

Note; This document is in English translation of “Kessan Tanshin” for the First Quarter of the Fiscal Year Ending March 31, 2018 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018

August 3, 2017

Company name	: NTT DATA CORPORATION
Stock exchange on which the Company's shares are listed	: Tokyo Stock Exchange 1st Section
Code number	: 9613
URL	: <a href="http://www.nttdata.com/">http://www.nttdata.com/</a>
Contacts Company representative Person in charge	: Toshio Iwamoto, President and Chief Executive Officer : Hiroshi Setoguchi, Senior Executive Manager, Investor Relations Office Tel.:+81-3-5546-8119
Scheduled date of filing of Quarterly Business Report	: August 9, 2017
Scheduled date of dividend payment	: -
Supplemental material on quarterly results	: Yes
Presentation on quarterly results	: Yes (for institutional investors and financial analysts)

(Amounts are rounded off to the nearest 1 million yen)

### 1. Consolidated Financial Results in Q1 of FY2017 (From April 1, 2017 to June 30, 2017)

#### (1) Consolidated Results of Operations

(% of change from the corresponding quarterly period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2017 Q1</b>	540,466	37.8	22,171	27.6	22,441	29.5	8,115	-19.4
FY2016 Q1	392,245	9.4	17,377	15.0	17,323	12.8	10,063	36.5

Note: Comprehensive income: FY2017 Q1 9,684 million yen (-%) FY2016 Q1 (26,670) million yen (-%)

	Net income per share	Net income per share (diluted)
	¥	¥
<b>FY2017 Q1</b>	5.79	—
FY2016 Q1	7.18	—

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. For net income per share, calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

Note: Operating Income w/o goodwill amortization: FY2017 Q1 29,503 million yen

FY2016 Q1 21,473 million yen

Net income attributable to owners of parent w/o goodwill amortization: FY2017 Q1 15,447 million yen

FY2016 Q1 14,158 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
<b>FY2017 Q1</b>	2,106,714	831,200	38.0
FY2016	2,238,941	833,715	35.8

Note: Equity FY2017 Q1 799,895 million yen FY2016 802,148 million yen

Note: As indicated in “2. Matters on Summary Information (Notes) – (Changes in Accounting Policies)”, the value disclosed for the fiscal year ending March, 2018 has been changed from the one which was disclosed on May 10, 2018.

## 2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
FY2016 (Prior to Stock Split)	¥ —	¥ 35.00	¥ —	¥ 40.00	¥ 75.00
(Reference) FY2016 (After Stock Split)	—	7.00	—	8.00	15.00
<b>FY2017</b>	—				
<b>FY2017</b> (Forecast)		7.50	—	7.50	15.00

Notes: Revisions to the forecasts of dividends: No

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. Cash dividends per share forecasted at the consolidated financial forecast of the fiscal year ending March, 2018 is referring the amount after the stock split.

## 3. Forecasts of Consolidated Results for FY2017 (From April 1, 2017 to March 31, 2018)

(% of change from the corresponding the previous fiscal year)

	Net sales		Operating income		Ordinary Income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
<b>FY2017</b>	2,060,000	18.9	120,000	2.5	116,000	2.7	59,000	-10.2	42.07

Notes: Revisions to the forecasts of consolidated financial results: No

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. Net income per share forecasted at the consolidated financial forecast of the fiscal year ending March, 2018 is referring the amount after the stock split.

\* Notes:

(1) Changes in significant subsidiaries during the period : No  
(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies due to revisions of accounting standards etc : No
- 2) Changes in accounting policies other than 1) : Yes
- 3) Changes in accounting estimates : No
- 4) Restatements : No

(4) Number of shares outstanding (common stock)

- 1) Number of shares outstanding (inclusive of treasury stock) FY2017 Q1 1,402,500,000shares FY2016 1,402,500,000shares
- 2) Number of treasury stock FY2017 Q1 495shares FY2016 495shares
- 3) Average number of shares over period (consolidated total for quarter) FY2017 Q1 1,402,499,505shares FY2016 Q1 1,402,499,505shares

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. The number of the shares are calculated on the assumption of that the stock split was conducted at the beginning of the previous consolidated fiscal year.

\* “Kessan Tanshin” is an unaudited financial report.

\* Explanations relating to the appropriate use of results forecasts, and other noteworthy items

1. Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017.
2. The results forecasts contained in this document are based on certain premises derived from information available to

the NTT DATA Group at this time. As a result of various factors that may arise in the future, actual results may differ from the Group's forecasts. For details please refer to "(3) Qualitative Information on the Consolidated Results Forecast" in "1. Qualitative Information for the First Quarter of the Fiscal Year Ending March 31, 2018" section on page 11.

