



NTT DATA

# Company Presentation for the Third Quarter of Fiscal Year Ending March 31, 2024

February 7, 2024 NTT DATA Group Corporation

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This English text is a translation of the Japanese original. The Japanese original is authoritative.

I am Kazuhiko Nakayama, Senior Executive Vice President and Director of NTT DATA Group.

Thank you very much for attending the financial-results briefing session today despite your busy schedule.

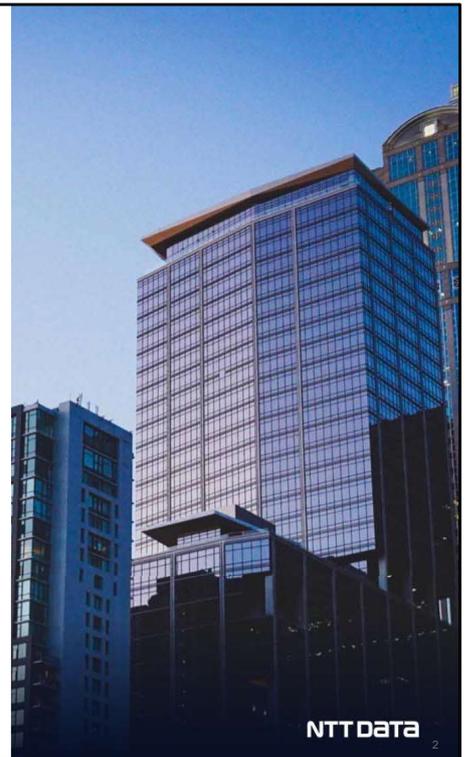
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### Cautionary Statement Regarding Forward-looking Statements

- \* Forecast figures in this document are based on current economic and market conditions. As changes in the global economy and information services market are possible, NTT DATA cannot guarantee their accuracy.
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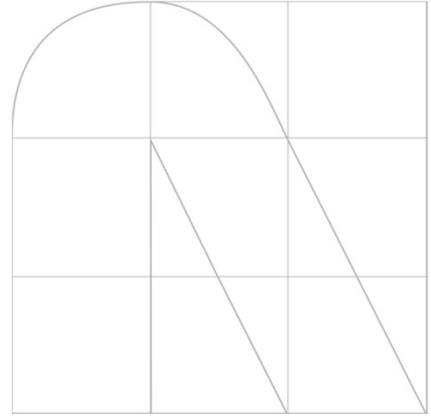
This is today's agenda.

First, I will explain the results for the third quarter of the fiscal year ending March 31, 2024.

Please see Page 4.

# 1

## Results for the Third Quarter of Fiscal Year Ending March 31, 2024



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(Explanation omitted)

## Results for the Third Quarter of Fiscal Year Ending March 31, 2024

**Despite increased costs associated with overseas business combination and structural transformation, performance has remained strong. Aiming to achieve full-year forecasts, including net income.**

- Net sales increased mainly due to the effect of expanded consolidation of NTT Ltd. as well as the business growth in Japan and Europe and the impact of foreign exchange rates.
- Operating income increased mainly due to the effect of expanded consolidation of NTT Ltd. and sales growth despite an increase in costs associated with overseas business combination and structural transformation.
- Net income decreased due to an increase in financial expenses, etc. accompanied with the effect of expanded consolidation of NTT Ltd.
- New orders received increased mainly due to the effect of expanded consolidation of NTT Ltd. and winning of large projects in Public & Social Infrastructure business, Financial business, and North America.

	Q3 FYE3/2023 (Apr-Dec)	Q3 FYE3/2024 (Apr-Dec)	YoY (Amount)	YoY (Rate)		FYE3/2024 Forecasts	Progress toward Forecasts
<b>Net Sales</b>	<b>2,406.1</b>	<b>3,176.2</b>	<b>+770.1</b>	<b>+32.0%</b>		<b>4,100.0</b>	<b>77.5%</b>
<b>Operating Income</b> (Operating income margin)	<b>183.5</b> (7.6%)	<b>197.1</b> (6.2%)	<b>+13.6</b> (-1.4P)	<b>+7.4%</b>		<b>292.0</b> (7.1%)	<b>67.5%</b>
<b>Net Income Attributable to Shareholders of NTT DATA</b>	<b>105.7</b>	<b>83.7</b>	<b>-22.0</b>	<b>-20.8%</b>		<b>144.0</b>	<b>58.2%</b>
(Reference) <b>New Orders Received</b>	 <b>1,870.2</b>	<b>3,566.8</b>	<b>+1,696.6</b>	<b>+90.7%</b>		 <b>2,850.0</b>	—

(\*) NTT Ltd. has been consolidated since Q3 FYE3/2023, and the FYE3/2023 net sales and operating income figures for NTT Ltd. pertain to the Oct.-Dec. period. New orders received of NTT Ltd. is excluded from the figure for FYE3/2023, and is included from FYE3/2024.

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This is the overview of the third quarter results.

As you can see, on a year-on-year basis, net sales and operating income increased, whereas net income declined in the third quarter.

Net sales saw a significant growth of 770.1 billion yen due to the effect of the consolidation of NTT Ltd. from the third quarter of the previous fiscal year, the scale expansion in the Public & Social Infrastructure, Financial, and Enterprise businesses of the Japan Segment and in Europe, and the impact of foreign exchange rates.

Operating income increased by 13.6 billion yen due to the effect of the expanded consolidation of NTT Ltd. and the sales growth, despite increased costs for business combination and structural transformation in the Overseas Segment, as expected in the full-year forecasts.

Net income decreased due to an increase in financial expenses and other costs accompanied with the effect of the expanded consolidation of NTT Ltd.

The progress toward forecast of net income is relatively low. Nevertheless, we have made steady progress in general and continue to aim to achieve the full-year forecast.

Different from income and expenses, new orders received by NTT Ltd. are not included either in the last fiscal year's results or in this fiscal year's forecasts. For that reason, new orders received grew significantly year-on-year. Details will be provided in the next page.

Please see Page 5.

## [Ref.] New Orders Received | YoY Changes by Business Segment (Q3 Results of FYE3/2024)

New orders received increased mainly due to the effect of expanded consolidation of NTT Ltd. and winning of large projects in Public & Social Infrastructure business, Financial business, and North America

(Billions of Yen)

( ) shows the effect of exchange rate (re-post)

- + Winning of large-scale projects for the central government and ministries
- + Winning of large-scale projects for the local financial institutions
- A reactionary decline following the winning of a large-scale project for the retail and consumer goods sector in the previous fiscal year

**+214.0**

**+1,480.6(+78.8)**

**+2.0**

**+1,696.6**

North America +72.3(+20.1)

EMEA-LATAM +64.2(+58.0)

NTT Ltd. +1,341.6

+ Effect of expanded consolidation of NTT Ltd.

