

Financial Results Release

For the Year Ended March 31, 2018

May 11, 2018

[U.S. GAAP]

Name of registrant :Nippon Telegraph and Telephone Corporation ("NTT") / URL <http://www.ntt.co.jp/ir/>
 Code No. :9432
 Stock exchanges on which the Company's shares are listed :Tokyo
 Representative :Hiroo Unoura, President and Chief Executive Officer
 Contact :Takashi Ameshima, Head of IR, Finance and Accounting / TEL +81-3-6838-5481
 Scheduled date of the ordinary general meeting of shareholders:June 26, 2018
 Scheduled date of dividend payments :June 27, 2018
 Scheduled filing date of securities report :June 30, 2018
 Supplemental material on financial results :Yes
 Presentation on financial results :Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

Amounts are rounded to nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Income		Income (Loss) before Income Taxes		Net Income (Loss) Attributable to NTT	
Year ended March 31, 2018	11,799,587	3.6%	1,642,843	6.7%	1,755,624	14.9%	909,695	13.7%
Year ended March 31, 2017	11,391,016	(1.3)%	1,539,789	14.2%	1,527,769	14.9%	800,129	8.5%

Note: Percentages above represent changes from the previous year.

	Basic Earnings (Loss) per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT	ROE (Ratio of Net Income Attributable to NTT)	ROA (Ratio of Income (Loss) before Income Taxes to Total Assets)	Operating Income Margin (Ratio of Operating Income to Operating Revenues)
Year ended March 31, 2018	455.78 (yen)	- (yen)	9.8%	8.2%	13.9%
Year ended March 31, 2017	390.94 (yen)	- (yen)	8.9%	7.2%	13.5%

Notes: 1.Comprehensive income (loss) attributable to NTT: For the year ended March 31, 2018: 956,013 million yen (11.1%)
 For the year ended March 31, 2017: 860,200 million yen (103.8%)

2.Equity in earnings (losses) of affiliated companies: For the year ended March 31, 2018: 5,551 million yen
 For the year ended March 31, 2017: (21) million yen

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Total Equity (Net Assets)	Shareholders' Equity	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity per Share
March 31, 2018	21,675,770	12,032,551	9,485,981	43.8%	4,812.59 (yen)
March 31, 2017	21,250,325	11,507,756	9,052,479	42.6%	4,491.73 (yen)

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended March 31, 2018	2,637,547	(1,841,777)	(931,658)	780,300
Year ended March 31, 2017	2,917,357	(2,089,311)	(981,511)	925,213

2. Dividends

	Dividends per Share					Total Annual Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Shareholders' Equity (Consolidated)
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year-end	Total			
Year ended March 31, 2017	—	60.00 (yen)	—	60.00 (yen)	120.00 (yen)	243,147 (millions of yen)	30.7 %	2.7 %
Year ended March 31, 2018	—	75.00 (yen)	—	75.00 (yen)	150.00 (yen)	298,314 (millions of yen)	32.9 %	3.2 %
Year ending March 31, 2019 (Forecasts)	—	85.00 (yen)	—	85.00 (yen)	170.00 (yen)	—	37.7 %	—

Note: As NTT has adopted International Financial Reporting Standards (IFRS) beginning with the fiscal year ending March 31, 2019, the payout ratio (consolidated) for the fiscal year ending March 31, 2019 (forecasts) has been calculated in accordance with IFRS.

3. Consolidated Financial Results Forecasts for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Operating Revenues	Operating Income	Income before Income Taxes	Income Attributable to Owners of Parent	Basic Earnings per Share
Year ending March 31, 2019	11,830,000 —%	1,690,000 —%	1,686,000 —%	880,000 —%	451.00 (yen)

Notes: 1.As NTT has adopted International Financial Reporting Standards (IFRS) beginning with the fiscal year ending March 31, 2019, the consolidated financial results forecasts have been prepared in accordance with IFRS.

2.Percentages above represent changes from the previous year.

***Notes**

(1) Change in reporting entities (change in significant consolidated subsidiaries): None

(2) Change of accounting policy

i. Change due to revision of accounting standards and other regulations: Yes

ii. Other change: Yes

(For further details, please see “(7) Change in Basis for the Preparation of Consolidated Financial Statements” on page 22.)

(3) Number of shares outstanding (common stock)

i. Number of shares outstanding (including treasury stock) at end of year:

March 31, 2018: 2,096,394,470 shares

March 31, 2017: 2,096,394,470 shares

ii. Number of shares of treasury stock at end of year:

March 31, 2018: 125,318,558 shares

March 31, 2017: 81,026,959 shares

iii. Weighted average number of shares outstanding:

For the year ended March 31, 2018: 1,995,912,757 shares

For the year ended March 31, 2017: 2,046,678,144 shares

(Reference) Non-Consolidated Financial Results

For the Year Ended March 31, 2018

[Japanese GAAP]

1. Non-consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

Amounts are rounded off per 1 million yen.

(1) Non-consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Recurring Profit		Net Income	
Year ended March 31, 2018	663,118	39.8%	530,552	56.2%	528,143	57.7%	724,908	151.6%
Year ended March 31, 2017	474,380	(9.1)%	339,686	(11.6)%	334,901	(12.2)%	288,117	(56.8)%

Note: Percentages above represent changes from the previous year.

	Earnings per Share	Diluted Earnings per Share
Year ended March 31, 2018	363.20 (yen)	- (yen)
Year ended March 31, 2017	140.77 (yen)	- (yen)

(2) Non-consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Net Assets per Share
March 31, 2018	6,710,444	4,602,591	68.6%	2,335.07 (yen)
March 31, 2017	6,681,061	4,383,510	65.6%	2,175.04 (yen)

(Reference) Shareholders' equity: For the year ended March 31, 2018: 4,602,591 million yen

For the year ended March 31, 2017: 4,383,510 million yen

2. Non-consolidated Financial Results Forecasts for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Recurring Profit		Net Income		Earnings per Share
Year ending March 31, 2019	748,000	12.8%	615,000	15.9%	613,000	16.1%	614,000	(15.3)%	315.00(yen)

Note: Percentages above represent changes from the previous year.

* This financial results release is not subject to the audit process of NTT's certified public accountants or auditing firm.

* Explanation for financial results forecasts and other notes:

With regard to the assumptions and other related matters concerning the above estimated results, please refer to page 29.

As NTT evaluates its business performance on an annual basis, prospects on a semi-annual basis are not provided.

On Friday, May 11, 2018, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

1. BUSINESS RESULTS

(1) Summary of Business Results

Overview of Consolidated Business Results (April 1, 2017 – March 31, 2018)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	11,391.0	11,799.6	408.6	3.6%
Operating expenses	9,851.2	10,156.7	305.5	3.1%
Operating income	1,539.8	1,642.8	103.1	6.7%
Income before income taxes and equity in earnings (losses) of affiliated companies	1,527.8	1,755.6	227.9	14.9%
Net income attributable to NTT	800.1	909.7	109.6	13.7%

(Note): The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

In the fiscal year ended March 31, 2018, the information and telecommunications market saw the increased spread and market penetration of devices that utilize fixed-line and broadband, as well as the continued emergence of new services made possible by the evolution of technologies such as cloud services, IoT, Big Data, and AI. Through these technologies, a range of data has been accumulated, and with improvements to the usage environment, the analysis and utilization of that data is expanding, leading to a wide range of changes including improved convenience in people's everyday lives and productivity in various industries. In addition, the role of information and telecommunications is becoming increasingly important, including strengthening security measures against increasingly sophisticated and complex cyberattacks, strengthening natural disaster countermeasures and managing safe and secure social systems. This change can be seen on a global scale.

In light of these circumstances, NTT Group accelerated its self-transformation as a “Value Partner” and worked to place the entire NTT Group towards a profit growth track based on the Medium-Term Management Strategy “Towards the Next Stage 2.0” formulated and announced in May 2015.

● Status of Initiatives to Expand Global Business and Increase Overseas Profit Generation

NTT Group seeks to establish and expand its global cloud service as a cornerstone of its business operations, and NTT Group strengthened its efforts to accelerate overseas profit generation through the following initiatives.

- To expand its global cloud services operating base, NTT Group pursued M&A in various regions including North America, Europe, and Asia.
- While pursuing the integration of the former Dell Services Division, for which NTT Group completed the acquisition last year, NTT Group promoted cross-selling centered on its global network, cloud migration, and IT outsourcing projects, through collaboration with Group companies, and beginning with customers in the European energy industry, NTT Group received numerous orders in various global regions.
- NTT Group worked to strengthen and streamline the services and operations in its global cloud business, such as through the consolidation of its cloud services business at the major subsidiaries in its Long Distance and International Communications Business, NTT Communications and Dimension Data, while also working to reduce costs and improve profits through the coordinated strengthening of group-wide service provision.

● Status of Initiatives to Improve Efficiency and Enhance Profitability of Domestic Network Businesses

NTT Group worked to enhance profitability by creating high value-added services as well as optimizing capital investments and reducing costs for its domestic network businesses.

- Through its efforts with the “Hikari Collaboration Model” and “+d” to promote collaboration among various businesses, NTT Group worked to create high value-added services.
- By simplifying and streamlining networks, NTT Group promoted the reduction of expenses in subsequent fiscal years. Furthermore, NTT Group worked to increase the efficiency of capital investment by increasing the usage of existing facilities and reducing procurement costs.

- By increasing productivity through the systematizing of work and streamlining development costs, and through other initiatives, NTT Group continually worked to reduce costs.

● Status of Initiatives to Expand B2B2X Business

We are supporting the communications services field as a Gold Partner (Telecommunications Services) for the Olympic and Paralympic Games Tokyo 2020*, and we see the initiative to bring about Society 5.0 (the creation of a new smart society that helps resolve social issues), which is being promoted through public-private partnerships, as a great opportunity to utilize NTT's collective strength. We have further accelerated the transition to the B2B2X model and strengthened initiatives with businesses in other fields and local governments to create services that will be inherited by the next generation.

- In the sports business, NTT Group further deepened collaboration with the J. League by concluding a “top partner contract” and an “official technology partner contract.” Aiming to expand the opportunities for fans and supporters of J. League club teams to view games and improve spectator capacity utilization at stadiums, NTT Group promoted fan-participation-type viewing experiences linked with NTT Group's ICT services and social media, etc. and large-screen public viewing to enable live viewing of away games at home stadiums. Furthermore, to pioneer a new group of fans, NTT Group developed a new entertainment experience using the latest technologies of NTT Group starting with AR and VR, promoted the use of past images owned by J. League, and while pursuing collaboration between digital content and docomo Shop, worked to strengthen the digital customer base of J. League club teams.
- NTT Group promoted collaboration in the entertainment field including traditional arts, such as through joint testing with SHOCHIKU Co., Ltd. on a collaboration between kabuki and the latest ICT technology aimed at an entirely new kabuki viewing experience.
- In addition to FANUC CORPORATION launching operations of domestic services in October 2017 as a result of its collaboration in the area of platforms for the manufacturing industry, NTT Group also promoted collaborations in a range of industrial fields, including initiatives to make the agriculture and livestock industries smarter by monitoring crop and livestock raising conditions through sensor information and image analysis.
- Since establishing the “Sapporo City ICT Utilization Platform Study Panel” through partnerships with industry, government, and academia including Sapporo City, Hokkaido University, and local companies, NTT Group created new value through the collection and combination of public-private data in a wide range of fields including tourism, traffic, and snow control, and promoted smart city initiatives aimed at increasing convenience for residents and visitors, resolving a range of regional issues, and revitalizing the region. In addition to implementing the first testing of automated driving on a public street in the center of Sapporo City, NTT Group pursued initiatives toward more active utilization of data by both Sapporo residents and local companies, including the launch of the open data website “DATA-SMART CITY SAPPORO,” a platform using Sapporo City ICT that provides information and data created and collected by Sapporo City and local companies.

(Note) : NTT, NTT East, NTT West, NTT Communications, and NTT DOCOMO are Gold Partners (Telecommunications Services) for the Olympic and Paralympic Games Tokyo 2020.

● Status of Fundamental Research & Development

NTT Group pursued a range of R&D pursuant to its Medium-Term Management Strategy “Towards the Next Stage 2.0.” NTT Group promoted collaborations with partners in various industries based on the “corevo®” brand, which NTT Group established as a collective term for NTT Group's AI technology. Furthermore, in order to commercialize the results of development, NTT Group developed business plans tailored to market trends based on its Comprehensive Commercialization System and worked to promote development for practical use.

- Initiatives to Expand B2B2X Business
 - To promote the creation of a platform to support the various services required for the realization of connected cars, such as driving support through vehicle control and cloud computing, NTT Group formed a consortium with partners such as Toyota Motor Corporation and Intel Corporation to create a network platform and a computing platform for automobile big data.
 - With the goal of developing robot technology capable of proactively supporting human activities, NTT Group began joint research with Toyota Motor Corporation on robotic services making use of lifestyle support robots utilizing the AI technology “corevo®,” which achieves high-level dialogue with humans that includes both body language and hand gestures.

- To establish a next-generation platform for marine vessel IoT to monitor detailed ship data including operating conditions and equipment conditions, and to share information between the ship and the shore, NTT Group conducted successful joint testing with companies including Nippon Yusen Kabushiki Kaisha.
 - NTT Group carried out field testing with Kubota Corporation aimed at achieving energy savings in the agricultural and aquatic environment fields, including energy savings in the monitoring of rice paddies and labor reduction in aquatic environment facilities, etc.
 - In the rehabilitation field, in collaboration with the Fujita Academy Incorporated Educational Institution FUJITA HEALTH UNIVERSITY and Toray Industries, Inc., NTT Group promoted the field testing of optimized intervention and early recovery through 24-hour monitoring, quantitative results measurement, and visualization of the patient's pulse and activity information using "hitoe®," a functional material capable of measuring biomedical signals.
- R&D to Improve Efficiency and Enhance Profitability of Network Businesses
 - With the objective of reducing network costs and increasing the sophistication of services for carriers, to advance the introduction of universal devices such as white box switches, NTT Group promoted joint testing utilizing NTT-developed open-source software with companies including Taiwan's Chungwa Telecom.
 - In crowded environments such as stadiums that experience overcrowding of wireless LAN devices including smartphones, tablets, and laptop computers, NTT Group developed a new wireless LAN technology to increase communication speeds, and succeeded in transmission testing that achieved more than double the previous communication speeds.
 - In anticipation of the spread of 5G and the increase in 5G mobile system base stations, NTT Group developed fiber-optic access network technology that contributes to reducing the number of fiber-optics required by base stations, and succeeded in the field testing of fiber-optic access systems in conjunction with mobile systems.
- R&D that Enable Highly Immersive New Experiences
 - NTT Group held a "New Music Experience Live Event" utilizing "Kirari!®" technology, whose ultra-high sense of presence makes it feel like you are actually there, and other transmission technologies that incorporate various visual technologies and 5G. Staging various performances in three cities around the world, NTT Group synchronized the coverage to remove any time lags in the visual and audio occurring due to the distance and combined it as a single live visual broadcast. NTT Group managed to provide a completely new, space-surpassing entertainment experience.
 - As part of the joint testing being pursued with SHOCHIKU Co., Ltd., using "Kirari!®" technology, NTT Group transmitted the dances of kabuki actors being performed in different locations in real time, achieving the world's first kabuki performance that merged the real with the virtual.
 - To determine the utility of various technologies including "Kazashite Guidance®," which allows valuable information to be obtained in one's native language by simply pointing a smartphone camera at signage and other objects, and to create services offering valuable tools for use both inside and outside the airport, NTT Group implemented public testing of information universal design at Haneda Airport, offering real-world application.
- Promoting Cutting-edge Research
 - As part of its "Quantum Neural Network," which performs high-speed computation utilizing the quantum nature of light, NTT Group released an online cloud service that allows users to experience the rapid solving of problems difficult for traditional computers to solve.
 - NTT Group created the "Tsuchinikaeru Battery®," a biodegradable battery made only of materials with a low environmental impact that returns to the soil without any negative effects on the soil or organisms, and confirmed its functioning as a battery.
 - NTT Group started joint testing with the Japan Softball Association in the "Sports Brain Science Project" to discover how the brains of elite athletes regulate their mental state and control physical exercise to deliver top-level performance. The aim is to elucidate the information processing of the brain to "Tone up the Brain to Win."