3. Supplemental material on quarterly results will be uploaded on TDnet today, and will also be uploaded on our homepage. Presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.
4. The names of NTT DATA's products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA in Japan and other countries. The names of other companies, products, services, etc, are the trade names, trademarks, or registered trademarks of the companies concerned.

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## 1. Qualitative Information for the First Quarter of the Fiscal Year Ending March 31, 2018

### (1) Qualitative Information on the Consolidated Business Results

The economy and business environment for the information services industry in the first quarter of the consolidated fiscal year are as follows.

The Japanese economy continues gradual recovery and shows a continuous growth in corporate profitability as well as the trend of capital investment increase. The future domestic economy is expected to maintain this gradual recovery, though needed to note the risk of downward pressure put by the weak overseas economy.

In domestic information services industry, the market shows a gradual recovery due to the enforcement of new law and regulations and the correspondence to the indication modification active IT investment for the purpose of responding to the new system and the enforcement of legal restrictions, enhancing the end user's contact point in our clients' companies, and the business growth brought by new services. Meanwhile, needs for reducing the maintenance and operation costs and also the price competition still remain.

The overseas economy shown weak but gradual recovery. Regarding the future economic trends, the impact and increasing uncertainty of overseas economies—such as fluctuations in the financial capital market, future economic trends in China and other emerging Asian countries, geopolitical risks, and possible changes in governmental policies—must be kept in mind, but the economy is expected to maintain this moderate recovery in the future.

In the international information service industry, continuation of moderate growth is expected in the U.S. market. Furthermore, although the European market is still strong, it is required to carefully watch over the impact of increasing uncertainty of the macro economy on IT investment. As for China, the demand for IT industry has remained stable, and high demand especially for digital-related investment is expected.

#### Circumstances around the NTT DATA Group and the issues requiring attention

NTT DATA Group has attempted to expand its business in Global market, broadened the global coverage(\*), and established the business base. On the other hand, excluding Japan, Germany, Spain and Italy, our presence in local markets is still weak. In order for us to continue to grow in the steadily expanding global market, it will be necessary for us to enhance our local presence, and to establish a global brand that will be recognized by our clients around the world. To that end, with our sights set on the year 2020, the NTT DATA Group has launched the Global 2nd Stage, which aims for NTT DATA Group to be recognized as a global brand and to attain consolidated net sales of over 2 trillion yen and an approximately 50-50 net sales ratio of domestic to international sales. Capitalizing on the effects of recent large-scale M&A, our aim is to promote a steady improvement of our local presence in national markets, and to achieve the Global 2nd Stage by FY 2018.

Additionally, the wave of digitization has arrived in the wake of the accelerated progress of technology, with ever growing needs to expand existing businesses and create new ones through the strategic leveraging of IT. We recognize that sufficient correspondence to those needs is also our issue. To that end, we plan to aggressively apply innovation technologies to deliver solutions that can meet the needs of digitization, and the utilization of advanced technologies, thereby reinforcing our value delivery capability in new markets.

\*Expanded to 210 cities in 51 countries and regions as of March 31, 2017.

#### [Medium-term Management Plan]

Given the circumstances mentioned above, the NTT DATA Group has set the following three-year Medium-Term Management Plan “FY 2016 to FY 2018”.

<Key principles>

With NTT DATA: ASCEND (Rise and grow our global brand) as our keyword, the NTT DATA Group plans to pursue business growth in regions around the world and, by strengthening our local presence, to improve our brand value as a global brand.

<Global strategy>

■ Game-Changing Approach

For “Game-Changing Approach”, capture the environmental change and breakthrough technologies, expand the existing market share and create new markets that anticipate the customers’ needs, we have steadily achieved them by entering the electric industry, the system construction of Omni channel, and the expansion of our digital archiving business and so on in our previous Medium-Term Management Plan.

Going forward, taking the continued acceleration of market trends and breakthrough technology as opportunities to be grasped, we will continue to work to accelerate the expansion of existing markets and the creation of new market, according to market environments in countries around the world, and strengthen our local presence. In addition, we will work to leverage our global coverage and take full advantage of our synergies in order to expand the solutions and services that we provide, forge ahead with the improvement of our response capabilities to undertake our clients’ global projects, and increase our competitive strength around the world.

