors for the purpose of ensuring fairness in the integration of the overseas businesses of the Company's group and those of NTT, Inc. (now NTT DATA, Inc.), to prevent any disadvantage to the Company's minority shareholders.

	Shigenao Ishiguro	15/15 (100%)	— (—)	At the Board of Directors' meetings, Mr. Ishiguro gives opinions necessary for deliberating the agendas from a standpoint independent from the Company's executives, based on his rich experience in global business management and extensive insight of IT. He also gives advice based on his experience and insight outside the Board of Directors' meetings. He thus fulfills his role as an outside director.
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Position	Name	Board of Directors meetings	Audit & Supervisory Committee meetings	Main activities
		No. of attendances (attendance rate)	No. of attendances (attendance rate)	
Outside director who are Audit & Supervisory Committee member	Katsura Sakurada	19/19 (100%)	29/29 (100%)	At the Board of Directors' meetings, Mr. Sakurada gives opinions from a standpoint independent from the Company's executives, in the aspect of compliance with laws and regulations and articles of incorporation, based on his rich experience and extensive insight in financial affairs, accounting, and audit of business execution acquired through his long service at the Board of Audit of Japan. He also carries out supervision and gives advice based on his experience and insight outside the Board of Directors' meetings. He thus fulfills his role as an outside director.
	Akihiko Okada	19/19 (100%)	29/29 (100%)	At the Board of Directors' meetings, Mr. Okada gives opinions from a standpoint independent from the Company's executives, in the aspect of compliance with laws and regulations and articles of incorporation, based on his rich achievements in corporate management at the NTT Group and experience in financial and sales departments. He also carries out supervision and gives advice based on his experience and insight outside the Board of Directors' meetings. He thus fulfills his role as an outside director.
	Tomoko Hoshi	15/15 (100%)	21/21 (100%)	At the Board of Directors' meetings, Ms. Hoshi gives opinions from a standpoint independent from the Company's executives, in the aspect of compliance with laws and regulations and articles of incorporation, based on her rich experience and extensive insight in global financial affairs, accounting, and internal control audit acquired through her long service at an audit corporation. She also carries out supervision and gives advice based on her experience and insight outside the Board of Directors' meetings. She thus fulfills her role as an outside director.
	Mitsuko Inamasu	15/15 (100%)	21/21 (100%)	At the Board of Directors' meetings, Ms. Inamasu gives opinions from a standpoint independent from the Company's executives, in the aspect of compliance with laws and regulations and articles of incorporation, based on her insight in legal affairs related to IT information acquired through her long service as a lawyer and her rich experience as an auditor of other companies. She also carries out supervision and gives advice based on her experience and insight outside the Board of Directors' meetings. She thus fulfills her role as an outside director.

(c) Total amount of remuneration for outside directors and auditors for this fiscal year

Position	Number of persons	Total amount of remuneration	Fixed	Short term	Mid-to-long term	
			Fixed remuneration (Monthly remuneration)	Performance-linked remuneration (Bonus)	Compensation for stock acquisition purposes	Performance-linked compensation (Stock compensation)
Directors who are not Audit and Supervisory Committee Members	4 persons	53 million yen	53 million yen	-	-	-
Directors who are Audit and Supervisory Committee Members	6 persons	122 million yen	122 million yen	-	-	-
Total	10 persons	176 million yen	176 million yen	-	-	-

Note:

The above is included in the section "(2).(b) Total amount of remuneration for directors and auditors during the fiscal year."

(5) Meeting Agenda of Board of Directors, etc.

The Board of Directors made resolutions and reports with regard to important matters related to management at the Board of Directors meetings and actively discussed management strategies and other issues both in and outside of the meetings.