- Status of Initiatives for Sustained Improvement in Corporate Value

While working to minimize medium- to long-term business risks by appropriately responding to social and environmental issues at NTT Group, NTT Group is promoting initiatives with a goal of sustained improvement in corporate value by making effective contributions to the resolution of social and environmental issues through its business activities. With the “NTT Group CSR Charter” as its basic guidelines, created taking into account the United Nations’ Sustainable Development Goals (SDGs), NTT Group has been engaged in wide-ranging activities.

- Status of Initiatives for Cybersecurity
 - While promoting cutting-edge R&D and advancing the development of the latest R&D results, NTT Group has coordinated with global experts in both technology and policy on an industry-by-industry basis. To evaluate effective and practical solutions, with other international companies in the IT and telecommunications industries, NTT Group participated in the creation of the Council to Secure the Digital Economy (CSDE), which aims for a secure digital economy. Furthermore, through NTT Security Corporation, established as an integrated organization to provide security services to its customers, NTT Group promoted coordination among NTT Group companies to provide the advanced, high-level security technology of NTT Group. Additionally, in terms of the nationwide issue of developing IT security engineers, NTT Group continued to promote human resource development within NTT Group.
- Status of Initiatives to Ensure Diverse Personnel Can Demonstrate their Talents
 - Recognizing diversity management as a key part of its management strategy, NTT Group has striven to ensure diverse personnel can demonstrate their talents. For example, in terms of sexual minorities such as LGBT persons, starting with the highest-level “GOLD” evaluation that NTT has received for two straight years in the “PRIDE Index,” which evaluates companies’ approaches to sexual minorities such as LGBT persons, a total of 16 NTT Group companies won “PRIDE Index” awards. Furthermore, in terms of overall systems relating to spouses and families, NTT Group promoted initiatives to further expand systems to same-sex partners. Regarding “Work Style Reform,” NTT Group issued the “NTT Group Work Style Reform Declaration,” and while working with its business partners to improve overall work processes, in addition to promoting flexible work styles utilizing teleworking including working from home, NTT Group had managers show initiative in reforming ways of taking breaks so that it may lead to more proactive taking of leave. Furthermore, NTT Group worked to create an easy-to-work environment for all employees, such as by opening a company-led daycare center.
- Status of Initiatives for the Environment
 - Based on the “NTT Group Environmental Statement” and “The Eco Strategy 2030,” NTT Group promoted initiatives to contribute to lowering the environmental impact on society while contributing to adapting to climate change and preserving the ecosystem by providing ICT services and cutting-edge technology. Furthermore, utilizing IoT and AI technologies, NTT Group began practical testing aimed at making climate-control systems in data centers more efficient, pursuing initiatives aimed at providing services with a low environmental impact.

In addition to the above, NTT Group has taken group-wide initiatives to ensure the high stability and reliability of its networks. While quickly and efficiently recovering networks following disasters such as the July 2017 torrential rains in Northern Kyushu by utilizing past experience from large-scale disasters, NTT Group also provided support to those affected by the disaster by installing temporary free Wi-Fi hotspots in the evacuation centers.

As a result of the above efforts, NTT Group’s consolidated operating revenues for the fiscal year ended March 31, 2018 were 11,799.6 billion yen (an increase of 3.6% from the previous fiscal year) and consolidated operating expenses were 10,156.7 billion yen (an increase of 3.1% from the previous fiscal year). As a result, consolidated operating income was 1,642.8 billion yen (an increase of 6.7% from the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was 1,755.6 billion yen (an increase of 14.9% from the previous fiscal year), and consolidated net income attributable to NTT was 909.7 billion yen (an increase of 13.7% from the previous fiscal year).

The forecast for the fiscal year ending March 31, 2019 is as follows: operating revenues of 11,830.0 billion yen, operating income of 1,690.0 billion yen, income before income taxes of 1,686.0 billion yen, and income attributable to owners of parent of 880.0 billion yen.

(Note) : As NTT has adopted International Financial Reporting Standards (IFRS) beginning with the fiscal year ending March 31, 2019, the consolidated financial results forecasts have been prepared in accordance with IFRS.

The business results for each business segment for the consolidated fiscal year ended March 31, 2018 are as follows.

■Regional Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2017 – March 31, 2018)

(Billions of yen)

	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	3,308.2	3,232.9	(75.3)	(2.3)%
Operating expenses	2,948.7	2,878.6	(70.1)	(2.4)%
Operating income	359.5	354.3	(5.2)	(1.4)%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2017	As of March 31, 2018	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	20,053	20,533	480	2.4%
NTT East	11,173	11,491	318	2.8%
NTT West	8,880	9,041	162	1.8%
Hikari Collaboration Model	8,744	11,117	2,373	27.1%
NTT East	5,328	6,602	1,274	23.9%
NTT West	3,416	4,515	1,099	32.2%
Hikari Denwa	17,759	18,032	273	1.5%
NTT East	9,369	9,558	190	2.0%
NTT West	8,390	8,474	83	1.0%

Notes:

- Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West and subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- The figures for Hikari Denwa indicate the number of channels (in thousands). Number of "Hikari Denwa" subscribers includes wholesale services provided to service providers by NTT East and NTT West.

In the Regional Communications Business Segment, NTT Group worked to develop its B2B2X business through the "Hikari Collaboration Model," the wholesale provision of fiber-optic access services, among other things, to various service providers.

●Details of Main Initiatives

- With regard to the "Hikari Collaboration Model," the number of service providers providing wholesale service was approximately 700 companies at the end of the fiscal year ended March 31, 2018, as NTT Group continued to expand collaborative projects with not only business operators in the communications industry, energy industry, real estate industry, security industry, and housing industry, but also with business operators in diverse industries including social infrastructure operators and FinTech operators. New use cases were developed among business operators operating social infrastructure businesses, as the Hikari Collaboration Model was adopted to promote the conversion to fiber-optics in networks connected to traffic signals. As a result of these initiatives, the number of fiber-optic access service subscriptions using this model was 11.12 million.
- By increasing productivity and streamlining development costs, among other things, and through the systematizing of work, NTT Group continually worked to reduce costs. Furthermore, by simplifying and streamlining networks and further increasing the usage of existing facilities, NTT Group worked to make capital investment more efficient.
- As companies and local governments are proactively promoting the use of Wi-Fi as a powerful information service tool, in various regions, NTT Group continually worked to improve convenience for the increasing number of visitors to Japan by expanding the coverage area of Wi-Fi, resulting in the number of Wi-Fi area owners reaching 744.

●Number of Subscriptions for Major Services

- FLET'S Hikari: 20.53 million subscriptions (an increase of 0.48 million subscriptions from the previous fiscal year)
- (Included in the above) "Hikari Collaboration Model": 11.12 million subscriptions (an increase of 2.37 million subscriptions from the previous fiscal year)
- Hikari Denwa: 18.03 million channels (an increase of 0.27 million channels from the previous fiscal year)
- FLET'S TV: 1.62 million subscriptions (an increase of 0.09 million subscriptions from the previous fiscal year)

(Note): The figures for "FLET'S Hikari," "Hikari Denwa" and "FLET'S TV" include the number of subscriptions for wholesale services provided to service providers through the use of the "Hikari Collaboration Model" by NTT East and NTT West.

As a result of the above, consolidated operating revenues in the Regional Communications Business Segment for the fiscal year ended March 31, 2018 were 3,232.9 billion yen (a decrease of 2.3% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,878.6 billion yen (a decrease of 2.4% from the previous fiscal year). As a result, consolidated operating income was 354.3 billion yen (a decrease of 1.4% from the previous fiscal year).

■Long Distance and International Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2017 – March 31, 2018)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	2,129.3	2,218.9	89.6	4.2%
Operating expenses	2,088.4	2,125.3	36.9	1.8%
Operating income	40.8	93.6	52.7	129.1%

In the Long Distance and International Communications Business Segment, in addition to enhancing its provision of seamless ICT solutions combining network, security and other services, NTT Group worked to enhance its service provision in growth areas such as cloud services and IT outsourcing.

●Details of Main Initiatives

- Aiming to strengthen its framework to efficiently maintain and operate a wide range of applications including SAP and Oracle, and to expand the provision capabilities of its managed services, which provide comprehensive maintenance and operations of ICT environments to its customers, NTT Group entered into a stock purchase agreement for Secure-24 Intermediate Holdings, a U.S. IT managed services business operator.
- To respond to demand for cloud services and data centers in various regions worldwide, NTT Group advanced the expansion of its service provision systems in various countries with continuous market expansion. NTT Group launched the "Texas Dallas 1 (TX1) Data Center" and the "Virginia Ashburn 3 (VA3) Data Center" in the United States, the "Germany Munich 2 Data Center" and the "Germany Rhein-Ruhr 1 Data Center" in Germany, and new data center services in South Africa.
- To strengthen the competitiveness of its cloud services, NTT Group promoted the consolidation and strengthening of the cloud services business, such as through the transfer of cloud service facilities, development, and operational tasks from Dimension Data to NTT Communications.

●Number of Subscriptions for Major Services

- Number of customers for Cloud Services: 9,900 customers (an increase of 900 customers from the previous fiscal year)
- Hikari TV: 3.02 million subscriptions (a decrease of 0.01 million subscriptions from the previous fiscal year)

As a result of the above, consolidated operating revenues in the Long Distance and International Communications Business Segment for the fiscal year ended March 31, 2018 were 2,218.9 billion yen (an increase of 4.2% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,125.3 billion yen (an increase of 1.8% from the previous fiscal year). As a result, consolidated operating income was 93.6 billion yen (an increase of 129.1% from the previous fiscal year).

■ Mobile Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2017 – March 31, 2018)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	4,584.6	4,769.4	184.9	4.0%
Operating expenses	3,632.9	3,787.3	154.3	4.2%
Operating income	951.6	982.1	30.5	3.2%

Number of Subscriptions

			(Thousands of subscriptions)	
	As of March 31, 2017	As of March 31, 2018	Change	Percent Change
Mobile Telecommunications Services	74,880	76,370	1,491	2.0%
"Kake-hodai & Pake-aeru" billing plan	37,066	41,964	4,899	13.2%
Telecommunications Services (LTE (Xi))	44,544	50,097	5,553	12.5%
Telecommunications Services (FOMA (3G))	30,336	26,273	(4,062)	(13.4)%

Note:

Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes Communication Module Services.

In the Mobile Communications Business Segment, NTT Group worked toward the promotion of sales of the billing plans, "Kake-hodai & Pake-aeru," and "docomo Hikari," promoting collaboration with various business partners and providing new value-added services to enhance profitability in the smart life area.

● Details of Main Initiatives

- In addition to continuing to promote the sales of its "Kake-hodai & Pake-aeru," a billing plan tailored to suit a customer's stage of life that offers more affordable rates to long-term users, NTT Group began offering its "Simple Plan" and "docomo with," among other initiatives, working to enhance returns to its customers. As a result, the number of subscriptions to "Kake-hodai & Pake-aeru" reached 41.96 million.
- By utilizing the "Hikari Collaboration Model" from the Regional Communications Business Segment, NTT Group promoted the sales of the "docomo Hikari Pack," which bundles fiber-optic access infrastructure services, internet access service, and mobile service. As a result, the number of subscriptions to "docomo Hikari" reached 4.76 million.
- With Komatsu Ltd. and other parties, NTT Group agreed to jointly plan and operate "LANDLOG," a new platform connecting the entire construction manufacturing process. In addition to starting field testing of LANDLOG, NTT Group implemented initiatives utilizing advanced technology, including the launch of "AI Taxi®," a taxi ride demand forecasting service utilizing AI, as well as "5G Trial Site," advancing "d+" initiatives to jointly create new added value through collaboration with various business operators.

As a result of the above, consolidated operating revenues in the Mobile Communications Business Segment for the fiscal year ended March 31, 2018 were 4,769.4 billion yen (an increase of 4.0% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,787.3 billion yen (an increase of 4.2% from the previous fiscal year). As a result, consolidated operating income was 982.1 billion yen (an increase of 3.2% from the previous fiscal year).

■Data Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2017 – March 31, 2018)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	1,718.7	2,043.1	324.4	18.9%
Operating expenses	1,610.8	1,915.3	304.4	18.9%
Operating income	107.9	127.8	19.9	18.5%

In the Data Communications Business Segment, NTT Group responded to the acceleration of its customers' expansion in the global market and the diversification and increased sophistication of their needs by working to expand its business in the global market and to expand and reliably provide a range of IT services, such as system integration, that are responsive to the changes in the market.

●Details of Main Initiatives

- Under NTT DATA Services, launched in April 2017, NTT Group steadily achieved the integration of the former Dell Services Division, for which NTT Group completed the acquisition last year, and pursued the integration of its business centered on North America. In particular, NTT Group promoted initiatives to expand its businesses that utilize NTT Group's abundant outsourcing results and knowledge in various fields including healthcare, the public sector, and finance, and to further enhance its local presence.
- NTT Group pursued initiatives to utilize cutting-edge blockchain technology, establishing a consortium as the organizing office to complete a trade information collaborative platform, promoting activities together with 14 companies representing various industries. Furthermore, NTT Group was selected as a partner vendor in the Japanese Bankers Association's "Collaborative Blockchain Platform," contributing to the promotion of practical testing to develop new services.
- In terms of RPA solutions for the automation and streamlining of desk work, which is rapidly spreading due to the increasing move toward work style reforms in recent years, NTT Group promoted sales of "WinActor," developed by NTT Group. In addition to launching the English-language version, by strengthening the functions for financial accounting operations, which have a particularly strong need for automation, and by other initiatives, NTT Group was able to introduce WinActor to customers in a range of industries, supporting work style reforms.

As a result of the above, consolidated operating revenues in the Data Communications Business Segment for the fiscal year ended March 31, 2018 were 2,043.1 billion yen (an increase of 18.9% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,915.3 billion yen (an increase of 18.9% from the previous fiscal year). As a result, consolidated operating income was 127.8 billion yen (an increase of 18.5% from the previous fiscal year).

■Other Business Segment

Overview of Business Results by Business Segment (April 1, 2017 – March 31, 2018)

			(Billions of yen)	
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Operating revenues	1,282.3	1,236.6	(45.7)	(3.6)%
Operating expenses	1,205.0	1,158.0	(47.0)	(3.9)%
Operating income	77.3	78.6	1.3	1.7%

In the Other Business Segment, NTT Group mainly provided services related to the real estate business, finance business, construction and electric power business, and system development business.

●Details of Main Initiatives

○ Real Estate Business

In addition to its core office and retail operations and its residential operations led by the “Wellith” brand, NTT Group pursued its global and hotels & resorts businesses. NTT Group also launched “LIFORK,” a new type of shared-office business combining daycare facilities and office space.

○ Finance Business

NTT Group developed financial services such as leasing, installation payment, and other finance areas in response to changes including diversification in needs and the economic environment, as well as advancing globalization. Furthermore, NTT Group provided billing and collection services for telecommunication service bills, and credit card transaction settlement services.

○ Construction and Electric Power Business

By combining and utilizing its technology in “ICT, energy, and construction” to the fullest extent, NTT Group paved the way for both the utilization of natural energy and the efficient, waste-free use of limited energy, working toward safe and secure urban development that is resilient against the risk of natural disaster.

○ System Development Business

To provide optimized, high-quality ICT services, NTT Group worked to develop network operation systems and application services. Additionally, NTT Group worked to develop solutions utilizing cutting-edge technologies such as AI.

As a result of the above, consolidated operating revenues in the Other Business Segment for the fiscal year ended March 31, 2018 were 1,236.6 billion yen (a decrease of 3.6% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,158.0 billion yen (a decrease of 3.9% from the previous fiscal year). As a result, consolidated operating income was 78.6 billion yen (an increase of 1.7% from the previous fiscal year).

(2) Summary of Financial Position

Net cash provided by operating activities for the fiscal year ended March 31, 2018 decreased by 47.9 billion yen (1.6%) from the previous fiscal year to 2,869.5 billion yen. This decrease was due to, among other factors, a decrease in collection of accounts receivable.

Net cash used in investing activities decreased by 247.5 billion yen (11.8%) from the previous fiscal year to 1,841.8 billion yen. This decrease was due to, among other factors, a decrease in payments for capital investments.