+ Impact of foreign exchange rates

+ Winning of large-scale projects in North America

**3,566.8**

**1,870.2**

Q3 FYE3/2023  
(Apr-Dec)

Japan

Overseas

Others

Q3 FYE3/2024  
(Apr-Dec)

(Billions of Yen)

New Orders Received	Q3 FYE3/2023 Apr-Dec	Q3 FYE3/2024 Apr-Dec	YoY Comparison in Results	FYE3/2024		Q3 FYE3/2023 Oct-Dec	Q3 FYE3/2024 Oct-Dec	YoY Comparison in Results
				Excl. NTT Ltd.	Progress toward Full-year Forecasts			
<b>Total</b>	<b>1,870.2</b>	<b>3,566.8</b>	<b>+1,696.6</b>	<b>2,850.0</b>	-	<b>675.6</b>	<b>1,400.2</b>	<b>+724.7</b>
<b>Japan</b>	<b>941.8</b>	<b>1,155.8</b>	<b>+214.0</b>	<b>1,484.0</b>	77.9%	<b>336.9</b>	<b>348.1</b>	<b>+11.2</b>
Re-post								
Public & Social Infrastructure	328.6	476.2	+147.6	520.0	91.6%	93.3	111.5	+18.1
Financial	285.0	371.4	+86.4	520.0	71.4%	113.7	132.8	+19.1
Enterprise	285.4	263.3	-22.1	390.0	67.5%	116.4	90.1	-26.3
<b>Overseas(*)</b>	<b>919.8</b>	<b>2,400.3</b>	<b>+1,480.6</b>	<b>1,341.0</b>	-	<b>335.9</b>	<b>1,048.1</b>	<b>+712.2</b>
Re-post								
North America	350.3	422.6	+72.3	547.0	77.3%	133.4	230.0	+96.6
EMEA-LATAM	550.6	614.9	+64.2	761.0	80.8%	195.6	228.9	+33.3
NTT Ltd.	-	1,341.6	+1,341.6	-	-	-	582.6	+582.6
<b>Others</b>	<b>8.7</b>	<b>10.6</b>	<b>+2.0</b>	<b>25.0</b>	42.6%	<b>2.8</b>	<b>4.0</b>	<b>+1.3</b>

(\*) New orders received of NTT Ltd. is excluded from the figures for FYE3/2023, and is included from FYE3/2024.

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New orders received marked a significant growth of 1,696.6 billion yen mainly due to the effect of the expanded consolidation of NTT Ltd. and the winning of large-scale projects in both the Japan and Overseas Segments.

In the Japan Segment, new orders received decreased in the Enterprise business because of a reactionary decline following the winning of a large-scale projects in the previous fiscal year, whereas the entire segment saw an increase of 214 billion yen mainly because of the winning of large-scale projects for the central government and ministries in the Public & Social Infrastructure business and the winning of large-scale projects for the local financial institutions in the Financial business.

The Overseas Segment achieved a growth of 1,480.6 billion yen mainly due to the effect of expanded consolidation of NTT Ltd., the impact of foreign exchange rates, and the winning of large-scale projects in North America, which had remained in negative growth year-on-year until the second quarter.

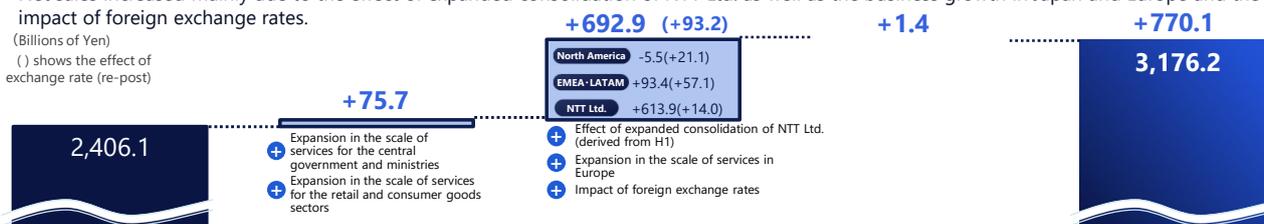
Please see Page 6.

## Net Sales | YoY Changes by Business Segment (Q3 Results of FYE3/2024)

Net sales increased mainly due to the effect of expanded consolidation of NTT Ltd. as well as the business growth in Japan and Europe and the impact of foreign exchange rates.

(Billions of Yen)

( ) shows the effect of exchange rate (re-post)



Net Sales	Q3 FYE3/2023 (Apr-Dec)		Japan		Overseas		Others		Q3 FYE3/2024 (Apr-Dec)	
	Q3 FYE3/2023 Apr-Dec	Q3 FYE3/2024 Apr-Dec	YoY Comparison in Results	FYE3/2024 Forecasts	Apr-Dec Progress toward Full year Forecasts	Q3 FYE3/2023 Oct-Dec	Q3 FYE3/2024 Oct-Dec	YoY Comparison in Results	(Billions of Yen)	
<b>Total</b>	2,406.1	<b>3,176.2</b>	<b>+770.1</b>	4,100.0	77.5%	1,034.7	<b>1,097.6</b>	<b>+63.0</b>		
<b>Japan</b>	1,170.9	<b>1,246.6</b>	<b>+75.7</b>	1,700.0	73.3%	405.7	<b>423.8</b>	<b>+18.1</b>		
Re-post										
Public & Social Infrastructure	423.5	<b>467.4</b>	<b>+44.0</b>	665.0	70.3%	153.0	<b>162.5</b>	<b>+9.5</b>		
Financial	482.2	<b>502.2</b>	<b>+20.1</b>	692.0	72.6%	161.3	<b>171.7</b>	<b>+10.4</b>		
Enterprise(*1)	368.2	<b>394.1</b>	<b>+25.9</b>	550.0	71.6%	128.0	<b>130.6</b>	<b>+2.6</b>		
<b>Overseas</b>	1,265.3	<b>1,958.2</b>	<b>+692.9</b>	2,436.0	80.4%	639.9	<b>685.3</b>	<b>+45.4</b>		
Re-post										
North America	445.8	<b>440.4</b>	<b>-5.5</b>	577.0	76.3%	153.3	<b>153.0</b>	<b>-0.2</b>		
EMEA-LATAM	508.3	<b>601.6</b>	<b>+93.4</b>	711.0	84.6%	182.9	<b>213.1</b>	<b>+30.3</b>		
NTT Ltd. (*2)	302.4	<b>916.3</b>	<b>+613.9</b>	1,167.0	78.5%	302.4	<b>318.8</b>	<b>+16.4</b>		
<b>Others</b>	-30.1	<b>-28.7</b>	<b>+1.4</b>	-36.0	79.7%	-10.9	<b>-11.4</b>	<b>-0.6</b>		

(\*1) Following the reorganization in April 2023, the comparative year, Q3 FYE3/2023, also reflects figures after this reorganization.

