January 31, 2020

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Parent Company: NTT DATA Corporation
Representative: Yo Honma, President and Chief Executive Officer
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Parent Company: Nippon Telegraph and Telephone Corporation
Representative: Jun Sawada, President and Chief Executive Officer
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NOTICE REGARDING NETYEAR GROUP CORPORATION'S ANNOUNCEMENT OF THE REVISION OF ANNUAL CONSOLIDATED FINANCIAL FORECASTS AND OF DIFFERENCES BETWEEN ANNUAL NON-CONSOLIDATED FINANCIAL FORECASTS AND PRIOR YEAR RESULTS

Based on recent business performance trends, Netyear Group Corporation (the "Company") has announced today the revision of its annual consolidated financial forecasts for the fiscal year ending March 31, 2020, which were previously announced on May 9, 2019, as stated below. Furthermore, although the Company has not previously announced annual non-consolidated financial forecasts, the Company also announced today that it anticipates that there will be differences between its annual non-consolidated financial forecasts for the fiscal year ending March 31, 2020 and the financial results for the fiscal year ended March 31, 2019.

1. Revised Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020

(Millions of yen)

	Operating Revenues	Operating Income	Recurring Profit	Profit Attributable to Parent Shareholder	Earnings per Share
Previous Forecast (A)	6,200	80	80	56	8.00 yen
Revised Forecast (B)	5,300	(200)	(200)	(233)	(33.29) yen
Change (B-A)	(900)	(280)	(280)	(289)	—
Percentage Change (%)	(14.5)	—	—	—	—
(Reference) Results for the Fiscal Year Ended March 31, 2019	5,513	21	20	(83)	(11.94) yen

2. Differences between Annual Non-Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 and Financial Results for the Fiscal Year Ended March 31, 2019

(Millions of yen)

	Operating Revenues	Operating Income	Recurring Profit	Net Income	Earnings per Share
Results for the Fiscal Year Ended March 31, 2019 (A)	3,403	(58)	(57)	(133)	(19.05) yen
Current Forecast (B)	3,350	(50)	(50)	(52)	(7.43) yen
Change (B-A)	(53)	8	7	81	—
Percentage Change (%)	(1.6)	—	—	—	—

3. Reasons for the Revisions and Differences

(1) Consolidated Financial Results

The Company anticipates that the financial results for the Company and its consolidated subsidiary, Tribal Media House, Inc. ("Tribal Media House"), will differ from initial forecasts and that annual consolidated financial forecasts will vary significantly.

In particular, with respect to Tribal Media House, financial results for the second quarter decreased significantly compared to the prior year quarter as a result of budget reductions at major customers, among other reasons. Although the Company has been strengthening its order procurement activities in order to acquire new customers and has been working to reduce selling, general and administrative expenses beginning in the third quarter, the Company anticipates that these measures will be unable to compensate for the decline in sales, and expects a significant operating loss for the fiscal year.

Due to the significant changes affecting the financial forecasts for Tribal Media House, consolidated financial results for operating revenues, operating income, recurring profit and profit attributable to parent shareholder are all expected to be significantly lower than the previously announced financial forecasts. (For a discussion of annual non-consolidated financial forecasts, please see "Non-Consolidated Financial Forecasts" below.)

(2) Non-Consolidated Financial Forecasts

In the digital marketing market, projects are becoming increasingly difficult as they become increasingly complex and large-scale, including advanced integration of multiple systems, system development across departments within customer companies and project management across multiple vendors, and the Company experienced operating losses for three consecutive terms prior to the previous fiscal year as a result of numerous project difficulties such as delivery delays and increases in development costs due to changes in specifications.

In order to prevent such difficulties, the Company has undertaken measures including strengthened procurement risk management and project management and reviews of transactions with unprofitable customers, and has continued to implement these measures during the current fiscal year.

Based on these measures to improve profitability, the Company aims to achieve stability and growth through increased continuity of transactions with customers by enhancing its services and improving quality. However, the overall progress of these measures has been delayed due to intensifying competition for personnel and other factors, and as a result, the Company's financial results for operating revenues, operating income and recurring profit are expected to remain at the same levels as its financial results for the previous fiscal year. In addition, in the previous fiscal year, the Company recorded an impairment loss (non-recurring loss) on business assets of ¥73 million, which is expected to cause net income for the fiscal year ending March 31, 2020 to differ significantly from results for the fiscal year ended March 31, 2019.

4. Dividend Forecasts

With respect to distribution of profits, the Company's fundamental policy is to both secure internal reserves required for future business development and for strengthening its management structure while also making stable and continuous dividends. The Company expects to pay an annual dividend of ¥3.25 per share as initially announced.

Note on Financial Forecasts:

The above forecasts are based on the information currently available to the Company as of the date of this announcement, and include certain potential risks and uncertainties. As a result, various factors in the future could cause actual results to differ materially from the above forecasts.