Net cash used in financing activities decreased by 49.9 billion yen (5.1%) from the previous fiscal year to 931.7 billion yen. This decrease was due to, among other factors, a decrease in stock repurchases, partially offset by an increase in repayments for borrowings.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of March 31, 2018 totaled 1,012.2 billion yen, an increase of 87.0 billion yen (9.4%) from the end of the previous fiscal year.

	(Billions of yen)			
	Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Change	Percent Change
Cash flows provided by operating activities (Excluding the effect of a non-business day*)	2,917.4	2,869.5	(47.9)	(1.6)%
Cash flows used in investing activities	(2,089.3)	(1,841.8)	247.5	11.8%
Cash flows used in financing activities	(981.5)	(931.7)	49.9	5.1%
Cash and cash equivalents at the end of year (Excluding the effect of a non-business day*)	925.2	1,012.2	87.0	9.4%

* Cases in which 231.9 billion yen was included as cash and cash equivalents rather than as accounts receivable, since the last day of the fiscal year ended March 31, 2018 fell on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the fiscal year ending March 31, 2019. Cash flows provided by operating activities for the fiscal year ended March 31, 2018, including the effect of the non-business day, were 2,637.5 billion yen, and cash and cash equivalents at the end of year for the fiscal year ended March 31, 2018, including the effect of the non-business day, were 780.3 billion yen.

2. BASIC APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

NTT Group decided to replace the currently applied Generally Accepted Accounting Principles in the United States ("U.S. GAAP") and adopt International Financial Reporting Standards ("IFRS") for its consolidated financial statements in order to improve the international comparability of its financial information in the capital markets, among other reasons. The period for disclosure based on IFRS will begin with the first quarter of the fiscal year ending March 31, 2019.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

	Millions of yen		
	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Current assets:			
Cash and cash equivalents(*)	¥925,213	¥780,300	¥(144,913)
Short-term investments	63,844	31,641	(32,203)
Notes and accounts receivable, trade(*)	2,699,708	2,976,467	276,759
Allowance for doubtful accounts	(48,626)	(52,332)	(3,706)
Accounts receivable, other	505,145	662,190	157,045
Inventories	365,379	393,582	28,203
Prepaid expenses and other current assets	573,170	575,704	2,534
Deferred income taxes	228,590	—	(228,590)
Total current assets	5,312,423	5,367,552	55,129
Property, plant and equipment:			
Telecommunications equipment	11,046,115	10,917,851	(128,264)
Telecommunications service lines	16,064,732	14,217,566	(1,847,166)
Buildings and structures	6,147,869	6,280,584	132,715
Machinery, vessels and tools	2,032,389	2,127,201	94,812
Land	1,292,685	1,307,985	15,300
Construction in progress	421,819	438,604	16,785
	37,005,609	35,289,791	(1,715,818)
Accumulated depreciation	(27,286,588)	(25,468,698)	1,817,890
Net property, plant and equipment	9,719,021	9,821,093	102,072
Investments and other assets:			
Investments in affiliated companies	484,596	502,936	18,340
Marketable securities and other investments	495,290	525,170	29,880
Goodwill	1,314,645	1,329,275	14,630
Software	1,209,485	1,223,985	14,500
Other intangible assets	453,918	394,489	(59,429)
Other assets	1,492,076	1,590,636	98,560
Deferred income taxes	768,871	920,634	151,763
Total investments and other assets	6,218,881	6,487,125	268,244
Total assets	¥21,250,325	¥21,675,770	¥425,445

* Cash and cash equivalents for the fiscal year ended March 31, 2018 decreased and notes and accounts receivable, trade for the fiscal year ended March 31, 2018 increased by 231,929 million yen from the previous fiscal year, since the last day of the fiscal year ended March 31, 2018 fell on a non-business day, resulting in the due date for certain bills, including telecommunication service bills, being set to the first business day of the fiscal year ending March 31, 2019.

	Millions of yen		
	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥227,207	¥270,743	¥43,536
Current portion of long-term debt	681,904	624,385	(57,519)
Accounts payable, trade	1,612,996	1,613,516	520
Current portion of obligations under capital leases	14,430	12,567	(1,863)
Accrued payroll	443,308	460,357	17,049
Accrued taxes on income	239,755	245,326	5,571
Accrued consumption tax	75,083	88,420	13,337
Advances received	324,342	374,444	50,102
Other	512,368	549,263	36,895
Total current liabilities	4,131,393	4,239,021	107,628
Long-term liabilities:			
Long-term debt (excluding current portion)	3,168,478	2,947,945	(220,533)
Obligations under capital leases (excluding current portion)	25,568	22,587	(2,981)
Liability for employees' retirement benefits	1,599,381	1,619,907	20,526
Accrued liabilities for point programs	103,047	105,037	1,990
Deferred income taxes	166,751	128,833	(37,918)
Other	497,132	529,959	32,827
Total long-term liabilities	5,560,357	5,354,268	(206,089)
Redeemable noncontrolling interests	50,819	49,930	(889)
Equity:			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,862,035	2,853,613	(8,422)
Retained earnings	5,626,155	6,260,631	634,476
Accumulated other comprehensive income (loss)	1,562	44,529	42,967
Treasury stock, at cost	(375,223)	(610,742)	(235,519)
Total NTT shareholders' equity	9,052,479	9,485,981	433,502
Noncontrolling interests	2,455,277	2,546,570	91,293
Total equity	11,507,756	12,032,551	524,795
Total liabilities and equity	¥21,250,325	¥21,675,770	¥425,445

(2) CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED MARCH 31

Consolidated Statements of Income

	Millions of yen		
	2017	2018	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥1,233,885	¥1,146,901	¥(86,984)
Mobile voice related services	865,293	942,183	76,890
IP / packet communications services	3,808,972	3,801,771	(7,201)
Sale of telecommunications equipment	806,493	843,548	37,055
System integration	3,041,587	3,443,147	401,560
Other	1,634,786	1,622,037	(12,749)
	11,391,016	11,799,587	408,571
Operating expenses:			
Cost of services (excluding items shown separately below)	2,487,588	2,348,541	(139,047)
Cost of equipment sold (excluding items shown separately below)	879,725	915,540	35,815
Cost of system integration (excluding items shown separately below)	2,161,007	2,471,347	310,340
Depreciation and amortization	1,462,235	1,339,423	(122,812)
Impairment losses			
Goodwill	53,294	18,864	(34,430)
Metal cables	—	124,800	124,800
Other	20,558	18,505	(2,053)
Selling, general and administrative expenses	2,786,820	2,919,724	132,904
	9,851,227	10,156,744	305,517
Operating income	1,539,789	1,642,843	103,054
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(37,761)	(32,188)	5,573
Interest income	17,753	19,094	1,341
Income from arbitration award	—	147,646	147,646
Other, net	7,988	(21,771)	(29,759)
	(12,020)	112,781	124,801
Income before income taxes and equity in earnings (losses) of affiliated companies	1,527,769	1,755,624	227,855
Income tax expense (benefit):			
Current	472,711	532,525	59,814
Deferred	(4,341)	9,339	13,680
	468,370	541,864	73,494
Income before equity in earnings (losses) of affiliated companies	1,059,399	1,213,760	154,361
Equity in earnings (losses) of affiliated companies	(21)	5,551	5,572
Net income	1,059,378	1,219,311	159,933
Less – Net income attributable to noncontrolling interests	259,249	309,616	50,367
Net income attributable to NTT	¥800,129	¥909,695	¥109,566
Per share of common stock:			
Weighted average number of shares outstanding (Shares)	2,046,678,144	1,995,912,757	
Net income attributable to NTT (Yen)	¥390.94	¥455.78	

Consolidated Statements of Comprehensive Income

	Millions of yen		
	2017	2018	Increase (Decrease)
Net income	¥1,059,378	¥1,219,311	¥159,933
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	12,308	25,720	13,412
Unrealized gain (loss) on derivative instruments	495	1,982	1,487
Foreign currency translation adjustments	(24,657)	9,419	34,076
Pension liability adjustments	91,034	23,712	(67,322)
Total other comprehensive income (loss)	79,180	60,833	(18,347)
Total comprehensive income (loss)	1,138,558	1,280,144	141,586
Less – Comprehensive income attributable to noncontrolling interests	278,358	324,131	45,773
Total comprehensive income (loss) attributable to NTT	¥860,200	¥956,013	¥95,813

(3) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2017

	Millions of yen							
	NTT shareholders' equity						Noncontrolling interests	Total Equity
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total		
At beginning of year	¥937,950	¥2,879,560	¥5,074,234	¥(57,055)	¥(883)	¥8,833,806	¥2,406,276	¥11,240,082
Adjustments due to change in fiscal year end of consolidated subsidiaries			(214)	(1,454)		(1,668)	(1,408)	(3,076)
At beginning of year (as adjusted)	937,950	2,879,560	5,074,020	(58,509)	(883)	8,832,138	2,404,868	11,237,006
Net income			800,129			800,129	257,593	1,057,722
Other comprehensive income (loss)				60,071		60,071	20,389	80,460
Cash dividends			(247,994)			(247,994)	(113,167)	(361,161)
Changes in NTT's ownership interest in subsidiaries		(18,700)				(18,700)	(114,406)	(133,106)
Stock compensation transactions		1,175				1,175		1,175
Acquisition of treasury stock					(374,348)	(374,348)		(374,348)
Resale of treasury stock					8	8		8
At end of year	¥937,950	¥2,862,035	¥5,626,155	¥1,562	¥(375,223)	¥9,052,479	¥2,455,277	¥11,507,756

YEAR ENDED MARCH 31, 2018

	Millions of yen							
	NTT shareholders' equity						Noncontrolling interests	Total Equity
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total		
At beginning of year	¥937,950	¥2,862,035	¥5,626,155	¥1,562	¥(375,223)	¥9,052,479	¥2,455,277	¥11,507,756
Adjustments due to change in fiscal year end of consolidated subsidiaries			964	(3,351)		(2,387)	(2,012)	(4,399)
At beginning of year (as adjusted)	937,950	2,862,035	5,627,119	(1,789)	(375,223)	9,050,092	2,453,265	11,503,357
Net income			909,695			909,695	307,980	1,217,675
Other comprehensive income (loss)				46,318		46,318	14,101	60,419
Cash dividends			(271,405)			(271,405)	(126,362)	(397,767)
Changes in NTT's ownership interest in subsidiaries		(1,836)				(1,836)	(102,414)	(104,250)
Stock compensation transactions		(6,587)				(6,587)		(6,587)
Acquisition of treasury stock					(235,531)	(235,531)		(235,531)
Resale of treasury stock		1			12	13		13
Adjustment of redeemable noncontrolling interests to redemption value			(4,778)			(4,778)		(4,778)
At end of year	¥937,950	¥2,853,613	¥6,260,631	¥44,529	¥(610,742)	¥9,485,981	¥2,546,570	¥12,032,551

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED MARCH 31

	Millions of yen		
	2017	2018	Increase (Decrease)
Cash flows from operating activities:			
Net income	¥1,059,378	¥1,219,311	¥159,933
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	1,462,235	1,339,423	(122,812)
Impairment losses	73,852	162,169	88,317
Deferred taxes	(4,341)	9,339	13,680
Losses on disposals of property, plant and equipment	105,790	69,585	(36,205)
Gains on sales of property, plant and equipment	(15,633)	(9,201)	6,432
Equity in (earnings) losses of affiliated companies	21	(5,551)	(5,572)
(Increase) decrease in notes and accounts receivable, trade(*)	63,842	(231,845)	(295,687)
(Increase) decrease in inventories	(731)	(44,491)	(43,760)
(Increase) decrease in other current assets	(30,143)	(139,684)	(109,541)
Increase (decrease) in accounts payable, trade and accrued payroll	52,872	12,437	(40,435)
Increase (decrease) in accrued consumption tax	(7,258)	12,918	20,176
Increase (decrease) in advances received	36,925	52,790	15,865
Increase (decrease) in accrued taxes on income	(8,931)	7,516	16,447
Increase (decrease) in other current liabilities	8,934	72,822	63,888
Increase (decrease) in liability for employees' retirement benefits	7,133	35,930	28,797
Increase (decrease) in other long-term liabilities	41,785	21,703	(20,082)
Other	71,627	52,376	(19,251)
Net cash provided by operating activities	¥2,917,357	¥2,637,547	¥(279,810)

	Millions of yen		
	2017	2018	Increase (Decrease)
Cash flows from investing activities:			
Payments for property, plant and equipment	¥(1,301,697)	¥(1,308,727)	¥(7,030)
Payments for intangibles	(400,110)	(401,995)	(1,885)
Proceeds from sales of property, plant and equipment	24,920	15,842	(9,078)
Payments for purchases of non-current investments	(40,344)	(53,843)	(13,499)
Proceeds from sales and redemptions of non-current investments	58,835	27,018	(31,817)
Acquisitions of subsidiaries, net of cash acquired	(329,005)	(19,614)	309,391
Payments for purchases of short-term investments	(178,939)	(208,043)	(29,104)
Proceeds from redemptions of short-term investments	146,132	249,987	103,855
Other	(69,103)	(142,402)	(73,299)
Net cash used in investing activities	(2,089,311)	(1,841,777)	247,534
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	320,464	440,903	120,439
Payments for settlement of long-term debt	(485,612)	(635,900)	(150,288)
Proceeds from issuance of short-term debt	4,987,795	6,810,893	1,823,098
Payments for settlement of short-term debt	(4,897,024)	(6,769,488)	(1,872,464)
Dividends paid	(247,994)	(271,405)	(23,411)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(374,436)	(235,570)	138,866
Acquisitions of shares of subsidiaries from noncontrolling interests	(155,905)	(132,466)	23,439
Other	(128,799)	(138,625)	(9,826)
Net cash used in financing activities	(981,511)	(931,658)	49,853
Effect of exchange rate changes on cash and cash equivalents	(6,959)	(3,106)	3,853
Net increase (decrease) in cash and cash equivalents	(160,424)	(138,994)	21,430
Cash and cash equivalents at beginning of year	1,088,275	925,213	(163,062)
Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries	(2,638)	(5,919)	(3,281)
Cash and cash equivalents at end of year(*)	¥925,213	¥780,300	¥(144,913)

* Cash and cash equivalents at end of year for the fiscal year ended March 31, 2018 decreased and notes and accounts receivable, trade for the fiscal year ended March 31, 2018 increased by 231,929 million yen from the previous fiscal year, since the last day of the fiscal year ended March 31, 2018 fell on a non-business day, resulting in the due date for certain bills, including telecommunication service bills, being set to the first business day of the fiscal year ending March 31, 2019.

(5) Going Concern Assumption

None

(6) Basis for the Preparation of Consolidated Financial Statements

The consolidated financial statements of NTT have been prepared in conformity with accounting principles generally accepted in the United States of America (Financial Accounting Standards Board ("FASB") Accounting Standards Codification, etc.).

Principal Accounting Policies

Marketable Securities

(1) Securities held to maturity

Amortized cost method

(2) Available-for-sale securities

Marketable securities are stated at fair value based on market price as of the balance sheet date with valuation differences directly reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving average method.

Inventories

Inventories are stated at the lower of cost or net realizable value (based on estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation). The cost of telecommunications equipment to be sold is determined by the first-in first-out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed principally using the straight-line method.

Goodwill, Software and Other Intangible Assets

Amortization is computed using the straight-line method, except that, goodwill and intangible assets with indefinite lives are not amortized, but are tested for impairment on an annual basis.

Liability for Employees' Retirement Benefits

Benefit obligations and plan assets are estimated and accrued at fair value as of year-end to provide for employees' retirement benefits.

If the actuarial net gain or loss exceeds 10% of the greater of the benefit obligations or the fair value of plan assets, the portion in excess is amortized from the following fiscal year on a straight-line basis over the average remaining service periods at the time of recognition.

Prior service cost is amortized from the time of recognition on a straight-line basis over the average remaining service periods at the time of recognition.

Derivative Financial Instruments

All derivatives are recognized as either assets or liabilities in the consolidated balance sheet at fair value. Changes in fair value of derivative financial instruments are either recognized in income (loss) or shareholders' equity (as a component of accumulated other comprehensive income (loss)), depending on whether the derivative financial instrument qualifies as a hedge and the derivative is being used to hedge changes in fair value or cash flows.