(\*2) NTT Ltd. has been consolidated since Q3 FYE3/2023, and the FYE3/2023 figures for NTT Ltd. pertain to the Oct.-Dec. period.

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Let's take a look at net sales.

Net sales significantly grew by 770.1 billion yen due to the effect of the expanded consolidation of NTT Ltd., the impact of foreign exchange rates, and the scale expansion in the Japan Segment and Europe.

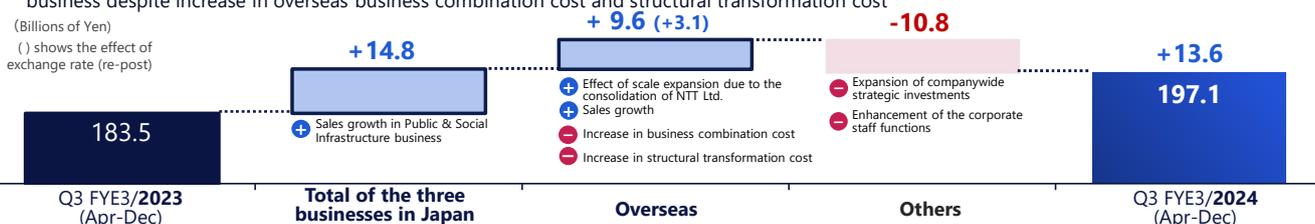
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## Operating Income | YoY Changes (Q3 Results of FYE3/2024)

Operating income increased mainly due to the effect of expanded consolidation of NTT Ltd. and sales growth in Public & Social Infrastructure business despite increase in overseas business combination cost and structural transformation cost

(Billions of Yen)

( ) shows the effect of exchange rate (re-post)



Operating Income (operating income margin)	Q3 FYE3/2023 (Apr-Dec)		Q3 FYE3/2024 (Apr-Dec)		YoY Comparison in Results	FYE3/2024 Forecasts	Apr-Dec Progress toward Full-year Forecasts	Q3 FYE3/2024 (Apr-Dec)		YoY Comparison in Results
	Q3 FYE3/2023 (Apr-Dec)	Q3 FYE3/2024 (Apr-Dec)	Q3 FYE3/2023 (Apr-Dec)	Q3 FYE3/2024 (Apr-Dec)				Q3 FYE3/2023 (Oct-Dec)	Q3 FYE3/2024 (Oct-Dec)	
<b>Total</b>	183.5	197.1			+13.6	292.0	67.5%	75.5	75.2	-0.4
<b>Total of the three businesses in Japan<sup>(*)</sup></b>	130.1	145.0			+14.8	208.0	69.7%	50.8	51.2	+0.4
Public & Social Infrastructure	37.9	50.8			+12.9	80.0	63.5%	18.8	20.0	+1.2
Financial	50.6	52.3			+1.7	73.0	71.7%	17.5	17.4	-0.1
Enterprise	41.6	41.8			+0.2	55.0	76.1%	14.5	13.8	-0.6
Re-post	(9.0%)	(10.9%)			(+1.9p)	(12.0%)		(12.3%)	(12.3%)	(+0.0p)
	(10.5%)	(10.4%)			(-0.1p)	(10.5%)		(10.8%)	(10.1%)	(-0.7p)
	(11.3%)	(10.6%)			(-0.7p)	(10.0%)		(11.3%)	(10.6%)	(-0.7p)
<b>Overseas</b>	52.5	62.1			+9.6	99.0	62.7%	26.3	27.9	+1.6
	(4.1%)	(3.2%)			(-1.0p)	(4.1%)		(4.1%)	(4.1%)	(-0.0p)
<b>Others</b>	0.9	-10.0			-10.8	-15.0	-	-1.6	-3.9	-2.3

(\*1) The total of the Public & Social Infrastructure, Financial, and Enterprise businesses is shown, as was the case in the fiscal previous year.

(\*2) NTT Ltd. has been consolidated since Q3 FYE3/2023; therefore, FYE3/2023 figures include NTT Ltd.'s figures pertaining to Oct.-Dec. period.

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This is the status of operating income.

Here, we shows year-on-year changes in the business results in Japan by totaling the figures of three businesses, namely, Public & Social Infrastructure, Financial, and Enterprise, as in the previous fiscal year.

While the overseas business combination cost and the overseas structural transformation cost increased by 5.6 billion yen and 7.1 billion yen, respectively, as expected in the full-year forecasts, operating income rose 13.6 billion yen mainly due to the effect of the expanded consolidation of NTT Ltd. and sales growth in the Public & Social Infrastructure business.

Please see Page 8.

## [Ref.] Breakdown of Overseas Business

(Billions of Yen)

		Q3 FYE3/2023 Apr-Dec	Q3 FYE3/2024 Apr-Dec	YoY (Amount)	Forex Effects (*3)	YoY (Rate)	FYE3/2024 Forecasts	Progress toward Forecasts	Q3 FYE3/2023 Oct-Dec	Q3 FYE3/2024 Oct-Dec	YoY (Amount)
<b>Net Sales</b>		<b>1,265.3</b>	<b>1,958.2</b>	<b>+692.9</b>	<b>+93.2</b>	<b>+54.8%</b>	<b>2,436.0</b>	<b>80.4%</b>	<b>639.9</b>	<b>685.3</b>	<b>+45.4</b>
Re-post	North America	445.8	440.4	-5.5	+21.1	-1.2%	577.0	76.3%	153.3	153.0	-0.2
	EMEA-LATAM	508.3	601.6	+93.4	+57.1	+18.4%	711.0	84.6%	182.9	213.1	+30.3
	NTT Ltd.	Oct-Dec 302.4	916.3	+613.9	+14.0	+203.0%	1,167.0	78.5%	302.4	318.8	+16.4
<b>EBITA (*1) (*2) (EBITA Margin)</b>		<b>72.3 (5.7%)</b>	<b>98.6 (5.0%)</b>	<b>+26.3 (-0.7P)</b>	<b>+3.9</b>	<b>+36.4%</b>	<b>145.0 (6.0%)</b>	<b>68.0%</b>	<b>35.5 (5.5%)</b>	<b>40.6 (5.9%)</b>	<b>+5.1 (+0.4P)</b>
Re-post	North America	32.0 (7.2%)	31.0 (7.0%)	-1.0 (-0.1P)	+1.5	-3.1%	44.0 (7.6%)	70.5%	12.1 (7.9%)	13.3 (8.7%)	+1.2 (+0.8P)
	EMEA-LATAM	23.6 (4.6%)	26.5 (4.4%)	+2.9 (-0.2P)	+2.5	+12.2%	40.0 (5.6%)	66.2%	7.1 (3.9%)	11.4 (5.4%)	+4.3 (+1.5P)
	NTT Ltd.	Oct-Dec 16.1 (5.3%)	41.8 (4.6%)	+25.7 (-0.8P)	+0.7	+159.5%	79.0 (6.8%)	52.9%	16.1 (5.3%)	16.2 (5.1%)	+0.1 (-0.2P)
<b>(Ref.) New Orders Received</b>		<b>Excl. NTT Ltd. 919.8</b>	<b>2,400.3</b>	<b>+1,480.6</b>	<b>+78.8</b>	<b>+161.0%</b>	<b>Excl. NTT Ltd. 1,341.0</b>	<b>-</b>	<b>335.9</b>	<b>1,048.1</b>	<b>+712.2</b>
Re-post	North America	350.3	422.6	+72.3	+20.1	+20.6%	547.0	77.3%	133.4	230.0	+96.6
	EMEA-LATAM	550.6	614.9	+64.2	+58.0	+11.7%	761.0	80.8%	195.6	228.9	+33.3
	NTT Ltd.	-	1,341.6	+1,341.6	-	-	-	-	-	582.6	+582.6