■ Breakthrough Technology

So that we enable to our clients to enhance core competencies by applying innovative technologies to deliver solutions with agility and flexibility as they face tough changes in their environments, we will push ahead with further innovation in production technology, combining the production technology that we have developed to date with new production technology that respond to the needs of the digital society.

In addition, NTT DATA will strengthen our technological capabilities in the digital field to respond to our clients’ growing needs for a strategic use of IT, by placing the right resources for research and development—including our expertise, personnel and bases—in the right place globally. We will also continue to adopt cutting-edge technologies by closely cooperating with other companies that have advanced technological capabilities. Through these initiatives, NTT DATA is determined to create new frameworks and value that did not exist before, by enabling the application of the cutting-edge technologies to business operations through co-innovation with our clients.

< Medium-Term Management Plan>

We intend to make aggressive investment in new business areas, targeting the transition to the digital society, and pursue business growth geared towards the achievement of the Global 2nd Stage by the further deepening of “Game-Changing Approach” and value creation through breakthrough technology.

Net Sales	>2 trillion yen
Operating Income	+50%*

\*Compared to FY2015 (After adjustment for incremental investments in new fields)

After setting the above Medium-Term Management Plan, steadily achieved the deepening of “Game-Changing Approach” through the entry to the new business areas including IoT-related, the system construction of Omni channel, and the expansion of the banking business. Also regarding “Breakthrough Technology,” steady progress has made with our R&D efforts on “innovation of production technology” such as the rapid and high quality system development, and working on the “utilization of advanced technology” which proactively adopts the new technological trends.

Meanwhile, with regard to our high-priority issues for the management, the restraint on unprofitable projects and the improvement in the profitability of overseas business was the most significant management subject for us. Although we took more rigorous countermeasures against unprofitable projects through the Project Review Committee and promoted initiatives, we are aware that more restraint is needed. Also for overseas, seeking for the profit improvement, however still not reaching to the target level. Therefore, we acknowledge that these issues will remain as our significant management agendas.

To seek further globalization toward the Global 3rd Stage and achieve a new goal of “Trusted Global Innovator”, we decided to improve our local presence in market, strengthen our relationships with global clients and better understanding the business in a timely manner under our organization redesigned to enhance our promotion and management of global business on the date of July, 1 2017.

In particular, we would transfer the current global operational functions under the Global Business Sector, such as the global account service (which provides support for global and key Accounts) and offering service (which provides cross-regional solutions), to the newly established Global Marketing Headquarters. Also we launch the China & APAC Business Sector, and transfer our businesses in China and the APAC region from the Global Business Sector to the new Sector. At the same time, we would manage to create collaborations between the three existing domestic business fields (Public & Social Infrastructure Segment, Financial Segment, and Enterprise & Solutions Segment) and the China & APAC Business.

Since our overseas business has expanded and the scope of our business and geographic coverage have also been expanded, we seek to grow our business for reaching the Global 2nd Stage and for the Global 3rd Stage by enhancing the promotion and management system of our global business.

#### Status of business activities and performance of each segment

Through the above measures, we strove to expand businesses in the global market in order to cope with clients’ acceleration of business expansion into the global market and meet their diversified and sophisticated needs. We also made efforts to expand diverse IT services in response to market changes and stably provide such services.

The following sections present descriptions of efforts made in each of its segments.

##### [Public & Social Infrastructure Segment]

We aim for receiving system renewal orders for core businesses from governments and infrastructure companies, and made efforts to grow our business through the following methods: creating new domestic and overseas businesses by utilizing the results and know-how that our group has cultivated; and responding to new businesses including those utilizing “My Number” and concerning IoT and the change in the utility industry system (the power and gas system reform)

<Commenced the global deployment of the English version of “WinActor,” Japanese style RPA solution>

• Regarding the “WinActor” <sup>(Note 1)</sup> Robotic Process Automation (RPA) solution that we commenced to sell within Japan from November 2014, and that automates the operation of every Windows device application, we established a company-wide RPA promotion team to further enhance the ability to promote RPA, and implemented the introduction of “WinActor” to over 100 client companies up to now. From May 2017, utilizing the track record of introduction and know-how of “WinActor” within Japan, we commenced to provide the English version of “WinActor.” We will continue our contribution to the automation/streamlining of deskwork at our overseas clients in addition to our Japanese clients.