Income Taxes

Income taxes are computed based on income before income taxes in the consolidated statements of income. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts and the tax bases of assets or liabilities and operating loss carryforwards.

(7) Change in Basis for the Preparation of Consolidated Financial Statements

Balance Sheet Classification of Deferred Taxes

On November 20, 2015, the FASB issued ASU2015-17 “Balance sheet classification of deferred taxes” which requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet.

Effective April 1, 2017, NTT Group adopted this ASU prospectively and prior periods were not retrospectively adjusted.

Simplifying the Test for Goodwill Impairment

On January 26, 2017, the FASB issued ASU 2017-04 “Simplifying the Test for Goodwill Impairment,” which replaces the two-step goodwill impairment test with the one-step goodwill impairment test. The amendments in this update require that an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value.

The adoption of ASU 2017-04 would be permitted for goodwill impairment tests with measurement dates after January 1, 2017. NTT Group adopted this ASU for goodwill impairment test with measurement date on July 1, 2017.

Change in Fiscal Year End of Certain Subsidiaries

As of April 1, 2017, certain of NTT's consolidated subsidiaries changed their fiscal year ends from December 31 or January 31 to March 31, thereby eliminating a three-month or two-month lag between their fiscal year ends and NTT's fiscal year end in NTT's consolidated financial statements. The elimination of this lag was applied as a change in accounting policy. NTT did not make any retrospective adjustments to its financial statements as these changes did not have a material impact on the consolidated financial statements for the fiscal year ended March 31, 2017. As a result of this change, NTT’s retained earnings have increased by ¥964 million, and its accumulated other comprehensive income (loss) and noncontrolling interests have decreased by ¥3,351 million and ¥2,012 million, respectively, as of the beginning of the current fiscal year. In addition, the change in cash and cash equivalents resulting from this change in fiscal year end is presented in the consolidated statements of cash flows under "Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries."

(8) Business Segments

1. Operating revenues

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Regional communications business			
External customers	¥2,736,664	¥2,581,751	¥(154,913)
Intersegment	571,542	651,182	79,640
Total	3,308,206	3,232,933	(75,273)
Long-distance and international communications business			
External customers	2,040,209	2,124,443	84,234
Intersegment	89,055	94,443	5,388
Total	2,129,264	2,218,886	89,622
Mobile communications business			
External customers	4,535,829	4,709,448	173,619
Intersegment	48,723	59,961	11,238
Total	4,584,552	4,769,409	184,857
Data communications business			
External customers	1,609,163	1,926,272	317,109
Intersegment	109,558	116,802	7,244
Total	1,718,721	2,043,074	324,353
Other			
External customers	469,151	457,673	(11,478)
Intersegment	813,120	778,897	(34,223)
Total	1,282,271	1,236,570	(45,701)
Elimination	(1,631,998)	(1,701,285)	(69,287)
Consolidated total	¥11,391,016	¥11,799,587	¥408,571

2. Segment profit

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Segment profit			
Regional communications business	¥359,491	¥354,339	¥(5,152)
Long-distance and international communications business	40,836	93,575	52,739
Mobile communications business	951,634	982,143	30,509
Data communications business	107,875	127,799	19,924
Other	77,308	78,615	1,307
Total segment profit	1,537,144	1,636,471	99,327
Elimination	2,645	6,372	3,727
Consolidated total	¥1,539,789	¥1,642,843	¥103,054

3. Segment assets

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
Segment assets			
Regional communications business	¥7,027,689	¥6,797,640	¥(230,049)
Long-distance and international communications business	2,772,961	2,913,622	140,661
Mobile communications business	7,599,619	7,906,325	306,706
Data communications business	2,364,387	2,372,963	8,576
Other	10,891,660	10,859,594	(32,066)
Total segment assets	30,656,316	30,850,144	193,828
Elimination	(9,405,991)	(9,174,374)	231,617
Consolidated total	¥21,250,325	¥21,675,770	¥425,445

4. Other significant items

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Depreciation and amortization			
Regional communications business	¥586,772	¥454,672	¥(132,100)
Long-distance and international communications business	171,670	166,617	(5,053)
Mobile communications business	455,779	487,521	31,742
Data communications business	155,352	150,843	(4,509)
Other	89,260	78,532	(10,728)
Total segment	1,458,833	1,338,185	(120,648)
Elimination	3,402	1,238	(2,164)
Consolidated total	¥1,462,235	¥1,339,423	¥(122,812)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Capital investments for segment assets (*)			
Regional communications business	¥583,358	¥549,649	¥(33,709)
Long-distance and international communications business	244,859	232,501	(12,358)
Mobile communications business	597,078	576,412	(20,666)
Data communications business	158,140	194,054	35,914
Other	116,592	122,147	5,555
Consolidated total	¥1,700,027	¥1,674,763	¥(25,264)

(*) The figures for capital investments are the accrual-based amounts required for acquisition of property, plant and equipment, and intangibles. The differences from the figures for "Payments for property, plant and equipment" and "Payments for intangibles" in the consolidated statements of cash flows are as follows:

Millions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Payments for property, plant and equipment	¥1,301,697	¥1,308,727	¥7,030
Payments for intangibles	400,110	401,995	1,885
Total	1,701,807	1,710,722	8,915
Difference from the total of capital investments	¥1,780	¥35,959	¥34,179

(9) Subsequent Events

NTT's repurchase of its common stock

On February 21, 2018, the Board of Directors resolved that NTT may acquire up to 31 million shares of its outstanding common stock for an amount in total not exceeding ¥150 billion from February 22, 2018 through June 30, 2018. Based on this resolution, NTT repurchased 8,400,000 shares of its common stock for a total purchase price of ¥42,010 million in March 2018.

NTT also repurchased 12,000,000 shares of its common stock for a total purchase price of ¥61,557 million in April 2018.

4. OTHER

CHANGES IN BOARD OF DIRECTORS

Scheduled appointment date: June 26, 2018

(1)Candidate for Member of the Board

Motoyuki Ii (Senior Executive Vice President, Representative Member of the Board of Nippon Telegraph and Telephone East Corporation)

Katsuhiko Kawazoe (Head of the Service Innovation Laboratory Group)

Ryota Kitamura (Vice President of Corporate Strategy Planning)

(2)Member of the Board scheduled to resign from office

Satoshi Miura (Chairman of the Board; scheduled to take office as Advisor)

Hiroo Unoura (President and Chief Executive Officer, Representative Member of the Board; scheduled to take office as Executive Advisor)

Mitsuyoshi Kobayashi (Executive Vice President, Member of the Board; scheduled to take office as President, Representative Member of the Board of Nippon Telegraph and Telephone West Corporation)

(3)Candidates for Chairman of the Board, Representative Member of the Board, and Executive Vice President, Member of the Board

①Candidate scheduled to be elected as Chairman of the Board

Hiromichi Shinohara (Senior Executive Vice President, Representative Member of the Board)

②Candidate scheduled to be elected as President and Chief Executive Officer, Representative Member of the Board

Jun Sawada (Senior Executive Vice President, Representative Member of the Board)

③Candidates scheduled to be elected as Senior Executive Vice President, Representative Members of the Board

Akira Shimada (Executive Vice President, Member of the Board)

Motoyuki Ii

④Candidate scheduled to be elected as Executive Vice President, Member of the Board

Tsunehisa Okuno (Senior Vice President, Member of the Board)

(4) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 26, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Chairman of the Board	Hiromichi Shinohara	Senior Executive Vice President In charge of technical strategy In charge of international standardization Head of Research and Development Planning Representative Member of the Board
President and Chief Executive Officer Representative Member of the Board	Jun Sawada	Senior Executive Vice President In charge of business strategy In charge of risk management Representative Member of the Board
Senior Executive Vice President In charge of business strategy In charge of risk management Representative Member of the Board	Akira Shimada	Executive Vice President Head of General Affairs Member of the Board
Senior Executive Vice President In charge of technical strategy In charge of international standardization Head of Technology Planning Representative Member of the Board	Motoyuki Ii	
Executive Vice President Head of Global Business Member of the Board	Tsunehisa Okuno	Senior Vice President Head of Global Business Member of the Board
Senior Vice President Head of Strategic Business Development In charge of 2020 Project Member of the Board	Hiroki Kuriyama	Senior Vice President Head of Strategic Business Development In charge of 2020 Project Member of the Board
Senior Vice President Head of Finance and Accounting Member of the Board	Takashi Hiroi	Senior Vice President Head of Finance and Accounting Member of the Board
Senior Vice President Head of General Affairs Member of the Board	Eiichi Sakamoto	Senior Vice President Head of Corporate Strategy Planning Member of the Board
Senior Vice President Head of Research and Development Planning Member of the Board	Katsuhiko Kawazoe	
Senior Vice President Head of Corporate Strategy Planning Member of the Board	Ryota Kitamura	
Member of the Board	Katsuhiko Shirai	Member of the Board
Member of the Board	Sadayuki Sakakibara	Member of the Board

(Notes)

The following candidates shall assume responsibilities as follows:

Jun Sawada as Chief Executive Officer (CEO), Akira Shimada as Chief Financial Officer (CFO) and Chief Compliance Officer (CCO), and Motoyuki Ii as Chief Technology Officer (CTO) and Chief Information Officer (CIO).

Of the candidates for Members of the Board, Katsuhiko Shirai and Sadayuki Sakakibara are candidates for Outside directors.

[Note]

This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

Financial Results
for the Fiscal Year Ended March 31, 2018
and
Financial Forecasts
for the Fiscal Year Ending March 31, 2019

May 11, 2018



This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

* "E" in this material represents that the figure is a plan or projection for operation.

** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

- **FY2017**
 - **Highlights**
 - **Contributing Factors by Segment**
 - **Summary of Medium-Term Financial Targets**
 - **Topics**
- **FY2018**
 - **Forecast Summary**
 - **Forecast Summary by Segment**
- **Shareholder Returns**
- **Towards a New Medium-Term Management Strategy**
- **(Reference) Major B2B2X initiatives since FY2017**
- **Appendix**

- Both Operating Revenues and Operating Income increased
- Record levels for Operating Revenues, Operating Income and Net Income

Status of Consolidated Financial Results

- Operating Revenues : ¥11,799.6 billion (increase of ¥408.6 billion [3.6%] year-on-year)
- Operating Income : ¥1,642.8 billion (increase of ¥103.1 billion [6.7%] year-on-year)
- Net Income^{*1} : ¥909.7 billion (increase of ¥109.6 billion [13.7%] year-on-year)
[¥859.7 billion^{*2} (increase of ¥59.6 billion [7.4%] year-on-year)]
- EPS : ¥455.78 (increase of ¥64.84 [16.6%] year-on-year)
[¥430.73^{*2} (increase of ¥39.79 [10.2%] year-on-year)]
- Overseas Sales : \$19.51 billion (increase of \$2.62 billion [15.5%] year-on-year)
- Overseas Operating Income^{*3} : \$1.01 billion (increase of \$0.22 billion [28.2%] year-on-year)

*1 Net income represents net income attributable to NTT, excluding noncontrolling interests.

*2 Excludes the effects of the arbitration award received from Tata Sons Limited.

*3 Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

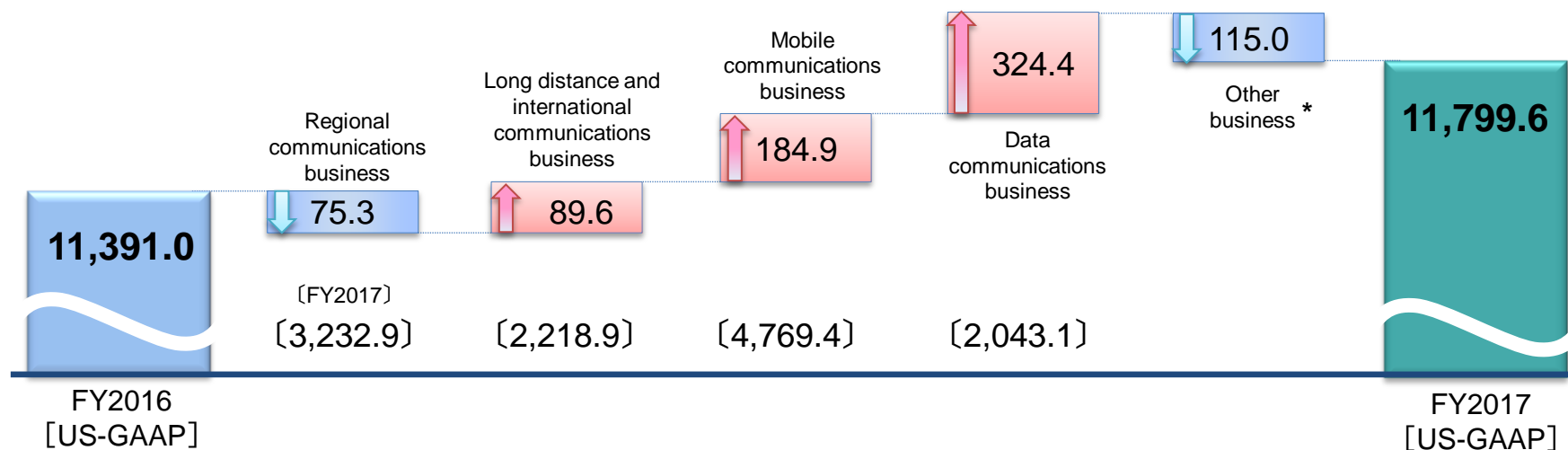
FY2017 Contributing Factors by Segment



Operating Revenues

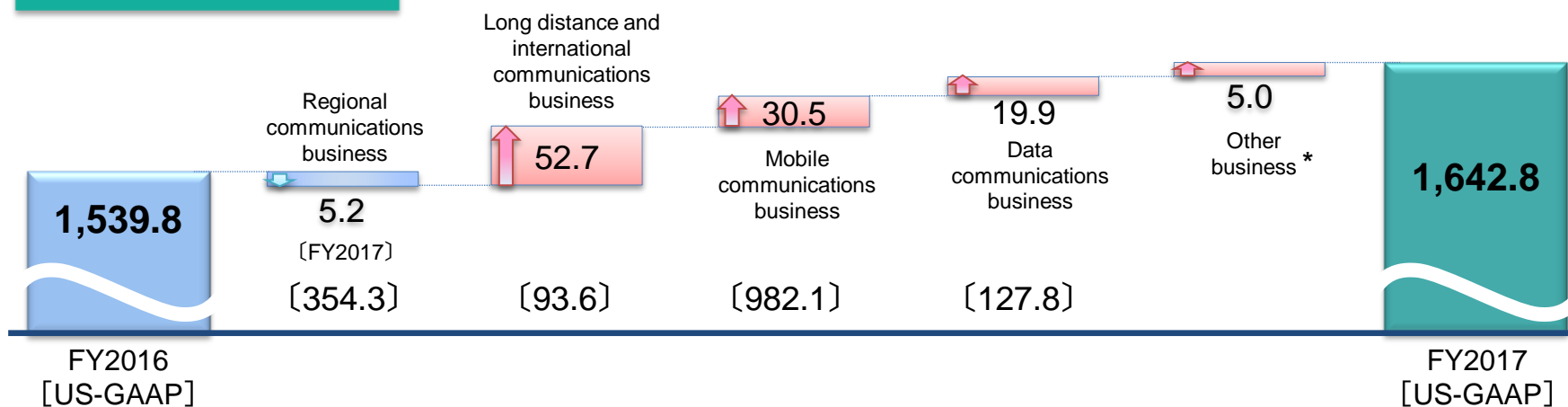
(Year-on-year: +408.6)

(Billions of yen)



Operating Income

(Year-on-year: +103.1)



*Includes adjustments such as elimination

	Results	Medium-Term Targets
EPS Growth	¥456 [¥431^{*1}]	At least ¥400
Streamlining Capital Investment (Domestic Network Business ^{*2}) [compared to FY2014]	¥204.9 billion	At least ¥200 billion
Cost Reductions^{*3} (in fixed-line/mobile access networks) [compared to FY2014]	¥856.0 billion	At least ¥800 billion
Overseas Sales/Operating Income^{*4}	\$19.5B/\$1.0B	\$22B/\$1.5B

*1 Excludes the effects of the arbitration award received from Tata Sons Limited.