(\*1) EBITA = operating income + amortization of intangible assets subject to purchase price allocation (PPA) arising from acquisition and others. (\*2) The planned annual business combination cost of ¥19.0 billion is included only in the FYE3/2024 forecast for the entire Overseas Segment, which is ¥145.0 billion. However, actual costs are recorded for each region, and the FYE3/2024 Apr.-Dec. EBITA figures include the following costs: ¥7.0 billion for the entire Overseas Segment, ¥0.7 billion for North America, ¥3.8 billion for EMEA/LATAM, and ¥1.9 billion for NTT Ltd. (\*3) For NTT Ltd., the Forex Effects are calculated by comparing the respective average rates for Apr.-Dec. and Apr.-Sep. of the current fiscal year against those of the previous fiscal year, applying the difference to the cumulative results of the respective periods, and comparing the resulting amount. (\*4) NTT Ltd. has been consolidated since Q3 FYE3/2023, and the FYE3/2023 Net Sales and EBITA figures for NTT Ltd. pertain to the Oct.-Dec. period. New Orders Received of NTT Ltd. is excluded from the figures for FYE3/2023 and is included from FYE3/2024. (\*5) Foreign exchange rate (average rate): For Q3 FYE3/2024, USD 143.33 yen and EUR 155.32 yen; for Q3 FYE3/2023, USD 136.46 yen and EUR 140.59 yen. (For NTT Ltd., the average rate for Oct.-Dec. 2022 of USD 141.38 yen is used.)

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This shows a breakdown of the results of the Overseas Segment. Here, I would like to provide supplementary information about the status of EBITA.

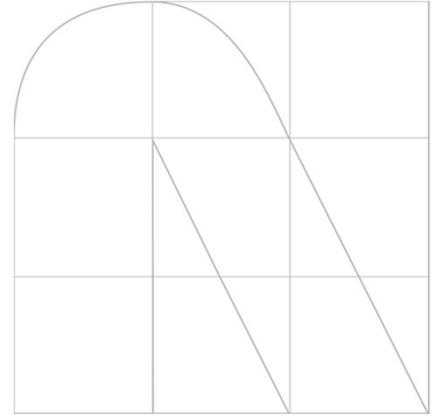
In North America, EBITA decreased by 1 billion yen year-on-year mainly due to sales decline.

In EMEA & LATAM, the overseas business combination cost grew, but EBITA increased by 2.9 billion yen year-on-year mainly due to increased income accompanied with sales growth.

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# 2

## Key Points in Financial Results Presentation



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Next, I will explain key points in the financial results presentation in order.

Please see Page 10.

## Key Points in Financial Results Presentation

### ■ Status of new orders received by segment

In Japan Segment, there was a reactionary decline in the Enterprise business following the winning of a large-scale project in the previous fiscal year, but overall performance has remained strong mainly due to winning of large projects in Public & Social Infrastructure and Financial businesses.

In Overseas Segment, the new orders received in North America, which had remained negative year-on-year until the second quarter, turned positive year-on-year in the third quarter. We will continue our efforts toward achieving the full-year targets.

»»» P11 New Orders Received in North America

### ■ Progress of overseas business combination

The overseas business combination and structural transformation are progressing as planned toward the new global business management structure that will commence in the next fiscal year. We will further accelerate these efforts.

With the progress of the overseas business combination, synergies are on the rise.

»»» P12 Overseas Business Combination and Structural Transformation

»»» P13 Synergies of Overseas Business Combination

### ■ Migration of mission-critical systems to open systems

Drawing on our accumulated knowledge, experience, and technical capabilities, we have successfully enabled the MEJAR system to operate on an open infrastructure.

We will continue to expand open system migration using our framework PITON, especially in mission-critical areas.

»»» P14 Migration of Core Banking Systems from Mainframe to Open Systems

### ■ Impact of generative AI on our businesses

We are actively utilizing generative AI both for our clients' businesses and to improve the efficiency of our internal operations.

»»» P15 Generative AI Initiatives

### ■ Status of data center business

The investments in the data center business are progressing smoothly, and the services are provided as planned.

»»» P16 Status of Data Center Business

### ■ Progress of investment and financial strategies

To control financial expenses, we are consistently implementing measures to reduce interest expenses. To recover investment profitability and maintain financial soundness, we are steadily implementing the improvement measures.

»»» P17 Progress of Investment and Financial Strategies

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These are the key points in the latest financial results presentation.

First, let's look at the status of new orders received in each segment.

The overall Japan Segment made strong progress against the full-year forecasts mainly due to winning of large-scale projects in the Public & Social Infrastructure and Financial businesses.

In the Overseas Segment, there has been steady progress against the full-year forecasts in both North America and EMEA & LATAM mainly due to winning of a large-scale project in North America.

As for the status of new orders received in North America and other key points, details will be provided in the following pages. Please see Page 11.

## New Orders Received in North America

- New orders received in North America, which had remained negative year-on-year until the second quarter, turned positive year-on-year in the third quarter.
- Although the impact of delays in customer decision-making due to market uncertainty continues to be seen, we remain committed to realizing our annual forecast for new orders received through ongoing efforts.
- We will continue our efforts to win more orders for projects that offer high value.

