

April 3, 2018

Capital Injection in CATS Aims to Develop In-vehicle Software Services for Realizing a Next Generation Automotive Society

NEXTY Electronics Corporation ("NEXTY Electronics") concluded a capital injection in Cats Co., Ltd. ("CATS") on April 2, 2018 aimed at developing in-vehicle software services for a next generation automotive society.

This capital injection will not only strengthen the in-vehicle technology development tools held by CATS, but also accelerate efforts to realize a next generation automotive society—where CASE*¹ solutions will play a central role—by jointly developing and providing the automotive industry with solutions that incorporate next-generation technology.

Background and Purpose of the Partnership

ADAS*², HMI*³, and other vehicle-related features continue to become more sophisticated, making in-vehicle software increasingly larger and more complex. Looking ahead to the future development of connected cars and self-driving vehicles, the industry will not only require more advanced technology for in-vehicle software (i.e. 'AI' and 'edge computing') but also the 'development support' and 'development management' to support functional safety and short-term development.

NTT DATA is engaged in R&D, proof-of-concept trials, and service planning aimed at realizing a next generation automotive society by applying its knowledge gained from constructing large-scale social infrastructure systems as well as the advanced technology of NTT Group, which includes the heavily cloud-based technologies of 'large-scale data processing', 'AI', and 'security'.

Likewise, NTT DATA MSE Corporation ("NTT DATA MSE") draws on its experience in developing communication technology and in-vehicle infotainment—its specialty areas—to standardize in-vehicle platforms and promote the practical application of base technologies that anticipate the future spread of connected cars.

NEXTY Electronics entered the in-vehicle software business in earnest in 2002 as a Toyota Tsusho Group company specializing in electronics initiatives. Since then it has continued to strengthen its project management capabilities while building a deep and wide network of customers by establishing large-scale offshore offices and implementing development activities at its various offices.

Including software geared towards autonomous driving and connected cars, NEXTY has been engaged in the development of leading-edge mass production embedded software aimed at the realization of the next generation automotive society. It also works towards establishing standards for in-vehicle software by operating the standardization organization, JASPAR.

Through this alliance, NTT DATA Group and NEXTY Electronics will leverage the advantages of both companies to strengthen CATS' existing in-vehicle software development tools (ZIPC TERAS^{*4}, ZIPC Series^{*5}) while also providing back-up support for CATS development staff, development management and base technologies.

In terms of solutions that incorporate next-generation technology, this alliance will also jointly manage the creation of a model-based development environment; validate autonomous driving software; and realize OTA^{*6} services; while also creating new business opportunities and services designed to realize the next generation automotive society.

Stock Transfer Overview

Among the CATS shares held by NTT DATA MSE, 72,000 shares (51.5% investment ratio) were transferred to NTT DATA and 28,000 shares (20.0%) to NEXTY Electronics.

Shareholder structure	Before share transfer	After share transfer
	NTT DATA MSE Corporation, 87.8% Others, 12.2%	NTT DATA Corporation, 51.5% NEXTY Electronics Corporation, 20.0% NTT DATA MSE Corporation, 16.4% Others, 12.2%

Overview of CATS

Address	Arena Tower, 3-1-9 Shin-Yokohama, Kohoku-Ku, Yokohama, Kanagawa
President and CEO	Akifumi Nakai
Executive Vice President	Masahiko Watanabe
Director	Atsushi Koga, Yoshinori Matsuyama, Keisuke Nakano
Corporate Auditor	Yasuki Tokita
Date of Establishment	November 14, 1973
Employees	71
Business	<ul style="list-style-type: none"> • Development, sales and customization of software development support tools • Consulting • System development (hardware and software)

- * 1. CASE is an acronym for Connectivity, Autonomous, Shared mobility, and Electric mobility.
 - * 2. ADAS is an acronym for Advanced Driving Assistant System, an advanced driving system that reduces accidents and prevents collisions by detecting potential vehicle collisions and triggering alarms for detected obstacles, lane departure, etc.
 - * 3. HMI is an acronym for Human Machine Interface, which is the point of interaction between the driver and vehicle, which provides information to humans and also enables them to send commands to equipment. Examples include the car navigation system, instrument panel, accelerator, and brake.
 - * 4. ZIPC TERAS is a traceability management tool provided by CATS, which enables traceability across all outputs primarily with in-vehicle software development.
 - * 5. ZIPC Series are in-vehicle software development support tools provided by CATS. They which include a tool to automatically generate programs from state changes, a tool for making testing more efficient, and other tools.
 - * 6. OTA is an acronym for Over the Air, a technology for updating in-vehicle software via a wireless network.
- *ZIPC is a registered trademark of CATS CO.,LTD in Japan.
- *Other listed company, organization, and product names are trademarks or registered trademarks of their respective owners.

[Inquiries regarding this press release]

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