Key matters for Resolution/Report	Key Matters discussed
<ul style="list-style-type: none"> • Matters related to overseas business combination between the Group and NTT Inc. Group • Matters related to transition to a holding company structure • Matters related to investments • Matters related to cross-shareholdings • Result of actions related to internal control and plans for the next fiscal year • Result of internal audits and plans for the next fiscal year • Monitoring of key projects • Report on IR activities and opinions of investors 	<ul style="list-style-type: none"> • Matters related to overseas business combination between the Group and NTT Inc. Group • Matters related to transition to a holding company structure • IT service market trends • Investment and financial strategies • Medium- and long-term strategies for each area of business • Global governance • Evaluation of the effectiveness of the Board of Directors meetings

(6) Policies regarding Cross-Shareholdings and the Content of Verification

NTT DATA considers that cross-shareholdings are to "allow for maintaining medium- and long-term relationships, expanding business transactions, and creating synergies by holding shares of our clients and business partners" and has a policy to hold cross-held shares only when we believe that holding the shares of the issuing company would help increase our corporate value and benefit our shareholders.

To verify the significance of cross-shareholdings, NTT DATA comprehensively examines each cross-shareholding every year whether the benefits and risks associated with the cross-shareholding match the capital costs and whether the cross-shareholding is in line with the purposes of possession, such as maintaining medium- and long-term relationships, expanding business transactions, and creating synergies. The results of the verification shall be reported to the Board of Directors to decide whether to hold or sell the cross-held shares.

The total amount of cross-shareholdings recorded on the balance sheet as of the end of FY2022 was 55.9 billion yen, and the ratio of cross-shareholdings to consolidated net assets was 2.3%.

(7) Evaluation of the Effectiveness of the Entire Board of Directors

The Board of Directors determines the important matters as regards corporate and group management and supervises execution status of the directors in the quarterly report on execution of duties.

Furthermore, to improve the function of the Board of Directors and therefore the company's corporate value, we have been carrying out self-evaluation and analysis regarding the effectiveness of the Board of Directors' meetings since FY2016. In FY2022, we conducted a questionnaire to all directors (including Audit & Supervisory Committee members) and based on the report on the result from an external organization and held individual interviews with outside directors and a foreign-national director to deepen the analysis, discussion, and evaluation while also taking into account advice from multiple external organizations. We reported the evaluation results to the Board of Directors, which then verifies the report and discusses policies for further improvement.

	Result of the effectiveness of measures in each fiscal year	Key measures for the next fiscal year
2020	Careful explanations were provided in advance, which helped deepen and strengthen discussions at the Board of Directors meetings on management strategies and other important matters. For that, it received a certain level of evaluation that improvements had been made.	<ul style="list-style-type: none"> • Securing more time for discussion by increasing efficiency in operation • Increasing simple and clear explanations and materials • Increasing opportunities for communication between directors • Increasing opportunities to explain the IT industry, technological trends, etc.
2021	Sufficient management strategies at the Board of Directors meetings, such as setting the number of times for strategic discussions, narrowing down the agenda items, providing careful prior explanations, and setting opportunities to provide information to outside directors outside the Board of Directors meetings. We received a certain degree of evaluation regarding the implementation of discussions on the management plan.	<ul style="list-style-type: none"> • Implementation of strategic discussions based on the annual plan • Strengthening monitoring of investee companies • Enhancing communication opportunities for executives and outside directors • Providing opportunities to deepen knowledge and on-site understanding of IT / digital
2022	Received certain high evaluation for making independent outside directors account for the majority of directors to strengthen the supervision function; vitalizing discussion on management strategies at the Board of Directors' meetings, including meetings dedicated to discussing strategies; and providing training, event participation opportunities, and discussions with executive members to outside directors to deepen their understanding of the company.	<ul style="list-style-type: none"> • Strengthen monitoring under the holding company structure • Promote further understanding of overseas businesses • Enhance strategic discussions on highly important themes and topics

In this Business Report, amounts are rounded off to the indicated unit.

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

Please note that statements concerning the future are based on a certain assumption made from information available to NTT DATA Group at the end of the fiscal year under review and that actual business performance can greatly vary due to various factors in the future.