### ◆BPaaS Project order received in North America

#### Large-scale BPaaS order for TPA\*1 services for a major U.S. life insurance company Includes project services to implement new insurance products for the company



**Excellent relationship for more than 20 years**  
Policy administration, regulatory compliance, and contact center services

**Strong expertise and track records in TPA business  
in annuities and life insurance**  
(Leader position in third party evaluation)

**Digital technologies leveraging GDP\*2**  
(Introduction of conversational AI and voice analytics technology  
in the front office (contact center) and back office)

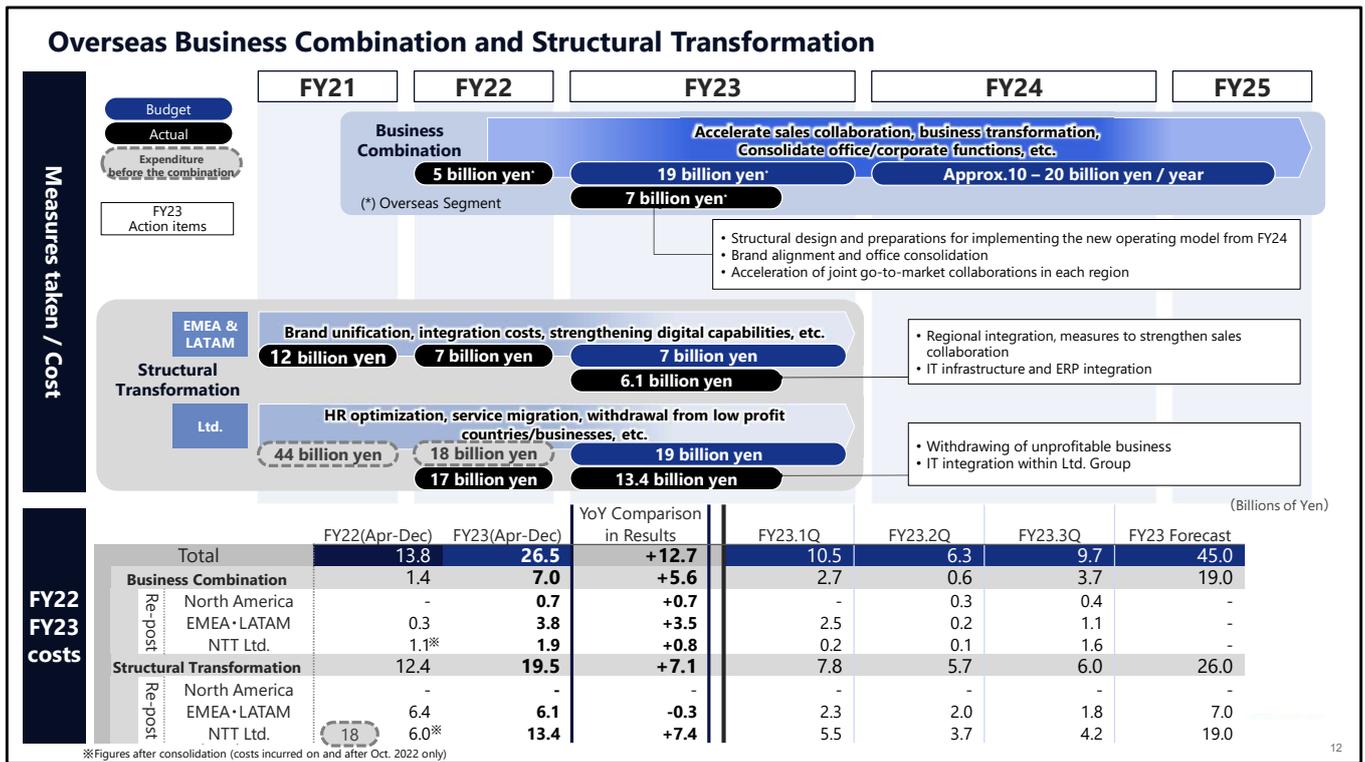
\*1 Third Party Administration : Outsourcing services of insurance contract management

\*2 Global Insurance Digital Platform : A digital Offering for the pension and life insurance industries that supplies the optimal combinations of functions, services, and solutions to match the needs of individual clients

This is the status of new orders received in North America.

In the region, new orders received were still in negative growth year-on-year until the second quarter. Nonetheless, they became positive in the third quarter, thanks to winning of several projects including a large-scale, long-term project worth over 60 billion yen for a major life insurance company in the United States.

Despite the continued impact of delays in customer decision-making owing to the market uncertainty and other factors, we will remain to be committed to making the full-year forecasts come into realization.



Next, I will provide updates on the progress in the overseas business combination and structural transformation.

We have made steady progress in the process of business combination toward a transition to a new operating model from FY2024.

By the end of the third quarter, 7 billion yen has been spent on the business combination mainly in EMEA & LATAM. In the annual plan, the overall Overseas Segment is expected to spend 19 billion yen on the business combination. We will enhance efforts to promote the business combination in the coming fourth quarter.

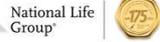
As for the structural transformation cost, we have spent 6.1 billion yen in EMEA & LATAM and 13.4 billion yen in NTT Ltd. by the end of the third quarter and made steady progress against the annual plan in both areas.

# Synergies of Overseas Business Combination

- Synergies are being created in each NTT DATA region as overseas business combination progresses.
- We've been able to win deals with full-stack offerings from infrastructure to applications and increased cross-selling.

## ◆ North America

Awarded strategic expansion and extended IT partnership for National Life Group, a major U.S. Life Insurance company



**NTT DATA Services**

20 years of client relationship  
Track records in ITO business



**NTT Ltd.**

Infrastructure building capacity  
High-quality data centers

**Announced 5-year extension of strategic partnership with National Life Group**

## ◆ EMEA & LATAM

Awarded a deal for SAP Implementation services for a multinational pharmaceutical company in South Africa



**NTT Ltd.**

Long term relationship  
Global collaboration



**NTT DATA Business Solutions**

Pharma/life sciences  
SAP expertise

**Rollout of NTT DATA Lifesciences Template to Client's operations in Brazil**  
As client's global SAP partner, planning a rollout in South Africa and Europe

The progress of the overseas business combination continues to help create synergies using the strengths in respective global regions in the third quarter.

Specifically, in North America, we announced to extend a strategic partnership with National Life Group, a major U.S. life insurance company, after winning an order for an information technology outsourcing (ITO) project.

NTT DATA Services provides ITO services including applications and infrastructure, while NTT Ltd. is in charge of the data center service. By doing so, we will continue to offer high-quality services for the clients.

In EMEA & LATAM, we signed a global master service agreement concerning SAP with a multinational pharmaceutical company in South Africa and won an order for an application management services (AMS) project in Brazil.

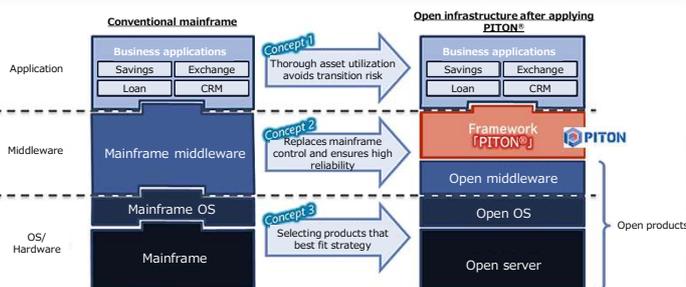
We support the client by combining NTT Ltd.'s client relationship and global experiences with NTT DATA Business Solutions' SAP expertise in the pharmaceutical field.