*2 Excludes NTT Com's data centers and certain other assets.

*3 Does not reflect the impact of the change in depreciation method.

*4 Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

Increased Profitability of Network Services

➤ Expansion of NTT's User Base

- **Mobile Subscriptions: 76.37 million mobile subscriptions (net increase of 1.49 million)**
(Included in the above) Kake-hodai & Pake-aeru: 41.96 million subscriptions (net increase of 4.90 million)
 - **FTTH Subscriptions: 20.53 million subscribers (net increase of 0.48 million)**
(Included in the above) Hikari Collaboration: 11.12 million (net increase of 2.37 million)
- **Growing number of Wi-Fi area owners*: 744 (net increase of 187)**

* Total number of large-scale corporate or local government customers. Excludes small-scale restaurants, etc.

Promotion of the B2B2X Model

- Supported digital transformations in an effort towards creating new value and solving social issues and challenges
- Created innovative models by expanding collaboration with corporations and local governments in various fields, such as sports, transportation and manufacturing

Expansion of Global Cloud Services

- Cross-Selling Order Volume : \$0.83 billion
- Completed transfer of cloud IaaS business from Dimension Data to NTT communications
- Completed 100% acquisition of Secure-24, a provider of managed services in the U.S.

Progress of

“Tokyo 2020 Medal Project: Towards an Innovative Future for All”

- Number of used mobile phones and other devices collected (as of the end of March 2018): approximately 3.30 million devices

- Both Operating Revenues and Operating Income are expected to increase, and Net Income (excluding a non-recurring event^{*3}) is expected to increase

Plan for Consolidated Revenues and Income

	FY2017 Result		FY2018 Forecast	Year-on-Year
	US-GAAP	IFRS ^{*1}	IFRS	IFRS
Operating Revenues	¥11,799.6 billion	¥11,778.2 billion	¥11,830.0 billion	+51.8 billion [+0.4%]
Operating Income	¥1,642.8 billion	¥1,641.8 billion	¥1,690.0 billion	+48.2 billion [+2.9%]
Net Income ^{*2}	¥909.7 billion [¥859.7 billion ^{*3}]	¥898.7 billion [¥848.7 billion ^{*3}]	¥880.0 billion	(18.7 billion) [(2.1%)] [+31.3 billion [+3.7%]]

^{*1} Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

^{*2} Net income represents net income attributable to NTT, excluding noncontrolling interests.

^{*3} Excludes the effects of the arbitration award received from Tata Sons Limited.

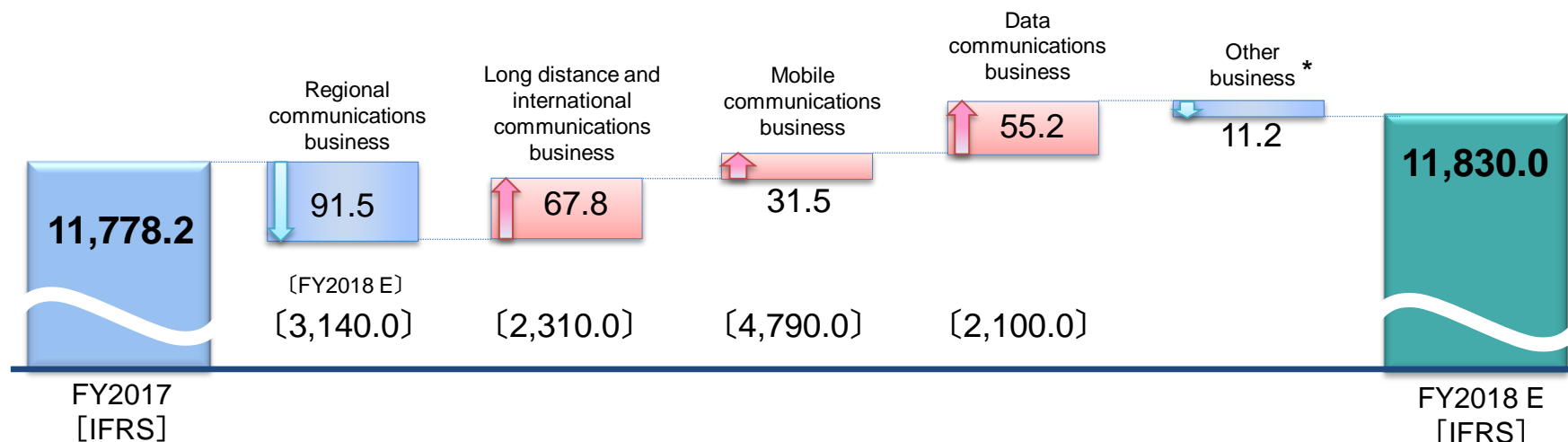
FY2018 Forecast Summary by Segment



Operating Revenues

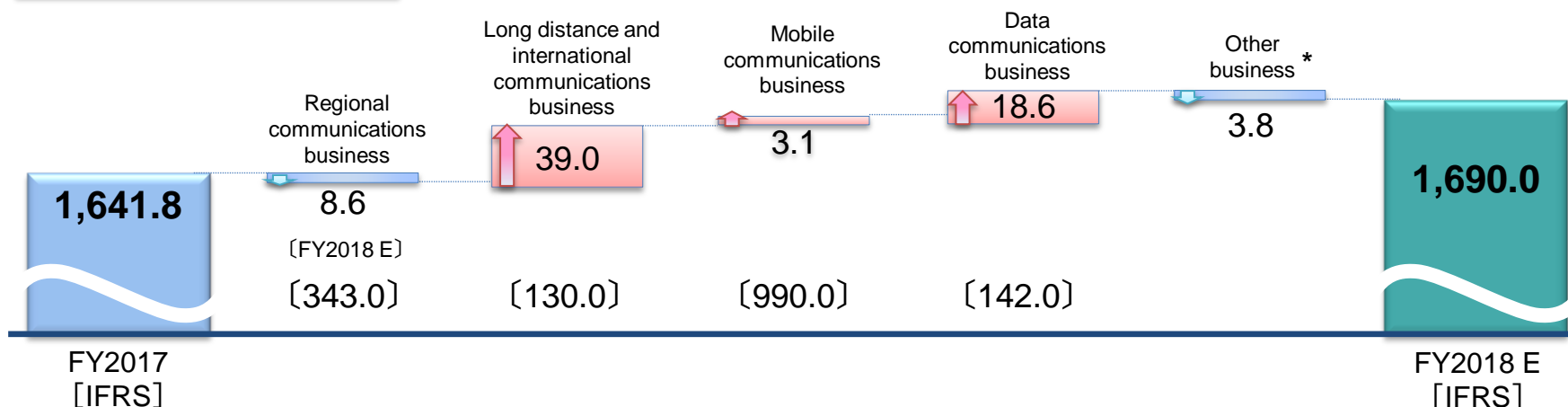
(Year-on-year: +51.8)

(Billions of yen)



Operating Income

(Year-on-year: +48.2)

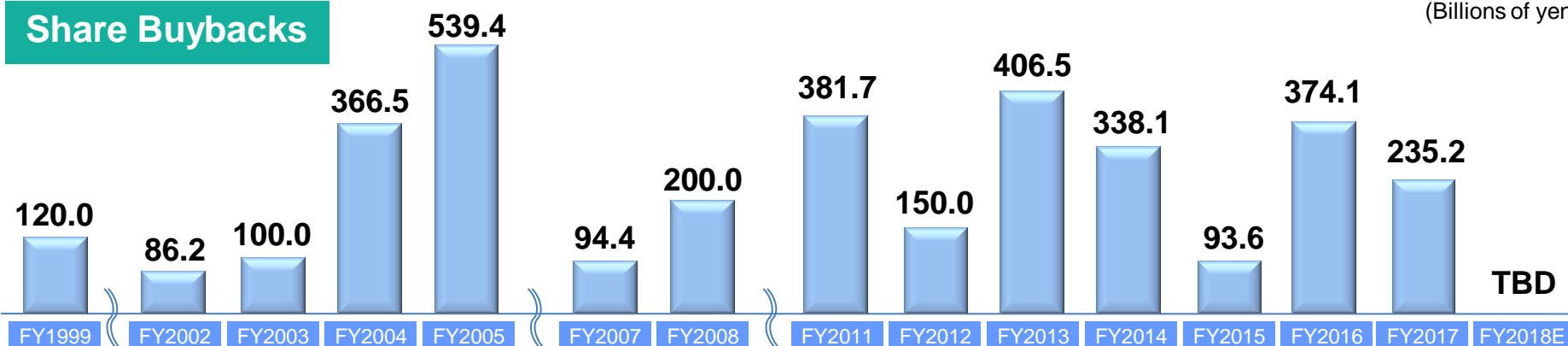


Shareholder Returns

- **Share Buybacks** : Completed ¥235.2 billion of share buybacks on the open market in FY2017
- **Dividends** : Aggregate annual dividends for FY2018 expected to increase to ¥170 per share (an increase of ¥20 from FY2017), starting with the interim dividends for FY2018

Share Buybacks

(Billions of yen)

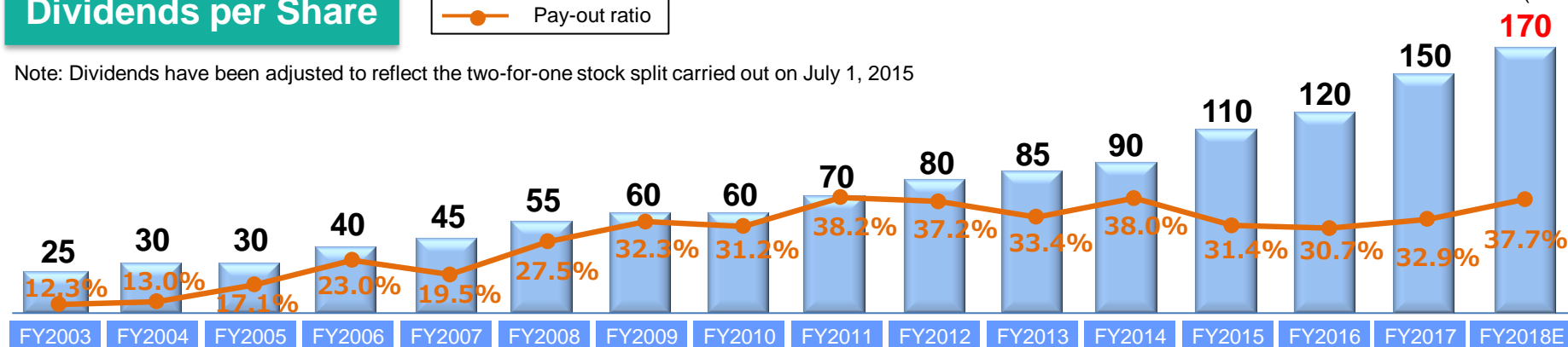


Dividends per Share

Pay-out ratio

(Yen)

Note: Dividends have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015



















- **Continue and further strengthen NTT's self-transformation into a "Value Partner"**
 - Increase global business profits
 - Strengthen profitability of domestic network services (increase cost reductions and improve investment and asset efficiency)
 - Promote the B2B2X model and take on the challenge of new market development

Formulate a New Medium-Term Management Strategy in Conjunction with Second Quarter Results

- Based on future milestones, such as the introduction of 5G and PSTN migration, determine targets and initiatives for multiple timespans, such as three, five and seven years
- For financial targets, maintain the current policy of EPS growth as the main indicator, and set new targets for business structure reform, cost reduction, and improved investment and asset efficiency

(Reference) Major B2B2X Initiatives since FY2017

		2017 July	Deepen digital marketing, including through new viewing experiences at stadiums
		Aug.	Initiated consortium formation for the network and computing infrastructure of automotive Big Data
		Oct.	Commercially launched the FIELD System, which incorporates edge computing and other technologies
		Oct.	Started testing to utilize corevo® for labor reduction in the field of agriculture/water environment
		Nov.	Used Kirari! to provide new kabuki effects, such as the joint transmission of simultaneous real and virtual performances (hosted the “Miyako Musubi Yume no Renjishi” performance in Pontocho and Miyagawa)
		2018 Jan.	Released the “DATA-SMART CITY SAPPORO” ICT utilization platform in Sapporo
		Feb.	Successfully conducted joint testing of the application of edge computing and other technologies to IoT on ships
		Apr.	Began sales of cybersecurity technology providing safe operation of critical infrastructure control systems

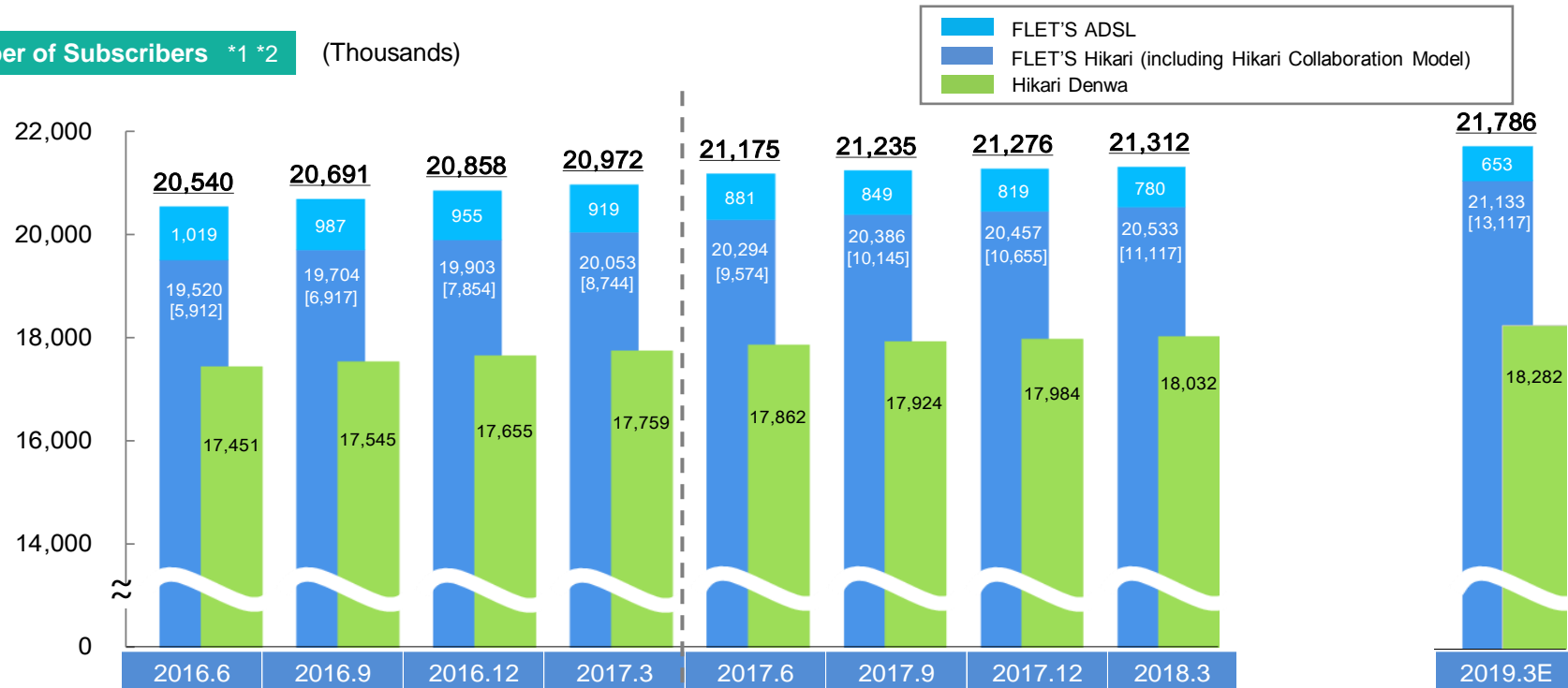
Appendix

Progress of Broadband Services

Number of Subscribers for Fixed Broadband Services



Number of Subscribers *1 *2 (Thousands)



Changes from the Preceding Quarter (Thousands)

		FY2016				FY2017				FY2017	FY2018E
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		
FLET'S Hikari	*1	261	183	199	150	241	92	72	75	480	600
Opened connections	*3	786	649	672	750	851	627	625	711	2,814	2,950
FLET'S ADSL		(34)	(32)	(32)	(36)	(38)	(32)	(31)	(39)	(139)	(126)
Hikari Denwa	*4 *5	77	93	111	104	104	62	59	48	273	250

*1 Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes B FLET'S, FLET'S Hikari Next, FLET'S Hikari Light, FLET'S Hikari Lightplus, and FLET'S Hikari Wi-Fi Access provided by NTT East, B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown, FLET'S Hikari Next, FLET'S Hikari Mytown Next, FLET'S Hikari Light and FLET'S Hikari Wi-Fi Access provided by NTT West, and wholesale services (Hikari Collaboration Model) provided by both NTT East and NTT West.