<Agreement on strategic alliance toward overseas business development of electric power system monitoring control system and its peripheral technology >

• Six companies, TEPCO Power Grid, Incorporated, TOSHIBA CORPORATION, McAfee Co., Ltd., TAKAOKA TOKO CO., LTD., Nippon Koei Co., Ltd. and NTT DATA Corporation, agreed to a strategic alliance in April 2017, regarding the overseas business development of the electric power system monitoring control system and its peripheral technology <sup>(Note 2)</sup>. We will commence market research in Southeast Asia, Africa, and so on, toward selecting where to provide the service, and we will deploy a “Comprehensive Operation and Maintenance (O&M) business” <sup>(Note 3)</sup> for the future. As an IT company to support the business innovation of our clients, we will support the overseas business development of TEPCO Power Grid, Incorporated through a global perspective and utilization of IT such as advanced network and cloud that matches the needs of the clients in each region and country.

<Commissioning of drone flight management software package “airpalette UTM” application case>

• As a case for applying the drone <sup>(Note 4)</sup> flight management software package “airpalette UTM” <sup>(Note 5)</sup> (scheduled to commence providing the service in October 2017), the commissioning of the “Project to realize an energy saving society where robots/drones play active roles ” <sup>(Note 6)</sup> by New Energy and Industrial Technology Development Organization (NEDO) and the “Investigation work related to the utilization of unmanned aircraft (drones) during a nuclear power disaster, FY2017” <sup>(Note 7)</sup> by Ehime Prefecture was decided in June 2017. Based on the achievements of these projects, as well as making an effort to enhance the features of this product, we will develop the drone-related business in the global market including Japan.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 85.9 billion yen (3.5% decrease compared to the previous year) due to the reactionary decline etc. in services for government ministries. The operating income was 5.1 billion yen (26.0% decrease compared to the previous year) mainly due to decrease in sales etc.

[Financial Segment]

We aim for the growth by expanding businesses with the background of our clients’ environmental changes such as increased needs for advanced settlement systems in domestic and overseas markets, creating new services at the timing of technological innovations and easing of regulation, new change in services for integrated services for banks and securities companies, and accelerated overseas advancement by major financial institutions.

< “Corporation (Affiliated Merchant) Review Solution” received the Winner prize at the JISA Awards 2017>

• Our “Corporation (Affiliated Merchant) Review Solution” that utilizes “MarkLogic” <sup>(Note 8)</sup> was highly acclaimed for realizing the reduction of information collection workload and automation of the collection process that requires substantial effort to review corporations in the credit card industry, and received the highest appraisal Winner prize at the JISA Awards 2017 <sup>(Note 9)</sup> in June 2017. Until now, we have been offering various services related to data utilization by the latest technology including AI technologies, such as a solution to digitally utilize unstructured data and a system to comprehensively manage siloed data <sup>(Note 10)</sup> focused on domestic companies. In June 2017, we concluded a capital and business alliance with MarkLogic Corporation, which has the NoSQL database for enterprises that is the core of the solution that



received the prize. We will continue to use MarkLogic to strongly support the creation of value by our clients through providing the means to solve issues related to various utilization of data, and also respond to the worldwide needs to utilize data as intelligence <sup>(Note 11)</sup>, and aim at exploring the market and expanding the business on a global scale.

<THE OITA BANK CO. LTD decides to join the “Collective MCIF Center,” a shared utilization type marketing service for regional financial institutions>

- In April 2017, THE OITA BANK CO. LTD, decided to join the “Collective MCIF Center,” a shared utilization type marketing service for regional financial institutions, and the number of participating banks has expanded to 10. This service can be used to perform sophisticated analysis of enormous nationwide scale data that is difficult to collect independently by sharing the sales know-how and data utilization technology of each user bank, and enables to develop/verify the effects of marketing models with high accuracy. We will expand the features of the “Collective MCIF Center” to align with direct channels such as smartphone applications and provide overall support to the retail strategy for individuals that combines the headquarters/banking offices/direct channels. Also, we will aim at the visualization of clients’ insights <sup>(Note 12)</sup> that combines the data of all the financial institutions that utilize this service and the advancement of financial marketing through the utilization of artificial intelligence (AI), and so on.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 127.5 billion yen (7.5% increase compared to the previous year) due to reflecting the expansion of business scale for banks etc.. The operating income was 10.5 billion yen (58.3% increase compared to the previous year) mainly due to the improvement of cost of sales ratio reflecting the decrease of depreciation of some systems and increase in sales.

[Enterprise & Solutions Segment]

We aim at our business expansion as business partner who works with the clients such as the retailers, distributors, service providers and manufacturers who are actively promoting IT investment in response to the changes in value chains brought by digitization and the global development, to solve those problems utilizing our advantages in the areas of enterprise & solutions corresponding to those clients’ needs.