## Migration of Core Banking Systems from Mainframe to Open Systems

- Completed unprecedented development of high-difficulty systems that restructure the joint-use core banking system MEJAR into an open system, which has been operating stably since its launch on January 4
- Contribute to addressing the societal problem of the IT workforce shortage and the promotion of DX by converting mainframes, for which the succession of relevant skills is difficult, into open systems
- Aiming to realize the cloud scheme of the core banking systems in the future for more efficient operations and reduced administrative burden

### Migration of the core banking systems to open systems with PITON®

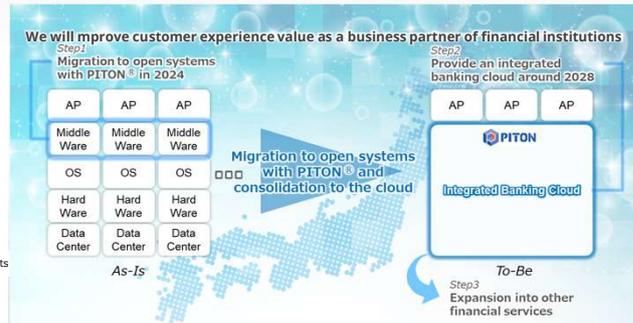
- Developed a framework (PITON®) to run systems built on mainframes on open systems.
- Applied it to the joint use system "MEJAR" and launched the first multi-bank open core banking system in the Japanese banking industry on January 4, 2024.
- Expand the adoption of open systems for core banking systems, starting with the MEJAR case study.



### Future Vision

### From open system to cloud computing

- By consolidating open core banking systems, we plan to provide an **Integrated Banking Cloud, a high-quality, domestically produced cloud computing system.**
- Contribute to **operational efficiencies and reduction of the management burden on financial institutions** by consolidating data centers, hardware, middleware, etc., and providing a one-stop service.



Let's look at the migration of mission-critical systems to open systems.

Here, I will talk about MEJAR, the first multi-bank open core banking system in the Japanese banking industry, which was launched on January 4, 2024.

Thus far, large-scale, joint-use core banking systems have run only on mainframes. However, we successfully migrated such core banking systems to open systems with PITON, the framework developed by NTT DATA.

Although the project was extremely challenging, various employees including mainframe engineers, open system engineers, and employees with high expertise in relevant operations brought together their skills and knowledge. Consequently, we were able to realize the migration to an open system and launch the service.

Starting with the latest migration of MEJAR to an open system, we will further promote the restructuring of core banking systems into open systems and work to realize an "integrated banking cloud" concept in the future.

## Generative AI Initiatives

- We have been promoting more than 100 projects on a global scale through co-creation with clients.
- From April 2024, LITRON will start supporting tsuzumi. We will continue our efforts to offer Generative AI services that harmonize with society.

### Co-creation with Clients

Public Sector

Document Approval Process Improvement

Financial

Financing Process Improvement

Insurance

Digital Employees

Apparel

Personal Visual Communication Etc..

**100+**  
Advanced global cases



This is an image created by Generative AI.

AI streamlines intricate processes, while intelligence serves the common good, illuminating areas beyond our reach.

### Software Development Productivity Improvement

**40~70%,  
Applied to 100+ projects**  
Development productivity improvement\*

**Coding**  
Accelerate your coding journey by NTT DATA

- AI Coding
- AI Testing
- Java Migration
- COBOL Migration

### Generative AI Assets

Scheduled for release in April 2024

**10+**

Generative AI-Related Assets

**LITRON** × **tsuzumi**

By Generative AI



### Human Resources that Utilize Generative AI

**195,000+**

Of Generative AI

- Corporate management
- Report creation
- Translation
- E-Mail, documentaion, etc.

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\*Development productivity = Productivity in coding and testing processes

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These are our initiatives concerning generative AI.

With the demand for generative AI growing rapidly, we have been implementing various initiatives.

Currently, we have more than 100 co-creation projects utilizing generative AI with clients and implement them across the globe.

In addition, we own more than 10 generative AI-related assets. In April 2024, LITRON, a system using generative AI to enable searching of documents and generating responses, will start to support tsuzumi, which will allow for the introduction of proprietary large language models (LLMs) in the highly confidential environment such as that of the financial industry.

Also, we will further promote these initiatives by expanding the range of application of generative AI within the Company, aiming to enhance productivity in software development and other operations.

We will continue to promote generative AI-related initiatives and aim to provide generative AI that can harmonize with society.

## Status of Data Center Business

- As the data center business is expected to grow on the back of strong demand, NTT DATA is aggressively investing in the business, and the delivery of data center services is progressing as planned.
- Revenue, EBITDA, EBITDA margin, and Capex of the data center business for the third quarter are progressing well against the full-year plan.

### Service delivery plan and results in FY2023

- 13 data centers (226 MW) to be launched by the end of FY2023
- 7 data centers\* launched by Q3 (99 MW)
  - \* India (Navi Mumbai), Germany (Frankfurt and others), USA (Virginia), and Malaysia (Cyberjaya)



### Main activities in Q3

- In December 2023, NTT Global Data Centers Japan, a subsidiary of NTT DATA Group Corporation, and **TEPCO Power Grid, Inc.** have agreed to **establish a new company** to jointly develop and operate data centers in the Inzai-Shiroi area, of Greater Tokyo, Japan.
- The data centers are scheduled to open and commence services in the area in the second half of FY2026.
- The two companies aim to **develop an advanced data center model** that helps solve carbon neutrality issues, etc. drawing upon TEPCO Group's ability to build diverse power facilities coupled with the Company's expertise in building and managing globally standardized data centers, along with their respective additional capabilities.

### Data Center Business Revenue\*1

	Q3 Results of FYE3/2024	Full-Year Plan
Revenue	1,352 M\$	1,753 M\$
EBITDA (Margin)	511 M\$ (38%)	628 M\$ (36%)
Capex	1,761 M\$	2,797 M\$

\*1 These are the figures used in management accounting to calculate the income and expenses of the data center business division of NTT Ltd. They include intercompany transactions between NTT, the parent company, and our group, and are calculated in a certain way, such as allocation of common expenses with other businesses of NTT Ltd.

\*2 EBITDA excludes depreciation of property, plant and equipment and software, amortization of intangible assets related to acquisitions, and certain common head office costs.

Then, let's look at the status of the data center business.

Since the data center business is expected to grow against the backdrop of the strong demand, we are aggressively investing in the business and delivering services according to plans.

In December 2023, we agreed with TEPCO Power Grid, Inc., on the establishment of a new company to jointly develop and operate data centers, and preparations for the establishment are underway.