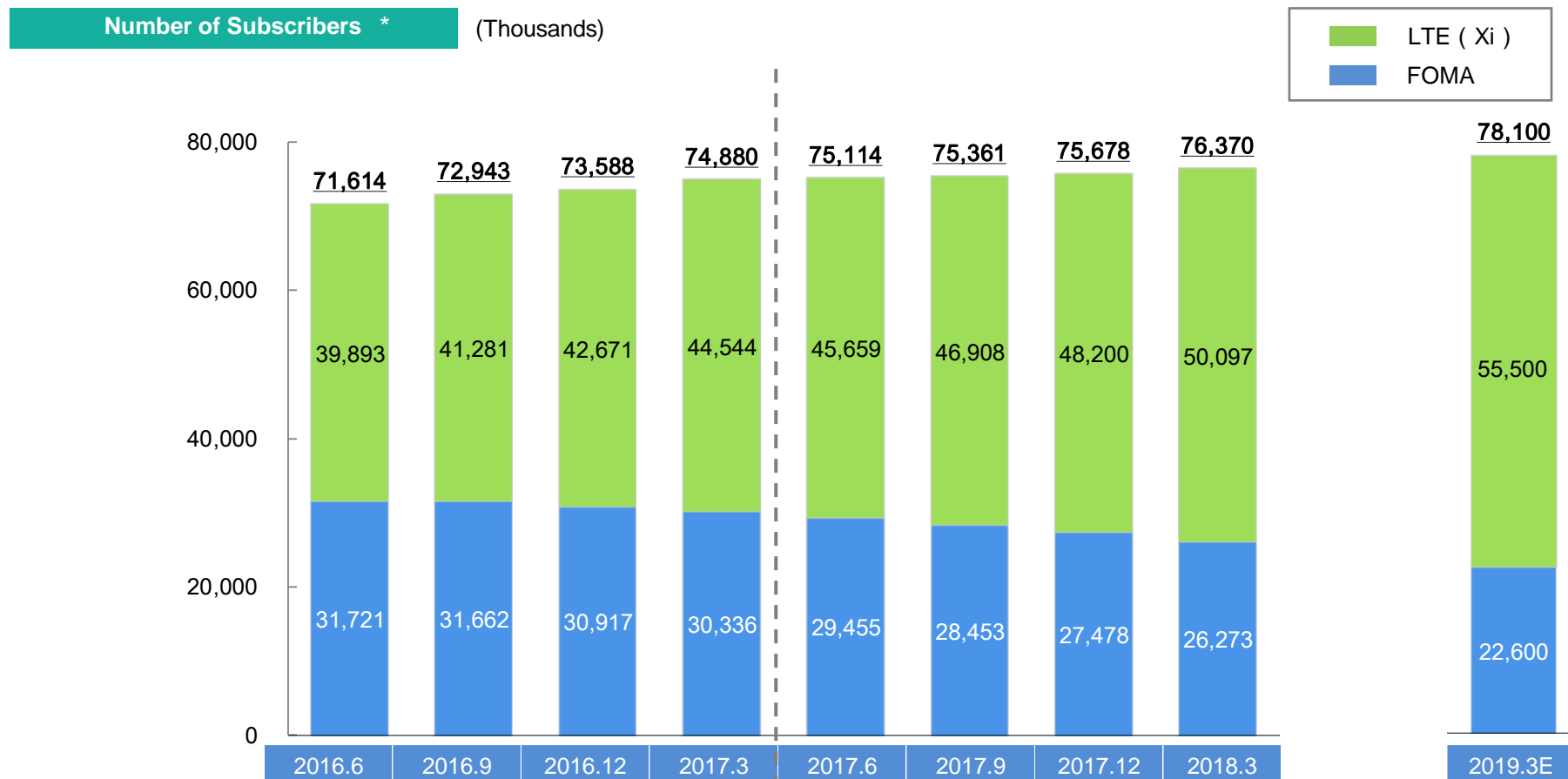
*2 Figures in [] represent the number of subscribers to "Hikari Collaboration Model," the wholesale provision of services by NTT East and NTT West to service providers.

*3 Number of opened connections excludes openings as a result of relocations.

*4 Numbers for Hikari Denwa include wholesale services provided to service providers by NTT East and NTT West.

*5 Numbers of Hikari Denwa subscribers are presented in thousands of channels.

Number of Subscribers for Mobile Broadband Services

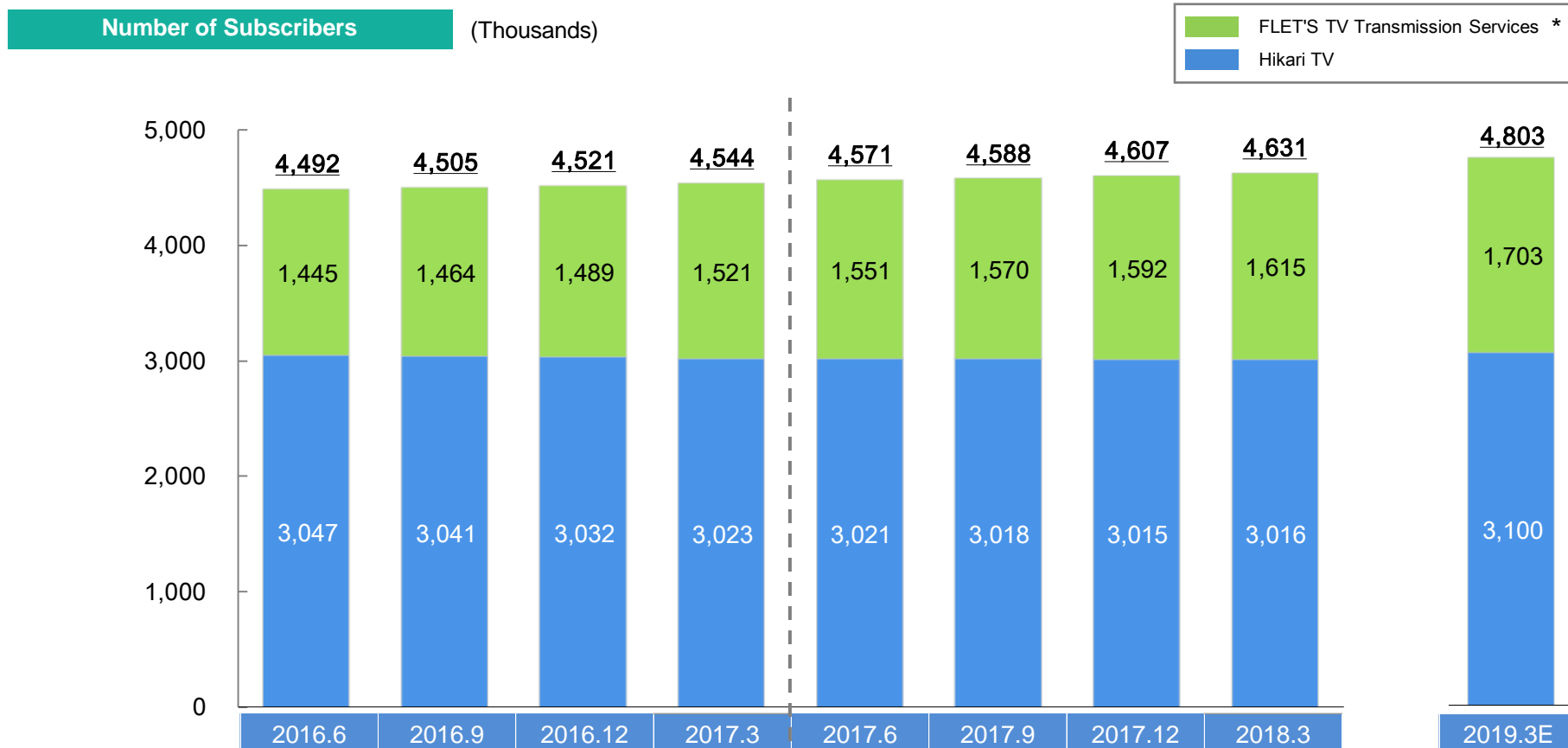


Changes from the Preceding Quarter (Thousands)

	FY2016				FY2017				FY2017	FY2018E
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		
LTE(Xi)+FOMA	650	1,330	645	1,292	234	247	317	692	1,491	1,700

* Number of subscribers for Mobile Broadband Services includes Communications Module Service subscribers

Number of Subscribers for Video Services



* Number of subscribers to FLET'S TV Transmission Services includes wholesale services provided to service providers by NTT East and NTT West.

Financial Information

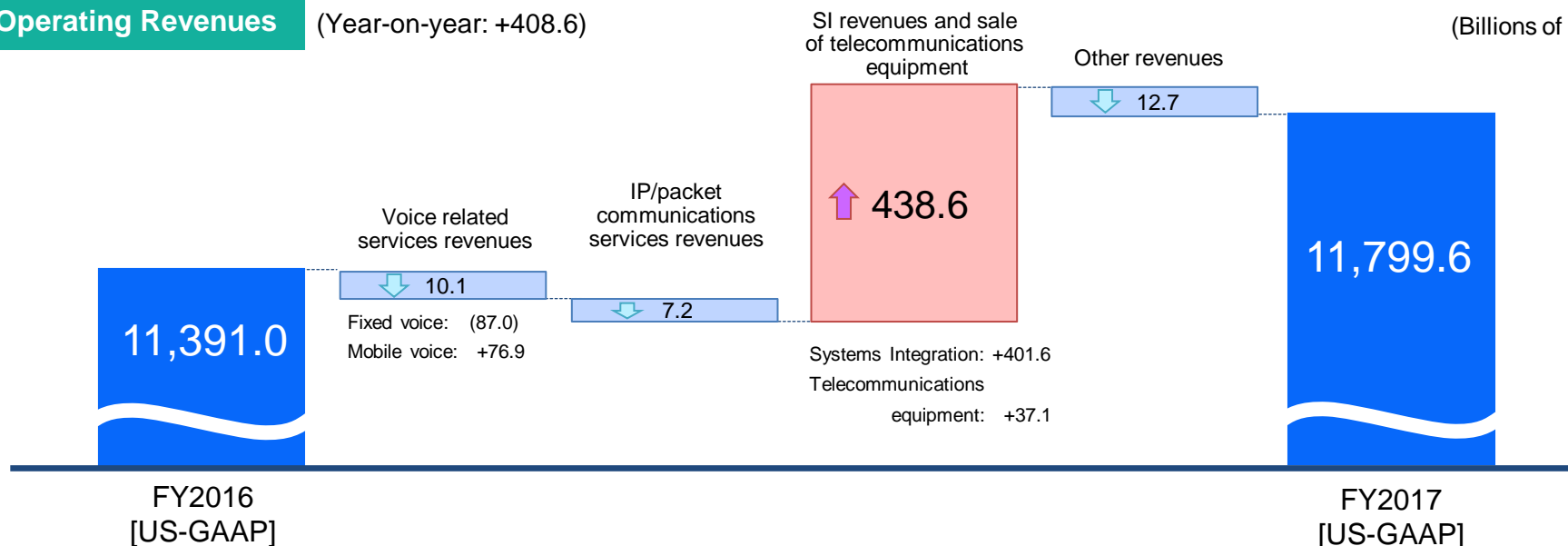
Details of Consolidated Statement of Income



Operating Revenues

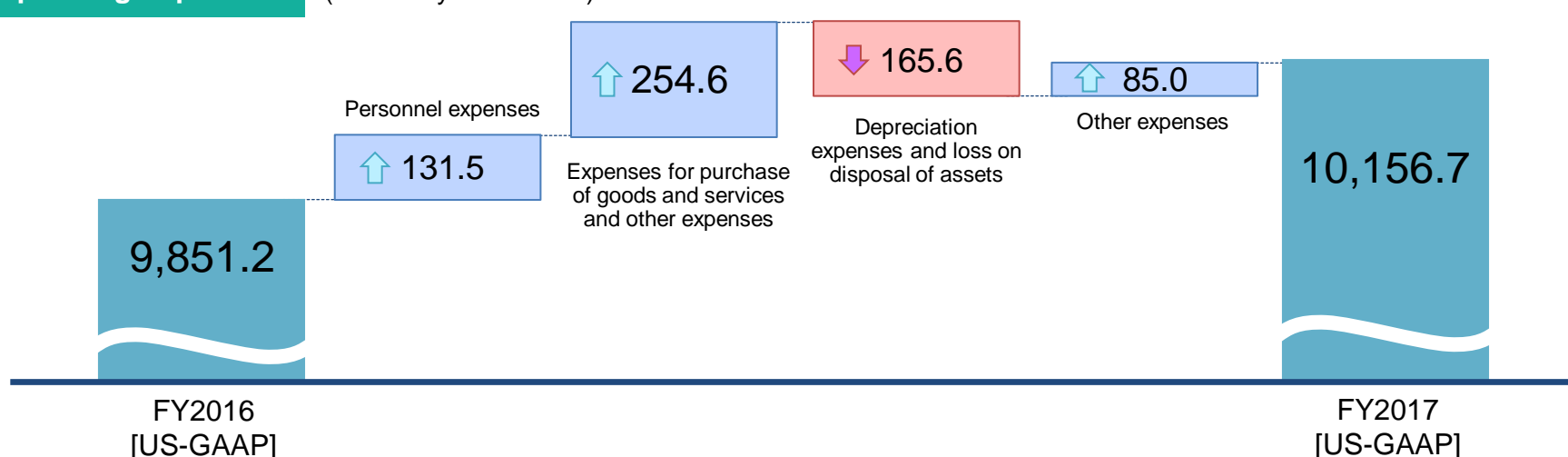
(Year-on-year: +408.6)

(Billions of yen)