<Commenced the operation of “Biz J” in the next core system of AIR WATER INC.>

- In the next core system of AIR WATER INC., NTT DATA Corporation introduced the ERP package software “Biz J,” which NTT DATA BIZINTEGRAL CORPORATION, our subsidiary, is selling, and commenced to operate “Biz J Accounting,” etc. at the head office/9 regional companies of AIR WATER INC. from April 2017. This will enable to unify the management information control, so that the management information of the group companies can be confirmed timely, and the advancement of business management of the entire group can be expected, and also the operation workload will be reduced by realizing a common system and standardization of work operation. We will fully support the construction of the next core system and the deployment to each of the group companies as a business partner.

<Commenced a service of digital teaching material application for Benesse Corporation>

- The second stage to develop Shinken-zemi teaching material application for Benesse Corporation was

completed, and providing the service was commenced in April 2017. This will enhance the tablet that can utilize this application which supports the “establishment of a learning style suitable for the individual,” and the expansion of the learning environment makes it possible for more users to utilize this application. For the additional future service, we are also implementing the analysis of learning data, etc. in regard to the mistakes made during learning by the users and the effective timing for motivation, and we will continue our efforts to provide more added value to the client companies and to expand our digital business.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 105.2 billion yen (7.7% increase compared to the previous year) mainly due to the expansion of businesses scale of the manufacturing industry adding to the expansion of digital-related business including M&A etc. in the previous fiscal year. The operating income was 8.6 billion yen (43.0% increase compared to the previous year) mainly due to the increase in sales and so on.

[Global Segment]

We aim to the further improvement of our local presence by globally cooperating with our group companies including the newly joined former Dell Services, and also by improving the service provision capability especially in new areas such as in digital industries, and gathering each of our group companies’ strength and resource, with the promotion of M&A strategies.

<Capital alliance of PT. Abyor International in Indonesia>

- Through NTT DATA Asia Pacific Pte. Ltd., our Asia subsidiary, we took over 70% of shares outstanding of PT. Abyor International, which is one of our SAP partners in Indonesia, reached a final agreement for a capital alliance, and completed the purchase in June 2017. This will secure the location and the resources for the SAP business in Indonesia, and we will aim for the expansion of the SAP business in Indonesia, cross-selling by utilizing the client base and the solution that our group possesses, and the expansion of business for Japanese firms in this country.

<Acquisition of Goldfish ICT Group in the Netherlands>

- Through itelligence AG, our German subsidiary, we took over 100% of the shares outstanding of Goldfish ICT Services BV and affiliated companies in the Netherlands, which were good in the area of SAP consulting and system construction in food/agriculture and life science including agribusiness in May 2017. Through this partnership, we aim to enhance further expansion of the SAP business in Europe and the ability to support the global companies, by expansion of the SAP business in the Netherlands, cross-selling which utilizes the client base and solution that our group possesses, the deployment of solutions that Goldfish ICT Services BV and affiliated companies possess outside of the Netherlands, etc.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 284.7 billion yen (96.0% increase compared to the previous year) due to the expansion of businesses in North America as a result of the acquisition of Dell Services, and temporary increase of the months to be consolidated associated with the unification of accounting periods of the Group companies and, etc.

The Operating Income w/o goodwill amortization was 4.6 billion yen (276.6% increase compared to the previous year) due to contribution by the acquisition of Dell Services and temporary increase of the months to be consolidated associated with the unification of accounting periods of the Group companies and, etc. The operating income was -2.6 billion yen (6.5% increase compared to the previous year).

Notes:

1. “WinActor”  
A pure domestic RPA solution developed by NTT Advanced Technology Corporation based on the technology of NTT Access Network Service Systems Laboratories, and provided through NTT DATA Corporation as the vendor.
2. Peripheral technology  
Technology related to cyber security countermeasures and the information communication network, development/maintenance/operation of electrical transmission and transforming facility/equipment, etc.
3. Operation and Maintenance (O&M) business  
To perform operation and management work, and maintenance and management work for electrical transmission and distribution facility, etc.
4. Drone  
Generic name of unmanned aircraft that can fly by remote control or automatic control.
5. “airpalette UTM”  
A software package for drone flight management that was developed by NTT DATA Corporation. We realize the enhancement of work efficiency during infrastructure inspection, disaster prevention activities, etc. through the remote control of multiple drones, and contribute to securing the safety of airspace by detecting the danger such as intrusion into dangerous airspace and collision between drones through centralized management of positional information, etc.
6. Project to realize an energy saving society where robots/drones play active roles  
A research and development project for a flight management system that aims at the safe flight of multiple drones, jointly implemented by NEC Corporation, NTT DOCOMO, INC., Rakuten, Inc. and Hitachi, Ltd.
7. Investigation work related to the utilization of unmanned aircraft (drones) during a nuclear power disaster, FY2017  
An investigation work that utilizes drones to collect disaster damage information on infrastructures/villages, and verifies the results related to the smooth evacuation of residents during a disaster at Ikata Nuclear Power Plant in Ehime Prefecture.
8. “MarkLogic”  
A NoSQL database for enterprises made by MarkLogic Corporation. NoSQL is an abbreviation of Not only SQL, and it is a generic name for database managed systems other than relational database management systems (RDBMS). (Its characteristics is to operate (handle) the data with language other than SQL.) There are various types of systems that developed in a form that complements the weak areas of RDBMS, such as those that are good at managing a large volume of data, those that pursued the speed of processing, and those that are characterized by flexible data structure. There are systems that can store/operate the structure of structured data and unstructured data (social media data, website data, etc.) as they are, and these are also called the next-generation database systems.
9. JISA Awards 2017  
Awards hosted by Japan Information Technology Services Industry Association (JISA), and given to creators of systems that are highly original and acceptable by international standards.
10. Siloed  
A status where as a result of systems being considered/constructed by departments and operations, data exist in bits and pieces, and overall optimization as a company or client value is not being attempted.
11. Intelligence  
To extract information with high accuracy required for decision making from various types of information.
12. Visualization of clients’ insights  
Advance the understanding of the clients’ deep psyche, and visualize the thoughts/feelings of the client that cannot be seen just through financial transactions.

### Progress of Technical development

The Group’s main business, system integration (SI), is seeing some improvement with the gradual recovery of the Japanese economy, but is still exposed to a very tough competitive environment. In order to beat the

competition in this kind of environment, we are focusing our R&D efforts on “innovation technologies to deliver solutions”, for faster and higher quality system development. In addition, we are also working on the “utilization of advanced technologies” that proactively incorporates new technological trends. With these two initiatives we combine a development capability that can respond flexibly to changes in circumstances, and are working to strengthen our R&D so that we can propose and deliver winning systems to our clients.

[Innovation technologies to deliver solutions]

We have been working on achieving the high speed and high quality development by the automation of software development and this has been our superiority in competition. Against this backdrop, in addition to further advancement in automation technology, we have undertaken legacy modernization <sup>(Note1)</sup> and the speeding up of innovation in our development processes so that we can respond with agility to changes in development environments, and changes in our clients’ business environments. In addition, we are promoting standardization initiatives on a global level.

<Efforts toward the reconstruction of a safe/secure legacy system>

• The “Modernization Working Group (WG)” of the Software Reliability Enhancement Center, Information-technology Agency in which we participated has released the “User guide that leads to successful reconstruction of systems” to the public in order to implement safe and secure legacy modernization, and we made a contribution to the enhancement of this guide by sharing our knowledge that was gained through the construction of large-scale systems for financial institutions/public agencies/local governments, and information related to inherent risks in systems that went through many years of maintenance and repair. Also, we have been offering a legacy modernization solution that puts together the tools and processes that have been necessary when reconstructing a system, and realizes a safe/secure system reconstruction. We will keep an eye on the application of the knowledge/solution of NTT DATA Services, our U.S. subsidiary, and also advance the efforts on legacy modernization in the global market.

[Utilization of advanced technologies]

NTT DATA has particularly focused on the technology themes of AI, IoT and advanced technology of IT infrastructure (e.g., blockchain) and put priority on investment in PoCs for applicable research topics and clients. As a means of discerning research topics for the mid- to- long term, we try to grab the changes in the future with four perspectives such as politics, economy, society and technology in order to derive the “information society trends” and “technology trends” of near-future and formulate and publish these as NTT DATA Technology Foresight <sup>(Note 2)</sup>.

<Disclosed the emergency investigation report on ransomware>

• We have investigated the ransomware (ransom demand type virus), which has been confirmed to have caused widespread infection around the world, and disclosed the emergency investigation report in May and June 2017 that contained the result of our investigation such as attack techniques of ransomware, status of damage, equipment targeted for attack, and recommended countermeasures. We look ahead to the future of information security that is becoming complex by the spread of cutting-edge technologies, and are working on technology development and dissemination of information. We will continue to predict threats which lead to social risks at an early stage, draw attention through the disclosure of reports, and aim at contributing toward a safe and secure society.