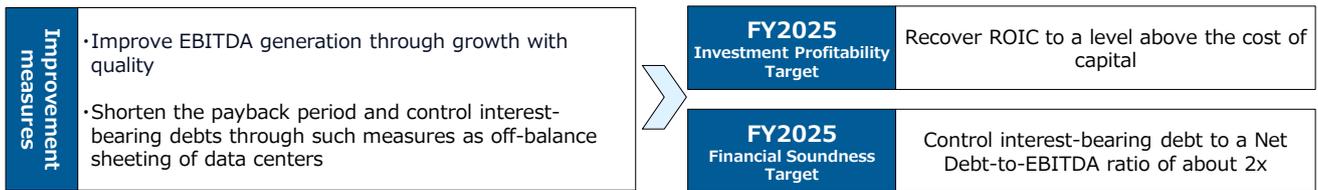
In the third quarter, there has been steady progress against the full-year plan in terms of revenue, EBITDA, EBITDA margin, and capital expenditure.

## Progress of Investment and Financial Strategies

- Measures to reduce interest expenses have been implemented steadily
- A reduction effect of approximately 3.5 billion yen is expected for the FY2023

<b>Refinancing to a fixed interest rate</b>	<ul style="list-style-type: none"> <li>• Refinance existing floating rate USD borrowings to fixed rate</li> <li>• Reduce interest expense by leveraging reverse yield on USD market interest rates</li> </ul>	<b>Reduction effect for FY2023</b> <b>Expected to be approx.</b> <b>¥3.5 billion</b> <small>*Of which, about ¥1.5 billion is for Q3</small>
<b>Refinancing through the use of yen</b>	<ul style="list-style-type: none"> <li>• NTT DATA raises funds in yen at a low interest rate and lends to NTT Ltd.</li> <li>• NTT Ltd. repays existing USD debt</li> <li>• Reduce interest expenses by utilizing the difference in borrowing rates between JPY and USD</li> </ul>	

- To achieve our investment profitability and financial soundness targets, we will continue to consider and implement the improvement measures.



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Finally, I will explain the progress of investment and financial strategies.

We have been steadily implementing measures to reduce interest expenses, such as refinancing to fixed-rate loans and use of yen-carry transactions.

We expect a reduction effect of approximately 3.5 billion yen in FY2023, and approximately 1.5 billion yen was reduced in the third quarter.

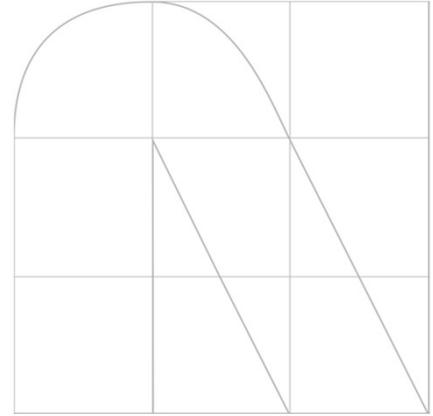
As a measure for the off-balance sheeting of data centers for this fiscal year, we are preparing for the sale of data centers.

This concludes my presentation. Thank you for your kind attention.

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## Appendices

- Explanatory details of financial results and forecasts -



(Explanation omitted)

## Overview of Consolidated Results

(Billions of yen, %)

	Q3 FYE3/2023 <sup>(1)</sup> (Apr.-Dec.)	Q3 FYE3/2024 (Apr.-Dec.)	YoY (%)	FYE3/2023 Results (Full Year)	FYE3/2024 Forecasts (Full Year)
New Orders Received <sup>(1)</sup>	<b>Excl NTT Ltd.</b> 1,870.2	3,566.8	+90.7	<b>Excl NTT Ltd.</b> 2,725.6	<b>Excl. NTT Ltd.</b> 2,850.0
Order Backlog <sup>(1)</sup>	<b>Excl NTT Ltd.</b> 2,867.5	5,541.7	+93.3	4,653.9	<b>Excl. NTT Ltd.</b> 2,960.0
Net Sales	2,406.1	3,176.2	+32.0	3,490.2	4,100.0
Cost of Sales	1,770.9	2,325.7	+31.3	2,567.9	2,993.0
Gross Profit	635.2	850.4	+33.9	922.2	1,107.0
SG&A Expenses <sup>(2)</sup>	451.8	653.4	+44.6	663.1	815.0
Personnel Expenses	238.8	339.4	+42.1	348.6	-
Outsourcing Expenses	87.1	128.5	+47.5	136.3	-
Other Expenses	125.9	185.5	+47.4	178.2	-
Operating Income	183.5	197.1	+7.4	259.1	292.0
Operating Income Margin(%)	7.6	6.2	-1.4P	7.4	7.1
Financial Income and Costs/Shares of Profit/Loss of Entities Accounted for Using Equity Method	-10.4	-46.9	-	-16.3	-52.0
Income Before Income Taxes	173.1	150.1	-13.2	242.8	240.0
Income Taxes and Others <sup>(3)</sup>	67.4	66.4	-1.4	92.8	96.0
Net Income Attributable to Shareholders of NTT DATA	105.7	83.7	-20.8	150.0	144.0
Capital Expenditures	196.6	425.0	+116.2	381.7	590.0
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles <sup>(4)</sup>	155.0	206.5	+33.2	223.1	278.0

<sup>(1)</sup> NTT Ltd. has been consolidated since Q3 FYE3/2023; therefore, the figures for the Q3 FYE3/2023 include NTT Ltd.'s Oct.-Dec. results. New orders received of NTT Ltd. is excluded from the figures for FYE3/2023, and is included from FYE3/2024. Order backlog of NTT Ltd. is included from the end of FYE3/2023.

<sup>(2)</sup> "SG&A Expenses" was reclassified according to nature. (reclassified from Q3 of FYE3/2023)

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<sup>(3)</sup> "Income Taxes and Others" includes "corporate income taxes" and "net income attributable to non-controlling interests."

<sup>(4)</sup> The figures for FYE 3/2020 and later are calculated excluding lease depreciation expenses.

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(Explanation omitted)

# Consolidated Net Sales

Detail of Consolidated Net Sales (to Clients Outside the NTT DATA Group)

(Billions of Yen)

		Q3 FYE3/2023 (Apr.-Dec.)	Q3 FYE3/2024 (Apr.-Dec.)	FYE3/2023 Results (Full Year)	FYE3/2024 Forecasts (Full Year)
Japan		1,139.6	1,218.9	1,611.7	1,700.0
Re-post	Public & Social Infrastructure	344.9	382.1	523.1	553.0
	Central Government and Related Agencies, Local Government, and Healthcare	182.4	209.3	290.9	307.0
	Telecom and Utility	90.2	92.2	127.3	130.0
	Financial	405.4	417.8	552.1	597.0
	Major Financial Institutions	160.0	162.8	216.8	223.0
	Regional Financial Institutions, Cooperative Financial Institutions	125.1	130.2	173.0	177.0
	Financial Infrastructure/Network Services, Insurance	106.8	109.7	144.0	150.0
	Enterprise <sup>(*)</sup>	335.8	362.3	459.5	484.0
	Distribution, Services, and Payments	143.0	-	194.1	-
	Manufacturing and Consulting	192.8	-	265.4	-
	Manufacturing and Services	-	65.0	-	101.0
	Retail and Consumer Packaged Goods	-	78.8	-	103.0
Consulting and Payments	-	218.4	-	280.0	
Overseas <sup>(**)</sup>	1,258.0	1,947.9	1,866.1	2,436.0	