Operating Expenses

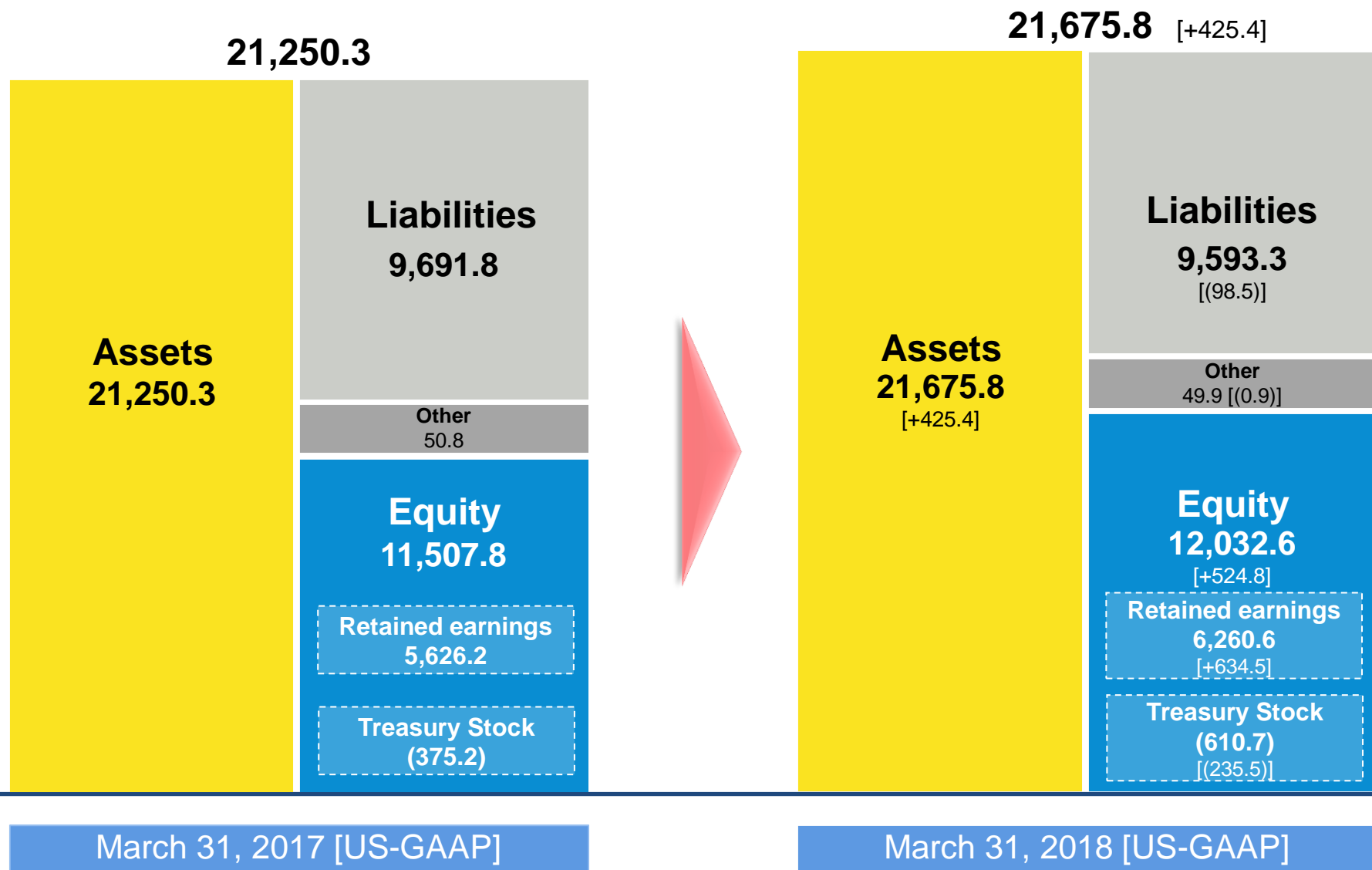
(Year-on-year: +305.5)



Details of Consolidated Balance Sheet



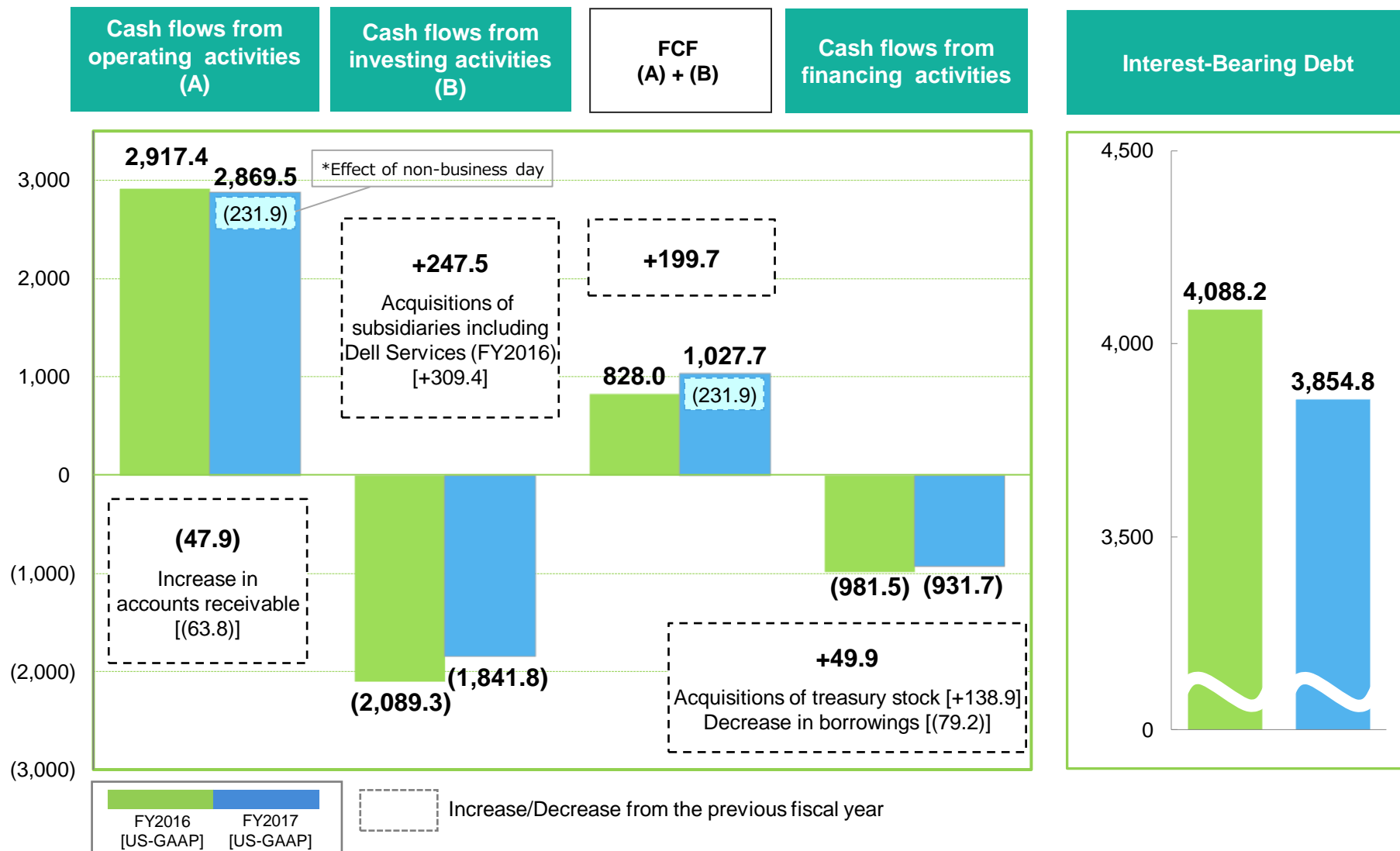
(Billions of yen)



Details of Consolidated Cash Flows



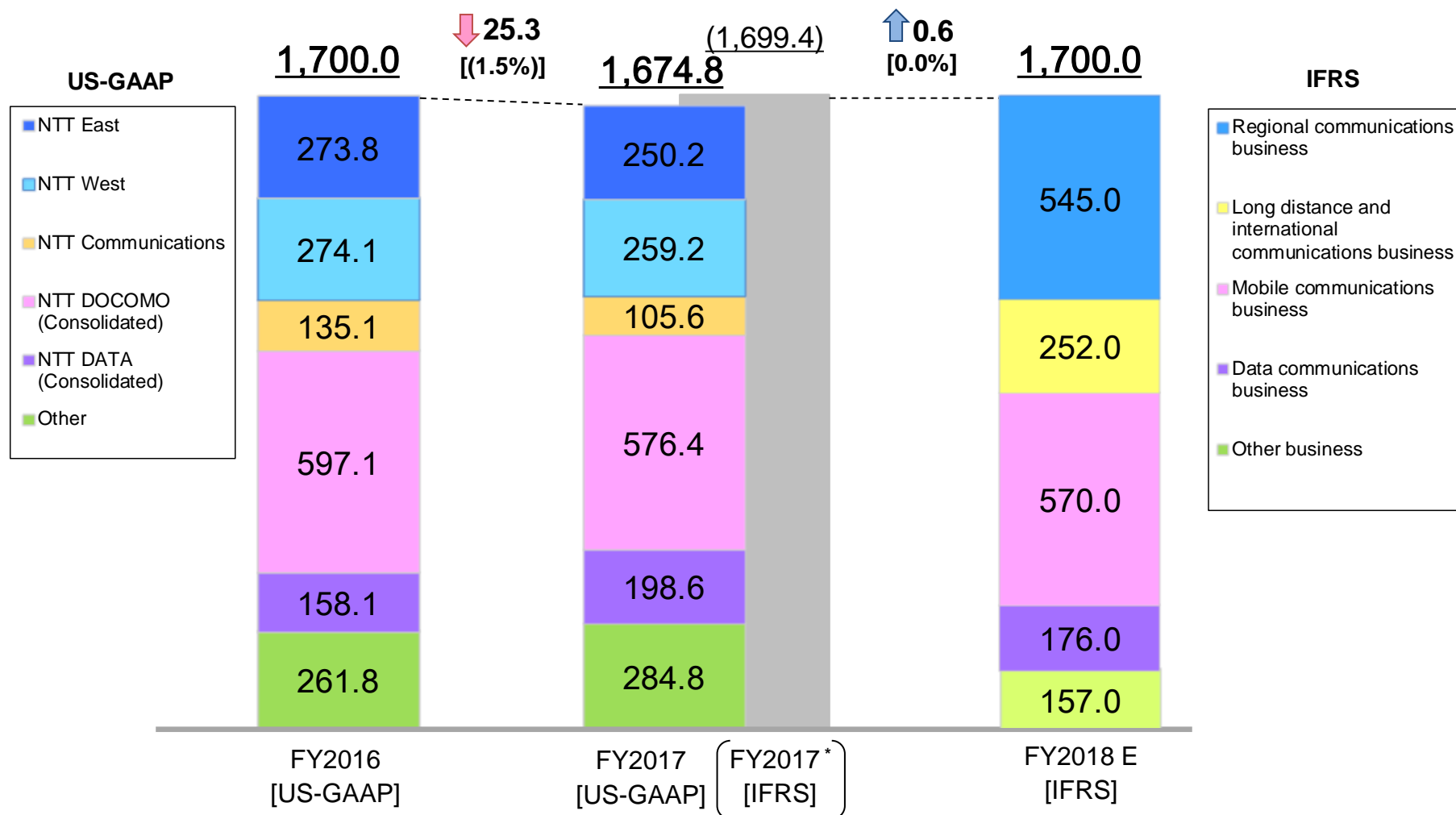
(Billions of yen)



* The effect of the last day of the fiscal year ended March 31, 2018 having been a non-business day, resulting in the increase in accounts receivable because of the due date of a portion of accounts receivable being, instead of the last day of the fiscal year, the first business day of the following month. Including the effect described above, Cash flows from operating activities and the FCF amounts for the fiscal year ended March 31, 2018 were 2,637.5 billion yen and 795.8 billion yen, respectively.

Details of Capital Investment

(Billions of yen)



* Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

May 11, 2018

FOR IMMEDIATE RELEASE

Financial Results for Fiscal Year Ended March 31, 2018

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2018 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2018
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
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7. Changes in Board of Directors

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1. Summary of Results for the Fiscal Year Ended March 31, 2018

As indispensable foundations for social and economic activities, information and telecommunications are expected to greatly contribute to improving the convenience of people's daily lives, vitalizing local economies, optimizing business process efficiency, creating new businesses and strengthening the international competitiveness of industries as a whole. In addition, the information and telecommunications market has progressed beyond its conventional framework with the advancement of broadband and globalization, the integration of fixed and mobile services, the usage of AI (*1), Big Data (*2), and IoT (*3), the advancement of cloud computing, market penetration of devices that support high-speed wireless internet and Wi-Fi, such as smartphones and tablets, the popularization of applications that enable free phone calls or messaging, and other developments.

The regional telecommunications market is also changing dramatically, with intensifying competition in services based on fiber optic access. In addition, new services that leverage a variety of wireless devices are also expanding. These in turn lead to diversification in the way that customers are using these devices and the expansion of the volume of data communications.

Amid such a difficult and volatile business environment, as a carrier with an important leadership role in the information and telecommunications industry, NTT East has endeavored to be thorough in its compliance regime and to abide by the requirements of fair competition. At the same time, NTT East has worked to secure a stable and solid foundation for its business, ensure its reliability as a component of social infrastructure and provide appropriate support for network migration, through the provision of high-quality, stable, universal services, construction of a sophisticated and resilient telecommunications network that is prepared for disasters and threats to cybersecurity and for significant increases in the volume of data communications, and initiatives for prompt restoration of services in case of large-scale natural disasters and other calamities.

In addition to these initiatives, NTT East has also endeavored to enhance the broadband network environment and further expand its user base for fiber optic services by offering new services and products that utilize next generation networks (NGN), as well as offering customer-friendly pricing options with long-term appeal.

1. Efforts to Promote Fiber-Optic and IP Services

Amid intensifying competition with respect to broadband services, NTT East has offered new services and strengthened its "Hikari Collaboration Model" initiatives to expand and continue using "FLET'S Hikari" (*4) and to meet customers' needs. NTT East has been working to create new demand and to increase efficiency of related operations by supporting its Hikari Collaboration providers.

As a result of these initiatives, the Hikari Collaboration Model is being utilized by over 560 businesses, and the number of subscribers for fiber-optic access services offered by Hikari Collaboration providers reached 6.0 million on September 6, 2017.

2. Initiatives Relating to the Solutions Business

NTT East worked on providing new ICT-utilizing services to its regional corporate customers.

- i. As part of its Wi-Fi services for corporate customers, NTT East is currently providing a simple Wi-Fi service, “GigaRaku Wi-Fi,” which includes support services. Starting on October 16, 2017, NTT East also began providing “Camera Options,” which provides camera devices, cloud services and support services as a set to companies to aid in their business efficiency and marketing activities.

In addition, starting on January 18, 2018, NTT East began providing an “IoT Support Option” for subscribers to “GigaRaku Wi-Fi,” which offers support for certain IoT devices and IoT clouds designated by NTT East.

- ii. For security services, on April 24, 2017, NTT East launched “Omakase Antivirus,” which, in addition to providing antivirus protection services for devices such as computers and tablets, enables more secure and safer security measures by offering services such as NTT East’s virus infection status monitoring, notifications and virus deletion measures in the event of a virus infection, security setting outsourcing and reports on the effectiveness of security measures.

In addition, on June 29, 2017, NTT East began providing “Omakase Cyber Mimamori,” a service that provides monitoring of unauthorized access attempts and recovery support in the event of emergencies through NTT East’s security support desks. NTT East also worked to strengthen network security by installing a dedicated box with unauthorized access detection and blocking functionality in customers’ offices.

- iii. For cloud services, on May 19, 2017, NTT East began offering “Cloud Gateway Server Hosting” for corporate customers, which allows customers to construct and manage cloud-based file servers and application servers easily and securely on the Internet or on closed networks.

In addition, on July 3, 2017 NTT East launched “Hikari Cloud cototoba,” an AI translation service that improves translation accuracy in the cultural tourism industry through high-volume machine learning of independently produced and collected bilingual texts, frequently used phrases and vocabulary words in that field.

- iv. For support services, on October 23, 2017, NTT East launched “Naose~ru PRO” for small- and medium-sized enterprise and SOHO customers who use “FLET’s Hikari,” offering a dedicated support center for repairs or replacements of computers and tablets that have been damaged due to customer negligence.
- v. On July 31, 2017, NTT East launched the “Office Telephone,” a business phone system for SOHO customers that can accommodate two external telephone lines and up to eight phone systems, enabling the easily construction of an office ICT environment.

3. Status of Business Operation Structure

NTT East established a “Tokyo Olympic & Paralympic Games Promotion Office” in order to contribute to the success of safe, secure and comfortable Olympic and Paralympic Games Tokyo 2020 through its provision of telecommunications services, with the objective of coordinating with related organizations and centralizing the implementation of the construction of facilities. NTT East is a Gold Partner (Telecommunications Services) for the Olympic and Paralympic Games Tokyo 2020.

Furthermore, from the perspective of being able to respond to rapid developments in the market environment, including with respect to customer needs, NTT East reviewed the sales organization that centrally manages large-scale to small- and medium-sized enterprise customers, and renamed the “Business & Office Sales Promotion Department,” which had managed sales of services and solutions, to the “Business Innovation Department.”

4. Corporate Social Responsibility Activities

NTT East considers Corporate Social Responsibility (“CSR”) activities to be one of the most important pillars of the management of the company, and recognizes that it is the social responsibility of a company to contribute to the sustainable development of society. In addition to ensuring fair competition, protecting personal information, making accurate representations in advertising and complying with various laws and regulations, NTT East has directed its efforts to resolve various social challenges as follows: (i) ensuring a high degree of stability and reliability of vital infrastructure that is indispensable to the general public; (ii) providing various services and solutions that will help to realize a richer society; and (iii) providing information and telecommunications services that contribute to the reduction of the environmental impact of society as a whole, as well as taking measures to reduce its environmental impact by reducing its consumption of energy, resources and electricity.