Consolidated Statement of Financial Position

(Unit: ¥ million)

By fiscal year	35th FY (As of March 31, 2023)	[Reference] 34rd FY (As of March 31, 2022)	By fiscal year	35th FY (As of March 31, 2023)	[Reference] 34rd FY (As of March 31, 2022)
Account title			Account title		
Assets			Liabilities		
Current assets	2,248,950	1,247,041	Current liabilities	1,804,303	987,797
Cash and cash equivalents	415,359	246,941	Trade and other payables	857,632	462,231
Trade and other receivables	1,242,269	672,665	Contract liabilities	417,940	283,854
Contract asset	123,008	105,477	Bonds and borrowings	278,843	102,829
Inventories	76,221	25,429	Lease liabilities	64,280	42,560
Assets held for sale	48,712	—	Other financial liabilities	13,366	3,572
Other financial assets	54,700	79,342	Income taxes payable	43,550	47,319
Other current assets	288,680	117,187	Provisions	23,098	7,650
Non-current assets	3,909,244	1,837,472	Liabilities directly associated with assets held for sale	16,409	—
Property, plant and equipment	1,372,468	332,225	Other current liabilities	89,186	37,781
Right-of-use assets	234,813	151,794	Non-current liabilities	1,957,526	768,449
Goodwill	1,133,559	493,769	Bonds and borrowings	1,453,018	393,651
Intangible assets	653,205	506,705	Lease liabilities	204,640	124,004
Investment property	26,953	29,423	Other financial liabilities	17,167	15,098
Investments accounted for using the equity method	31,343	5,570	Retirement benefit liability	183,404	193,170
Other financial assets	136,882	123,049	Provisions	10,248	5,863
Deferred tax assets	225,040	123,268	Deferred tax liabilities	45,466	22,764
Other non-current assets	94,981	71,669	Other non-current liabilities	43,583	13,898
			Total liabilities	3,761,829	1,756,246
			Equity		
			Equity attributable to shareholders of NTT DATA		
			Capital stock	142,520	142,520
			Capital surplus	26,752	102,340
			Retained earnings	1,091,214	915,853
			Treasury shares	(1,034)	(205)
			Other components of equity	192,915	110,365
			Total equity attributable to shareholders of NTT DATA	1,452,367	1,270,874
			Non-controlling interests	943,998	57,393
			Total equity	2,396,365	1,328,267
Total assets	6,158,194	3,084,513	Total liabilities and equity	6,158,194	3,084,513

Note: Amounts less than one million yen are rounded off.

Consolidated Statements of Income

(Unit: ¥ million)

Account title	By fiscal year	35th FY (2022/4/1-2023/3/31)	[Reference] 34rd FY (2021/4/1-2022/3/31)
Net sales		3,490,182	2,551,906
Cost of sales		2,567,948	1,875,904
Gross profit		922,234	676,002
Selling, general and administrative expenses		663,124	463,411
Operating income		259,110	212,590
Financial income		16,388	9,665
Financial costs		33,102	6,201
Share of profit/loss of entities for using equity method		405	△205
Income before income taxes		242,800	215,849
Income taxes		75,929	65,747
Net income		166,871	150,102
Net income attributable to			
Shareholders of NTT DATA		149,962	142,979
Non-controlling interests		16,910	7,123

Note: Amounts less than one million yen are rounded off.

Non-Consolidated Balance Sheets

(Unit: ¥ million)