Notes:

1. Legacy Modernization

The entire operations realized by the current system, which has been maintained for a long period of time (legacy system), are becoming difficult to understand with the system becoming increasingly enlarged, complex, and

dependent on individual skills. The aim of legacy modernization is to clear those specifications of such black-box systems, utilize existing assets, and renovate them into new systems.

## 2. NTT DATA Technology Foresight

The near-future vision of the information society (information society trend) and IT-related technology trends. It is derived through comprehensive surveys of the trend relating to IT that are implemented from the perspectives of politics, economy, society and technology, as well as through hearings and discussions with domestic and foreign intellectuals. Trend information has been released since 2012, and is yearly updated.

As a result of these activities, business performance during the first quarter of the consolidated fiscal year under review was as follows.

• Net Sales	540.4 billion yen	(up	37.8% year-on-year)
• Operating Income	22.1 billion yen	(up	27.6% year-on-year)
• Ordinary Income	22.4 billion yen	(up	29.5% year-on-year)
• Income before Income Taxes and Minority Interests	17.4 billion yen	(up	1.0% year-on-year)
• Net income attributable to owners of parent	8.1 billion yen	(down	19.4% year-on-year)
• Operating Income w/o goodwill amortization	29.5 billion yen	(up	37.4% year-on-year)
• Net income attributable to owners of parent w/o goodwill amortization	15.4 billion yen	(up	9.1% year-on-year)

## **(2) Qualitative Information on the Consolidated Financial Position**

The assets as of the end of the first quarter of the consolidated fiscal year under review were 2,106.7 billion yen, a decrease of 132.2 billion yen or 5.9% as compared to the end of the previous consolidated fiscal year due to the payment of interest bearing liabilities and corporate taxes from the assets that had been increased by the progress in the collection of accounts receivable. The liabilities were 1,275.5 billion yen, a decrease of 129.7 billion yen or 9.2% as compared to the end of the previous consolidated fiscal year.

## **(3) Qualitative Information on the Consolidated Results Forecast**

In domestic information services industry, the market shows a gradual recovery due to the enforcement of new law and regulations and the correspondence to the indication modification active IT investment for the purpose of responding to the new system and the enforcement of legal restrictions, enhancing the end user's contact point in our clients' companies, and the business growth brought by new services. Meanwhile, needs for reducing the maintenance and operation costs and also the price competition still remain.

As for overseas markets, although a gradual continued growth in the U.S. market and a stable IT investment demand in China are expected, need to carefully monitor the impact of the increasing uncertainty of the world economy on IT investment in European market.

Under these business circumstances, since the NTT DATA Group continues to work on controlling the unprofitable projects, improving the profitability of overseas subsidiaries, and reducing the cost of whole group etc., adding to secure orders steadily capturing the IT investment needs in Japan and abroad. Therefore, no revision for the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (announced on May 10, 2017) has been planned at the moment.

The Financial Results Forecast for the Second quarter is omitted as our results management is conducted annually.

## **2. Matters on Summary Information (Notes)**

### **(1) Changes in accounting policies, changes in accounting estimates and restatements**

(Changes in accounting policies)

For financial lease transactions by the lessor, NTT DATA Corporation, a company that submits consolidated quarterly financial statements, and its domestic consolidated subsidiaries used a method in which sales and the cost of sales were recognized on the receipt of lease fees, but adopted a new treatment method in which sales and the costs of sales are recognized on the day that the finance lease transaction commences from the first quarter of the consolidated accounting period.

As proactively promoting global expansion, the NTT DATA Group updated systems for leasing in order to unify the accounting policies, which enabled the company to adopt an accounting treatment method that is better suited to actual conditions. We, therefore, adopted a treatment method in which sales and the costs of sales are recognized on the day that the finance lease transaction commences from the first quarter of the consolidated accounting period.