## Net Sales by Products and Services (to Clients Outside the NTT DATA Group)

Consulting	328.1	380.2	460.4	470.0
Integrated IT Solution	517.5	515.2	694.8	700.0
System & Software Development	491.1	536.8	717.6	730.0
Maintenance & Support	698.8	763.4	943.7	950.0
IT Infrastructure <sup>(***)</sup>	143.6	429.3	278.5	505.0
Telecommunications Terminal and Network Equipment <sup>(***)</sup>	156.4	479.5	299.6	650.0
Others	70.5	71.8	95.5	95.0
<b>Net Sales by Products and Services Total</b>	<b>2,406.1</b>	<b>3,176.2</b>	<b>3,490.2</b>	<b>4,100.0</b>

(\*1) The Enterprise area was reclassified into "Manufacturing and Services" (automotive, machinery, transportation, etc.), "Retail and Consumer Packaged Goods" (distribution and retail, food, etc.) and "Consulting and Payments" from FY3/2024, following the reorganization in April 2023.

(\*2) NTT Ltd. has been consolidated since Q3 FYE3/2023; therefore, the figures for the Q3 FYE3/2023 include NTT Ltd.'s Oct.-Dec. results.

(\*3) "IT Infrastructure" is the business operated by former NTT Ltd. and mainly consist of its managed services and data center businesses. "Telecommunications Terminal and Network Equipment" is the business operated by former NTT Ltd. and mainly consist of IT product sales and its maintenance services

(Explanation omitted)

# Consolidated New Orders Received and Order Backlog

Details of Consolidated New Orders Received (to Clients Outside the NTT DATA Group)

(Billions of Yen)

		Q3 FYE3/2023 (Apr.-Dec.)	Q3 FYE3/2024 (Apr.-Dec.)	FYE3/2023 Results (Full Year)	FYE3/2024 Forecasts (Full Year)
Japan		941.8	1,155.8	1,445.2	1,484.0
Re-post	Public & Social Infrastructure	328.6	476.2	495.7	520.0
	Central Government and Related Agencies, Local Government, and Healthcare	159.9	308.9	259.8	283.0
	Telecom and Utility	89.8	74.9	125.4	126.0
	Financial	285.0	371.4	486.6	520.0
	Major Financial Institutions	124.7	152.7	223.7	237.0
	Regional Financial Institutions, Cooperative Financial Institutions	89.2	145.1	163.6	180.0
	Financial Infrastructure/Network Services, Insurance	60.1	60.0	82.4	83.0
	Enterprise <sup>(*)</sup>	285.4	263.3	404.3	390.0
	Distribution, Services, and Payments	97.2	-	127.9	-
	Manufacturing and Consulting	188.2	-	276.4	-
	Manufacturing and Services	-	55.6	-	85.0
	Retail and Consumer Packaged Goods	-	70.7	-	95.0
	Consulting and Payments	-	136.9	-	210.0
Overseas <sup>(**)</sup>	<b>Excl. NTT Ltd.</b> 919.8	2,400.3	<b>Excl. NTT Ltd.</b> 1,267.7	<b>Excl. NTT Ltd.</b> 1,341.0	

## Details of consolidated Order Backlog

Order Backlog		2,867.5	5,541.7	4,653.9	2,960.0
Re-post	Japan	1,554.6	1,718.6	1,627.3	1,620.0
	Public & Social Infrastructure	572.5	663.6	562.5	533.0
	Financial	787.9	863.8	858.2	839.0
	Enterprise	162.0	163.1	181.6	208.0
Overseas <sup>(**)</sup>	<b>Excl. NTT Ltd.</b> 1,313.1	3,818.5	3,022.5	<b>Excl. NTT Ltd.</b> 1,336.0	

(\*) The Enterprise area was reclassified into "Manufacturing and Services" (automotive, machinery, transportation, etc.), "Retail and Consumer Packaged Goods" (distribution, retail, food, etc.) and "Consulting and Payments" from FY3/2024, following the reorganization in April 2023.

(\*\*) New orders received includes NTT Ltd. from FYE3/2024. FYE3/2023 excludes the effect of expanded consolidation of NTT Ltd. Order backlog includes NTT Ltd. from the end of FYE3/2023.

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(Explanation omitted)

# Trends in Quarter (Consolidated)

( Billions of Yen )

## ■ New Orders Received(\*)



## ■ Net Sales



## ■ Operating Income



(\*) NTT Ltd. has been consolidated since Q3 FYE3/2023. Net sales and operating income include NTT Ltd. from Q3 FYE3/2023. New orders received of NTT Ltd. is excluded from the figures for FYE3/2023, and is included from FYE3/2024.

(Explanation omitted)

## Quarterly Consolidated Statement of Financial Position

Breakdown items are reposted information

(Billions of yen)

	As of March 31, 2023	As of December 31, 2023	Difference from the previous nine-month period (amount)
<b>Current assets</b>	2,249.0	2,299.3	+50.4
Cash and cash equivalents	415.4	443.8	+28.4
Trade and other receivables	1,114.5	1,094.4	-20.1
Inventories	76.2	72.3	-3.9
Assets held for sale	48.7	67.4	+18.7
<b>Non-current assets</b>	3,909.2	4,361.7	+452.4
Property, plant and equipment	1,372.5	1,654.4	+281.9
Intangible assets	653.2	667.7	+14.5
Good will	1,133.6	1,243.2	+109.6
Deferred tax assets	225.0	230.2	+5.2
<b>Total assets</b>	6,158.2	6,661.0	+502.8
<b>Current liabilities</b>	1,804.3	2,242.5	+438.2
Trade and other payables	399.4	358.6	-40.9
Contract liabilities	417.9	455.1	+37.1
Bonds and borrowings	278.8	698.5	+419.6
<b>Non-current liabilities</b>	1,957.5	1,849.5	-108.0
Bonds and borrowings	1,453.0	1,335.1	-117.9
Lease liabilities	204.6	202.2	-2.4
<b>Total liabilities</b>	3,761.8	4,092.0	+330.2
<b>Equity attributable to shareholders of NTT DATA</b>	1,452.4	1,581.8	+129.5
<b>Non-controlling interests</b>	944.0	987.2	+43.2
<b>Total equity</b>	2,396.4	2,569.0	+172.7
<b>Total liabilities and equity</b>	6,158.2	6,661.0	+502.8

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(Explanation omitted)

The logo for NTT Data, featuring the text "NTT Data" in a white, bold, sans-serif font centered on a solid blue rectangular background.

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(Explanation omitted)