Account title	By fiscal year 35 th FY (As of March 31, 2023)	[Reference] 34rd FY (As of March 31, 2022)	Account title	By fiscal year 35 th FY (As of March 31, 2023)	[Reference] 34rd FY (As of March 31, 2022)
(Assets)			(Liabilities)		
Current assets	569,401	488,504	Current liabilities	649,519	656,838
Cash and deposits	27,066	11,097	Accounts payable -trade	111,944	105,333
Accounts receivable - trade	285,899	229,769	Contract liability	194,204	215,578
Lease investment assets	25,940	29,308	Short-term loans payable	7,450	1,594
Contract asset	46,003	49,450	Current portion of long- term loans payable	53,037	62,000
Inventories	11,948	17,451	Current portion of bonds	25,000	25,000
Prepaid expenses	32,250	28,937	Lease obligations	140	134
Other	140,523	122,895	Accounts payable –other	31,130	29,769
Allowance for doubtful accounts	△229	△401	Accrued expenses	12,910	11,130
Non-current assets	1,982,112	1,865,544	Income taxes payable	947	28,829
Property, plant and equipment	281,648	294,207	Advances received	201,586	166,631
Data communication facilities	91,440	105,046	Deposits received		
Buildings	79,972	80,719	Provision for loss on order received	7,627	1,312
Structures	2,145	2,245	Asset retirement obligations	97	31
Machinery, equipment and vehicles	12,419	11,626	Other	3,448	9,497
Tools, furniture and fixtures	14,649	15,462	Non-current liabilities	663,268	532,991
Land	55,743	56,064	Bonds payable	—	24,999
Leased assets	334	342	Long-term loans payable	506,378	358,521
Construction in progress	24,944	22,703	Lease obligations	259	243
Intangible assets	369,303	342,539	Provision for retirement benefits	110,508	107,427
Software	267,255	269,226	Asset retirement obligations	1,255	778
Software in progress	99,996	71,255	Other	44,868	41,024
Other	2,052	2,057	Total liabilities	1,312,787	1,189,829
Investments and other assets	1,331,161	1,228,799	(Net assets)		
Investment securities	56,213	67,954	Shareholders' equity	1,208,106	1,125,231
Shares of subsidiaries and associates	1,074,153	221,095	Capital stock	142,520	142,520
Investments in other securities of subsidiaries and associates	19,470	760,214	Capital surplus	139,300	139,300
Long-term loans receivable	690	690	Legal capital surplus	139,300	139,300
Long-term loans receivable from subsidiaries and associates	66,599	61,414	Retained earnings	927,319	843,616
Deferred tax assets	66,256	66,530	Legal retained earnings	2,288	2,288
Other	49,567	52,668	Other retained earnings	925,031	841,329
Allowance for doubtful accounts	(1,787)	(1,766)	Reserve for reduction entry	49	66
			General reserve	288,000	288,000
			Retained earnings brought forward	636,983	553,262
			Treasury shares	(1,034)	(205)
			Valuation and translation adjustments	30,619	38,989
			Valuation difference on available-for-sale securities	30,816	39,149
			Deferred gains or losses on hedges	(196)	(160)
			Total net assets	1,238,725	1,164,220
Total assets	2,551,512	2,354,049	Total liabilities and net assets	2,551,512	2,354,049