The effect of this change on operating income, ordinary income and income before income taxes of the current consolidated fiscal year is minor. The retained earnings at the beginning of the previous consolidated fiscal year increased by 3,447 million yen.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	212,459	186,489
Notes and accounts receivable - trade	458,085	377,441
Lease receivables and investment assets	28,085	25,984
Securities	4,302	9,119
Inventories	31,211	44,532
Deferred tax assets	32,061	28,662
Deposits paid	55,808	10,000
Other	79,635	84,230
Allowance for doubtful accounts	(3,740)	(4,454)
Total current assets	897,910	762,005
Non-current assets		
Property, plant and equipment		
Data communication facilities, net	89,760	87,033
Buildings and structures, net	114,995	115,797
Machinery, equipment and vehicles, net	31,034	31,807
Tools, furniture and fixtures, net	16,666	17,454
Land	63,835	63,808
Construction in progress	35,609	42,743
Other, net	4,957	4,798
Total property, plant and equipment	356,860	363,443
Intangible assets		
Software	240,304	235,137
Software in progress	61,168	69,249
Goodwill	315,261	312,898
Other	160,549	154,488
Total intangible assets	777,283	771,773
Investments and other assets		
Investment securities	86,834	89,956
Net defined benefit asset	5,603	5,740
Deferred tax assets	60,802	57,794
Other	54,419	56,748
Allowance for doubtful accounts	(772)	(749)
Total investments and other assets	206,887	209,491
Total non-current assets	1,341,031	1,344,708
Total assets	2,238,941	2,106,714



**Consolidated Balance Sheets-continued**

(Unit: ¥ million)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	138,453	110,275
Short-term loans payable	213,160	67,488
Current portion of long-term loans payable	53,461	8,580
Current portion of bonds	49,996	49,997
Income taxes payable	35,916	11,767
Advances received	180,827	197,394
Provision for loss on order received	3,452	2,125
Other	158,351	159,046
<b>Total current liabilities</b>	<b>833,619</b>	<b>606,675</b>
Non-current liabilities		
Bonds payable	160,075	160,076
Long-term loans payable	168,618	273,664
Deferred tax liabilities	30,367	22,163
Net defined benefit liability	186,788	190,008
Provision for directors' retirement benefits	876	752
Other	24,880	22,172
<b>Total non-current liabilities</b>	<b>571,605</b>	<b>668,838</b>
<b>Total liabilities</b>	<b>1,405,225</b>	<b>1,275,513</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	141,048	141,048
Retained earnings	501,369	498,134
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>784,937</b>	<b>781,702</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,881	41,470
Deferred gains or losses on hedges	(155)	(102)
Foreign currency translation adjustment	23,889	22,213
Remeasurements of defined benefit plans	(30,083)	(29,718)
Other	(16,320)	(15,670)
<b>Total accumulated other comprehensive income</b>	<b>17,211</b>	<b>18,192</b>
<b>Non-controlling interests</b>	<b>31,567</b>	<b>31,305</b>
<b>Total net assets</b>	<b>833,715</b>	<b>831,200</b>
<b>Total liabilities and net assets</b>	<b>2,238,941</b>	<b>2,106,714</b>

**(2) Consolidated Statements of Income and Comprehensive Income**

(Unit: ¥ million)

	Three months ended Jun 30, 2016	Three months ended Jun 30, 2017
Net sales	392,245	540,466
Cost of sales	294,550	413,547
Gross profit	97,694	126,918
Selling, general and administrative expenses	80,316	104,747
Operating income	17,377	22,171
Non-operating income		
Interest income	329	582
Dividend income	1,453	1,319
Other	737	1,378
Total non-operating income	2,520	3,280
Non-operating expenses		
Interest expenses	1,416	1,537
Foreign exchange losses	125	640
Other	1,032	832
Total non-operating expenses	2,575	3,010
Ordinary income	17,323	22,441
Extraordinary losses		
Loss on restructuring of subsidiaries and affiliates	—	4,945
Total extraordinary losses	—	4,945
Income before income taxes	17,323	17,496
Income taxes	7,037	8,868
Net income	10,285	8,628
Net income attributable to		
Net income attributable to owners of parent	10,063	8,115
Net income (loss) attributable to non-controlling interests	222	512

**Consolidated Statements of Income and Comprehensive Income-continued**

(Unit: ¥ million)

	Three months ended Jun 30, 2016	Three months ended Jun 30, 2017
Other comprehensive income		
Valuation difference on available-for-sale securities	1,881	1,594
Deferred gains or losses on hedges	(20,164)	53
Foreign currency translation adjustment	(21,205)	(1,545)
Remeasurements of defined benefit plans, net of tax	1,052	381
Share of other comprehensive income of entities accounted for using equity method	(165)	(77)
Other	1,644	650
Total other comprehensive income	(36,956)	1,056
Comprehensive income	(26,670)	9,684
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(26,518)	9,096
Comprehensive income attributable to non-controlling interests	(152)	587

