

## Acquisition of shares and stock acquisition rights of TerraSky to strengthen Salesforce business

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NTT DATA Corporation

On April 12, 2024, NTT DATA Corporation (hereinafter referred to as NTT DATA) and TerraSky Corporation (hereinafter referred to as TerraSky), a leader in the domestic Salesforce market in Japan, agreed to enter into a capital and business alliance agreement and business alliance agreement (hereinafter referred to as the Alliance).

Through this alliance, the two companies will form a group that will be the No. 1 domestic partner company of Salesforce in terms of the number of engineers and the scale of license resale.

By combining Salesforce, the world's leading CRM (customer relationship management) solution, with TerraSky's consulting and technical capabilities, NTT DATA will strengthen its digital service delivery capabilities and support the transformation of CX (Customer Experience) areas of client companies, including sales and marketing.

### Background purpose

Based on the corporate philosophy of "creating new "systems" and "value" with information technology to realize a richer and more harmonious society," the NTT DATA Group has contributed to the development of our clients' businesses and society by creating "systems" that utilize IT together with our clients and improving them even after they go live. NTT DATA has also declared that it will actively invest

in M&A within Japan in order to strengthen its consulting capabilities, digital technology and system development capabilities, expand its assets, and further expand its business in Japan.

Both companies have agreed to acquire TerraSky shares and stock acquisition rights with the aim of strengthening NTT DATA's Salesforce business. In the future, NTT DATA will acquire 20.12% of the shares issued by TerraSky.

TerraSky has specialized in Salesforce since its founding in 2006, and has established a leading position in the domestic Salesforce market. It has the largest number of Salesforce professionals in Japan, including five Certified Technical Architects (CTA) of Salesforce. In 2021, TerraSky Technologies was established to start training and dispatching Salesforce professionals, and is actively recruiting and training Salesforce talents in regional bases outside the Tokyo metropolitan area. In addition to the Salesforce implementation business, the company has a long track record of in-house development and sales of products that are highly compatible with Salesforce, including mitoco.

In strengthening digital technology, TerraSky's human resources and technical capabilities, as well as post-implementation support and in-house development support services, will enable end-to-end support for the transformation of client companies' CX fields through synergy with NTT DATA's consulting capabilities and integration capabilities that go beyond Salesforce. NTT DATA aims to expand its business in the CX field, including Salesforce, to 50 billion yen in three years' time.

#### **Comment from NTT DATA President and CEO Yutaka Sasaki**

"We are extremely encouraged to have the Terra Sky Group join our group. Collaborating with Terra Sky, a leader in the digital technology Salesforce, is the perfect combination for us to expand our business in Japan, and we expect to be able to provide fast and powerful end-to-end support for our clients' businesses, including consulting, implementation and effectiveness. We will also work with

NTT DATA Group companies, including JSOL and QUNIE, as well as NTT TechnoCross, whose Terra Sky shares we are acquiring, to promote the expansion of Salesforce capabilities across the entire NTT Group."

### **Comment from Hideya Sato, CEO of TerraSky**

"We hope that this partnership will enable our two companies to further expand the Salesforce market together. NTT DATA promotes digital transformation for companies and local governments both in Japan and overseas, and has accumulated a wealth of knowledge about the issues and solutions each company faces. We at TerraSky have also supported the introduction of Salesforce and other cloud services to a wide range of customers in a wide range of industries. By combining the knowledge of both companies, we hope to contribute to the promotion of digital transformation for our customers and, ultimately, Japan."

### **TerraSky Company Profile**

- (1) Trade name: TerraSky Co., Ltd.
- (2) Business Description: Cloud integration, product development and sales, consulting
- (3) Year of establishment: March 2006
- (4) Head office location: Chuo Ward, Tokyo
- (5) Representative (CEO): Hideya Sato
- (6) Number of employees: 1,248 (consolidated, as of the end of February 2024)
- (7) Company website : <https://www.terrasky.co.jp/>

### **Details of the business partnership**

NTT DATA and TerraSky will enter into a business alliance for the entire Salesforce business with the aim of growing their respective Salesforce businesses. This

business alliance will include planning and developing new services in growth markets related to the Salesforce business, acquiring and nurturing digital talent by leveraging each other's brand power, joint business expansion into the APAC region, realizing M&A, collaboration in various projects through mutual human resource utilization, and sales cooperation for products and services. Aiming to further increase the corporate value of both companies through this business alliance, NTT DATA has agreed to exchange strategic information, including dispatching one non-executive director to TerraSky, in order to promote the initiative.

### **Details of the capital alliance**

NTT DATA plans to (1) acquire 1,384,600 Terra Sky shares held by NTT Technocross Corporation, a major shareholder of Terra Sky, through off-floor trading on the Tokyo Stock Exchange (ToSTNeT-1), (2) acquire approximately 670,000 Terra Sky shares through a market purchase, and (3) receive stock acquisition rights (670,000 shares) from Terra Sky. The number of shares in (1) and (2) above accounts for 15.97% of Terra Sky's total issued shares (12,866,380 shares) as of February 29, 2024, and the total number of shares in (1) through (3) above accounts for 20.12% of Terra Sky's total issued shares (13,536,380 shares) as of February 29, 2024, which is the sum of the total issued shares of Terra Sky and the number of shares subject to the stock acquisition rights.

In principle, the stock acquisition rights can only be exercised if TerraSky's operating profit on its consolidated income statement exceeds 2.5 billion yen at least once in any fiscal year between the fiscal year ending February 2025 and the fiscal year ending February 2027. Please note that the acquisition of (1) and (2) constitutes "a purchase action equivalent to a tender offer as specified by government ordinance" under Article 167, Paragraph 1 of the Financial Instruments and Exchange Act and Article 31 of the Enforcement Order of the same Act.

### **About the future**

Through this partnership, NTT DATA will strengthen its digital service provision capabilities and aim to expand its business in the CX field, including Salesforce, to 50 billion yen over the next three years.

### **Reference: About Salesforce**

Salesforce is the world's leading CRM solution, and has been adopted by many companies to transform their customer contact points.

NTT DATA provides Salesforce consulting and implementation support services not only in Japan but also in 27 countries around the world, and has been ranked as a leader by Nelsonhall NEAT Report, positioning Salesforce as one of the technologies it is focusing on globally.

In Japan, it is No. 1 in sales of Salesforce licenses to client companies, and has a long track record in industries including finance and manufacturing.

### **Note**

Product names, company names, and organization names are trademarks or registered trademarks of the respective companies.

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