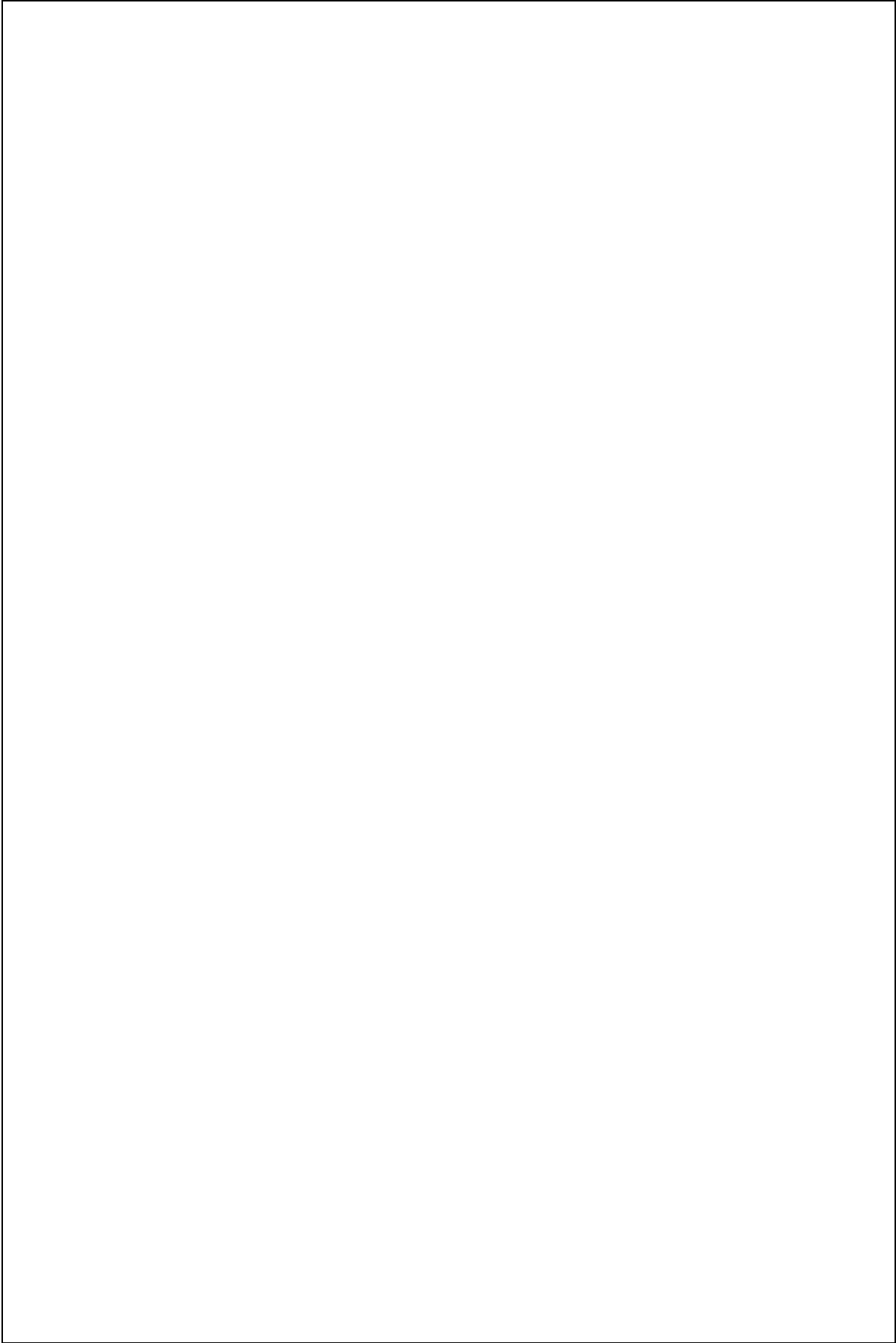
Note: Amounts less than one million yen are rounded off.

Non-Consolidated Statements of Income

(Unit: ¥ million)

Account title	By fiscal year	35th FY (2022/4/1-2023/3/31)	[Reference] 34rd FY (2021/4/1-2022/3/31)
Net sales		1,153,230	1,095,466
Cost of sales		853,181	804,228
Gross profit		300,049	291,238
Selling, general and administrative expenses		201,580	183,288
Operating income		98,469	107,950
Non-operating income		49,762	18,986
Interest income		1,021	983
Dividend income		39,248	11,346
Other		9,492	6,657
Non-operating expenses		4,435	5,413
Interest expenses		2,245	1,292
Interest on bonds		279	462
Loss on sales of non-current assets		1,004	53
Loss on valuation of stocks of subsidiaries and affiliates		98	568
Loss on valuation of investment securities		—	1,393
Other		810	1,645
Ordinary income		143,796	121,523
Extraordinary income		—	85,090
Gain on sales of investment securities		—	85,090
Income before income taxes		143,796	206,613
Income taxes -current		25,262	54,963
Income taxes -previous period		—	33,785
Income taxes -deferred		3,976	(34,187)
Net income		114,558	152,051

Note: Amounts less than one million yen are rounded off.



