

NTT DATA GROUP Becomes a Wholly-owned Subsidiary of NIPPON TELEGRAPH AND TELEPHONE—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on NTT DATA GROUP CORPORATION (security code: 9613) becoming a wholly owned subsidiary of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (security code: 9432).

- (1) On May 8, NTT DATA GROUP CORPORATION (the Company) resolved to agree to become a wholly-owned subsidiary of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT) through a tender offer by NTT. The importance of IT services is increasing due to the expansion of generative AI and the advancement of DX. Additionally, the intensifying competition resulting from these changes is significantly altering the business environment. In order to respond to these changes, by becoming a wholly-owned subsidiary of NTT and making centralized decisions as the NTT Group, it aims to strengthen the Group's global solutions business portfolio, enhance collaboration of group resources, and improve cost competitiveness.
- (2) The Company is a consolidated subsidiary of NTT, which holds 57.73% of its shares. The transaction will further strengthen degrees of NTT's control over and involvement in the Company. Given the high managerial importance of the Company in the Group, however, the Company's rating is already equivalent to the Group's creditworthiness. While changes in NTT's creditworthiness could be a factor for change in the Company's rating, JCR has determined that there is no need to immediately revise NTT's rating as a result of this transaction (for details, please refer to JCR's comments on NTT dated May 8, 2025 (release number: 25-D-0168)). Based on the above, JCR has determined that there is also no immediate need to revise the Company's rating.

Yosuke Sato, Saori Kitamura

<Reference>

Issuer: NTT DATA GROUP CORPORATION

Long-term Issuer Rating: AAA Outlook: Stable

Issuer: NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Long-term Issuer Rating: AAA Outlook: Stable

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