AUDIT & SUPERVISORY COMMITTEE'S REPORT (English translation of the certified copy)

AUDIT REPORT

With respect to the performance of duties by directors during the 35th fiscal year from April 1, 2022 to March 31, 2023, the Audit & Supervisory Committee has audited. The methods and results of the audit as follows:

1. Audit methodology adopted by the Audit & Supervisory Committee

The Audit & Supervisory Committee determined auditing policies, allocation of duties, etc. and in accordance with the auditing policies and allocation of duties, etc., the Audit & Supervisory Committee communicated with directors, the Internal Audit Department and employees of other divisions, made efforts to collect information and establish the audit environment, and performed the Audit & Supervisory Committee using the following methods:

- (1) In accordance with the auditing policies and allocation of duties, etc., the Audit & Supervisory Committee attended the important meetings, received reports from directors, employees, and etc. on the performance of their duties, requested explanations when necessary, reviewed documents of important decisions, etc. and investigated the business and financial conditions at the head office and principal branch offices. Further, as to the subsidiaries, the Audit & Supervisory Committee communicated and exchanged information with their directors and auditors, and received their business reports when necessary.
- (2) The Audit & Supervisory Committee has received regular reports from directors, employees, etc., requested explanations as necessary and expressed opinions on the situations of establishment and operation of the system (internal control system) which is established based on the Board of Directors' discussions and resolutions concerning the establishment of the system to ensure that directors perform their duties in conformity with laws and regulations and the Articles of Incorporation and other systems necessary to ensure that the Kabushiki Kaisha and their corporate group consisting of subsidiaries are operated appropriately.
- (3) The Audit & Supervisory Committee monitored and verified whether or not the independent audit maintained its independence and appropriately performed audits, received reports from the independent audit on the progress of its duties, and requested explanations when necessary.

They also received a notice from the independent audit that "the system to ensure that the independent audit's duties are appropriately performed" (items stipulated in Article 131 of the Regulation on Corporate Accounting) has been established based on "Quality Control Standards for Audit" (made public by Business Accounting Council on October 28, 2005), etc. and requested explanations when necessary.

Based on the methods described above, the Audit & Supervisory Committee examined the business reports and supplementary schedules attached thereto, the financial statements for the fiscal year (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of shareholders' equity, and non-consolidated notes to financial statements) and supplementary schedules attached thereto, and the consolidated financial statements (the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements).

2. Audit results

(1) Audit results of the Business Report, etc.

- (i) The Audit & Supervisory Committee finds that the Business Report and supplementary schedules attached thereto fairly present the situation of NTT DATA in accordance with the laws and the Articles of Incorporation.
- (ii) The Audit & Supervisory Committee ascertains that there is no fraudulent act or fact of a materials breach of applicable laws or regulations or the Articles of Incorporation with respect to the performance of duties by directors.
- (iii) The Audit & Supervisory Committee finds that the details of the resolution of the meeting of the Board of Directors concerning the internal control system are adequate. In addition, the Audit & Supervisory Board ascertains that there is no matter that needs to be indicated with respect to the contents of business reports concerning the internal control system and the performance of duties by directors.
- (iv) The Audit & Supervisory Committee finds that there is no matter that needs to be indicated with respect to the transactions with the parent company, etc., as described in the Business Report; items taken into consideration so as not to impair the interests of the Company in entering into the transaction; and decisions by the Board of Directors as to whether or not the transaction will not impair the interests of the Company and the reasons for such decision.

(2) Audit results of financial statements, supplementary schedules attached thereto, and consolidated financial statements

The Audit & Supervisory Board finds that the audit methodology adopted by the independent audit, KPMG AZSA LLC and the audit results are adequate.

May 9, 2023

NTT DATA Corporation

Audit & Supervisory Committee

Standing Audit & Supervisory Committee Member (Outside Director)	Katsura Sakurada
Standing Audit & Supervisory Committee Member (Outside Director)	Akihiko Okada
Standing Audit & Supervisory Committee Member (Outside Director)	Tomoko Hoshi
Audit & Supervisory Committee Member (Outside Director)	Mitsuko Inamasu

END