Having clearly defined the “Shape the NTT East Group is Aiming For,” NTT East has undertaken CSR activity initiatives befitting its position as a bearer of responsibility in information and telecommunication, such as working to widen the reach of the “NTT Group CSR Charter”

(enacted in June 2006) and striving to set up specific practices for the PDCA cycle based on “KPIs” (*5) established for each important theme of CSR activities.

For example, in order to ensure the availability of a means of communication during disasters, NTT East worked on the pre-installation of “public telephones for disasters (special public telephones)” in collaboration with local governments. The number of such facilities as the fiscal year ended March 31, 2018 reached 46,000 units, an increase of 5,000 units year on year. This enabled NTT East to build an environment that can provide its customers peace of mind and safety during the occurrence of disasters. As part of those activities, in order to convey the convenience of public telephones in the event of a disaster to elementary school students who have never used them, NTT East worked to raise awareness of public telephone use by creating easy-to-understand handouts and stickers explaining how to use them.

Furthermore, NTT East sold “Calligraphy Art Telegrams (Yume/Tsunagu)” to support the popularization and strengthening of sports for people with disabilities, sold Melody DENPO “Blooming Forest” cards to promote the “Green Revitalization through the Town Forest Project” agreed to with the city of Sendai, worked on initiatives for donations through telegraph services, and carried out the “NTT East Fukushima Forest Project,” activities to create a new disaster prevention forest, in the city of Soma in Fukushima prefecture, with an aim to make additional contributions to the recovery of the Tohoku region.

Finally, in connection with the release of the “NTT East Group CSR Report 2017,” NTT East actively engaged in stakeholder engagement, including by publishing KPIs in accordance with the four themes listed in the “NTT Group CSR Charter” (*6) in conjunction with the SDGs (*7) adopted by the United Nations.

5. Financial Standing

As a result of these measures and cost reduction efforts, operating revenue totaled 1,646.2 billion yen (a decrease of 1.6% year on year), operating income totaled 260.0 billion yen (an increase of 37.5% year on year), ordinary income was 273.6 billion yen (an increase of 33.8% year on year), and net income totaled 152.4 billion yen (an increase of 1.9% year on year).

Notes:

- *1: An abbreviation for Artificial Intelligence. Computer software and systems that mimic intelligent tasks carried out by human brains.
- *2: A large volume of digital data that is produced with popularization of the internet and faster computer processing speeds
- *3: An abbreviation for Internet of Things. A concept in which things that were not connected to the Internet before can now be connected to the Internet.

- *4: A collective name for “FLET’S Hikari Next”, “B FLET’S”, “FLET’S Hikari Light” and “FLET’S Hikari Wi-Fi Access” (including “Hikari Collaboration Model”).
- *5: An abbreviation for Key Performance Indicator. Key indicators for evaluating performance. This is a quantitative indicator that measures the degree to which goals have been achieved.
- *6: “Secure and safe communication,” “Communication between people and society,” “Communication between people and the earth,” and “Communication within Team NTT”
- *7: An abbreviation for Sustainable Development Goals.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	335,097	(4,533)
Antenna facilities	3,604	3,461	(142)
Terminal equipment	22,947	20,611	(2,335)
Local line facilities	866,722	834,617	(32,104)
Long-distance line facilities	2,843	2,862	19
Engineering facilities	588,683	580,874	(7,809)
Submarine line facilities	732	586	(145)
Buildings	409,835	398,749	(11,086)
Structures	16,038	16,071	33
Other machinery and equipment	3,006	2,731	(275)
Vehicles and vessels	642	571	(71)
Tools, furniture and fixtures	48,182	47,797	(385)
Land	197,249	196,254	(995)
Lease assets	1,001	1,063	62
Construction in progress	19,988	15,821	(4,167)
Total property, plant and equipment	2,521,110	2,457,172	(63,937)
Intangible fixed assets	84,120	83,511	(608)
Total fixed assets - telecommunications businesses	2,605,230	2,540,684	(64,546)
Investments and other assets			
Investment securities	12,581	12,946	365
Investments in subsidiaries and affiliated companies	46,622	46,582	(40)
Other investments in subsidiaries and affiliated companies	3,705	3,714	9
Investment in capital	452	326	(126)
Long-term prepaid expenses	4,024	4,814	790
Prepaid pension costs	3,030	8,037	5,007
Deferred income taxes	125,254	133,469	8,215
Other investments and assets	3,441	3,936	495
Allowance for doubtful accounts	(773)	(780)	(7)
Total investments and other assets	198,338	213,048	14,709
Total fixed assets	2,803,569	2,753,732	(49,837)
Current assets:			
Cash and bank deposits	5,605	7,562	1,956
Notes receivable	-	3	3
Accounts receivable, trade	230,736	246,886	16,149
Accounts receivable, other	119,106	105,851	(13,255)
Supplies	26,005	23,173	(2,831)
Advance payments	1,513	1,352	(160)
Prepaid expenses	7,886	8,318	432
Deferred income taxes	6,674	6,931	256
Deposits	288,468	171,340	(117,127)
Other current assets	11,853	12,570	717
Allowance for doubtful accounts	(327)	(289)	37
Total current assets	697,521	583,701	(113,820)
TOTAL ASSETS	3,501,091	3,337,433	(163,657)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	-
Lease obligations	1,494	1,470	(24)
Liability for employees' retirement benefits	247,366	258,103	10,737
Reserve for point services	4,145	2,429	(1,715)
Reserve for unused telephone cards	8,460	8,925	465
Allowance for environmental measures	3,637	2,858	(779)
Asset retirement obligations	902	907	4
Other long-term liabilities	34,672	42,643	7,970
Total long-term liabilities	525,898	542,557	16,658
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	-	(140,615)
Accounts payable, trade	89,029	66,666	(22,362)
Lease obligations	459	496	37
Accounts payable, other	198,620	170,519	(28,101)
Accrued expenses	15,613	15,950	336
Accrued taxes on income	14,186	11,023	(3,163)
Advances received	9,185	11,192	2,007
Deposits received	215,758	225,778	10,020
Unearned revenues	91	119	28
Allowance for environmental measures	2,285	1,128	(1,156)
Asset retirement obligations	1	-	(1)
Other current liabilities	2,888	2,493	(395)
Total current liabilities	688,735	505,370	(183,365)
TOTAL LIABILITIES	1,214,633	1,047,927	(166,706)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus			
Additional paid-in capital	1,499,726	1,499,726	-
Total capital surplus	1,499,726	1,499,726	-
Earned surplus			
Other earned surplus			
Reserve for special depreciation	1,092	642	(449)
Reserve for special account for property replacement	-	2,697	2,697
Reserve for reduction entry	13,197	13,197	0
Accumulated earned surplus	433,169	433,697	528
Total earned surplus	447,459	450,235	2,776
Total shareholders' equity	2,282,186	2,284,962	2,776
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,271	4,543	272
Total unrealized gains (losses), translation adjustments, and others	4,271	4,543	272
TOTAL NET ASSETS	2,286,457	2,289,506	3,048
TOTAL LIABILITIES AND NET ASSETS	3,501,091	3,337,433	(163,657)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,534,745	1,511,936	(22,809)
Operating expenses			
Business expenses	317,168	315,278	(1,889)
Operations	7,869	7,199	(670)
Maintenance expenses	383,994	375,190	(8,803)
Overhead expenses	86,274	82,601	(3,673)
Administration	86,732	85,532	(1,199)
Experiment and research	38,837	33,616	(5,220)
Depreciation and amortization	290,191	233,237	(56,953)
Retirement of fixed assets	55,725	42,123	(13,602)
Access charges	26,568	25,450	(1,117)
Miscellaneous taxes	74,241	72,761	(1,479)
Total operating expenses	1,367,603	1,272,993	(94,610)
Operating income from telecommunications businesses	167,142	238,943	71,800
Supplementary businesses:			
Operating revenues	137,497	134,333	(3,164)
Operating expenses	115,534	113,205	(2,329)
Operating income from supplementary businesses	21,962	21,128	(834)
Operating income	189,104	260,071	70,966
Non-operating revenues:			
Interest income	26	13	(12)
Dividends received	3,226	6,957	3,731
Gains on sales of fixed assets	14,363	7,750	(6,612)
Miscellaneous income	2,647	2,598	(48)
Total non-operating revenues	20,263	17,320	(2,942)
Non-operating expenses:			
Interest expenses	4,669	3,354	(1,315)
Miscellaneous expenses	260	415	154
Total non-operating expenses	4,930	3,769	(1,161)
Recurring profit	204,438	273,622	69,184
Special losses	-	60,909	60,909
Income before income taxes	204,438	212,712	8,274
Corporation, inhabitant, and enterprise taxes	67,461	68,847	1,385
Deferred tax expenses (benefits)	(12,686)	(8,568)	4,118
Net income	149,663	152,433	2,770

4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2017

(Millions of yen)

	Shareholders' equity									Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus				Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others		
		Additional paid-in capital	Total capital surplus	Other earned surplus							Total earned surplus	
				Reserve for special depreciation	Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2016	335,000	1,499,726	1,499,726	1,657	-	13,197	342,336	357,191	2,191,918	4,119	4,119	2,196,037
Net change during the annual period												
Cash dividends							(59,395)	(59,395)	(59,395)			(59,395)
Net income							149,663	149,663	149,663			149,663
Provision of reserve for special depreciation				90			(90)	-	-			-
Return of reserve for special depreciation				(655)			655	-	-			-
Return of reserve for reduction entry						(0)	0	-	-			-
Others, net										152	152	152
Total net change during the annual period	-	-	-	(565)	-	(0)	90,833	90,267	90,267	152	152	90,419
March 31, 2017	335,000	1,499,726	1,499,726	1,092	-	13,197	433,169	447,459	2,282,186	4,271	4,271	2,286,457

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity									Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus					Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus				Total earned surplus				
				Reserve for special depreciation	Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2017	335,000	1,499,726	1,499,726	1,092	-	13,197	433,169	447,459	2,282,186	4,271	4,271	2,286,457
Net change during the annual period												
Cash dividends							(149,657)	(149,657)	(149,657)			(149,657)
Net income							152,433	152,433	152,433			152,433
Provision of reserve for special depreciation				15			(15)	-	-			-
Return of reserve for special depreciation				(465)			465	-	-			-
Provision of reserve for special account for property replacement					2,697		(2,697)	-	-			-
Provision of reserve for reduction entry						0	(0)	-	-			-
Others, net										272	272	272
Total net change during the annual period	-	-	-	(449)	2,697	0	528	2,776	2,776	272	272	3,048
March 31, 2018	335,000	1,499,726	1,499,726	642	2,697	13,197	433,697	450,235	2,284,962	4,543	4,543	2,289,506

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	396,519	368,433	(28,085)	(7.1)
Monthly charge revenues*	299,992	279,650	(20,341)	(6.8)
Call rates revenues*	26,272	22,858	(3,414)	(13.0)
Interconnection call revenues*	45,606	42,622	(2,983)	(6.5)
IP services revenues	850,388	855,298	4,910	0.6
Leased circuit services revenues (excluding IP services revenues)	93,307	92,463	(843)	(0.9)
Telegram services revenues	11,422	10,693	(729)	(6.4)
Other telecommunications services revenues	183,107	185,047	1,939	1.1
Telecommunications total revenues	1,534,745	1,511,936	(22,809)	(1.5)
Supplementary business total revenues	137,497	134,333	(3,164)	(2.3)
Total operating revenues	1,672,243	1,646,269	(25,973)	(1.6)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	204,438	212,712	8,274
Depreciation and amortization, loss on disposal of property, plant and equipment, and others	316,617	309,634	(6,982)
Increase (decrease) in liability for employees' retirement benefits	11,446	10,737	(709)
(Increase) decrease in accounts receivable	(8,552)	2,587	11,140
(Increase) decrease in inventories	252	2,508	2,255
Increase (decrease) in accounts payable and accrued expenses	(5,419)	(33,972)	(28,553)
Increase (decrease) in accrued consumption tax	(5,229)	4,365	9,594
Other	8,147	(2,657)	(10,805)
Sub-total	521,702	505,916	(15,785)
Interest and dividends received	3,252	6,971	3,718
Interest paid	(4,705)	(3,596)	1,108
Income taxes received (paid)	(47,742)	(69,279)	(21,536)
Net cash provided by (used in) operating activities	472,506	440,012	(32,494)
Cash flows from investing activities:			
Payments for property, plant and equipment	(274,177)	(267,949)	6,227
Proceeds from sale of property, plant and equipment	15,821	4,140	(11,680)
Proceeds from sale of investment securities	847	334	(513)
Other	(86)	(857)	(770)
Net cash provided by (used in) investing activities	(257,594)	(264,331)	(6,737)
Cash flows from financing activities:			
Payments for settlement of long-term debt	(65,120)	(140,615)	(75,495)
Payments for settlement of lease obligations	(544)	(591)	(47)
Dividends paid	(59,395)	(149,657)	(90,262)
Net cash provided by (used in) financing activities	(125,059)	(290,864)	(165,804)
Net increase (decrease) in cash and cash equivalents	89,852	(115,183)	(205,036)
Cash and cash equivalents at beginning of year	207,281	297,134	89,852
Cash and cash equivalents at end of year	297,134	181,950	(115,183)

7. Changes in Board of Directors

Scheduled Appointment or Resignation Date: June 22, 2018

(1) Candidates for Senior Vice President

Takaya Kitaguchi (Executive Manager, IT Innovation Department)

Naotaka Kamiya (Executive Manager, Customer Relations Department, Business Innovation Headquarters)

Riaki Hoshino (Senior Manager, Corporate Strategy Planning Department; concurrently Executive Manager, Medium-Term Management Strategy Promotion Office)

(2) Senior Vice Presidents Scheduled to Resign from Office

President, Representative Director Masayuki Yamamura (scheduled to take office as Counselor to the President at NTT East)

Senior Executive Vice President, Representative Director Motoyuki Ii (scheduled to take office at Nippon Telegraph and Telephone Corporation)

Executive Vice President Hideo Fujimoto (scheduled to take office at NTT-ME)

Senior Vice President Masao Seki (scheduled to take office at NTT East Service Corporation)

(3) Candidates for Representative Directors and Executive Officers

① Candidate Scheduled to Take Office as President, Representative Director

Senior Executive Vice President, Representative Director Fukuzo Inoue

② Candidates Scheduled to Take Office as Senior Executive Vice President, Representative Director

Senior Vice President Shinji Yano

Senior Vice President Naoki Shibutani

③ Candidate Scheduled to Take Office as Executive Vice President

Senior Vice President Hiroshi Tanabe

(4) New Executive Positions and Organizational Responsibilities

Scheduled Appointment Date: June 22, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
President, Representative Director	Fukuzo Inoue	Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters In charge of: Risk Management; Corporate Strategy Planning; General Affairs and Personnel; Accounts and Finance; Information Security
Senior Executive Vice President, Representative Director; Senior Executive Manager, Business Innovation Headquarters; In charge of: General Affairs and Personnel; Accounts and Finance	Shinji Yano	Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters
Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters; In charge of: Risk Management; Corporate Strategy Planning; Information Security; IT Innovation	Naoki Shibutani	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office
Executive Vice President; Senior Executive Manager, Network Business Headquarters; Executive Manager, Engineering Department, Network Business Headquarters; In charge of: Interconnection Promotion; Procurement and Supply; Tohoku Future Network Design and Reconstruction Head of Plant pursuant to Ordinance for Enforcement of the Telecommunications Business Act; Responsible for Information Management pursuant to Ordinance for Enforcement of the Telecommunications Business Act	Hiroshi Tanabe	Senior Vice President; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Engineering Department, Network Business Headquarters

Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters; Executive Manager, Value Create Department, Business Innovation Headquarters	Kiyoshi Harada	Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters; Executive Manager, Value Create Department, Business Innovation Headquarters
Senior Vice President; General Manager, Miyagi Division; General Manager, Miyagi Branch, Miyagi Division; Executive Manager, Tohoku Future Network Design and Reconstruction Office	Hiroshi Nakamura	Senior Vice President; General Manager, Miyagi Division; General Manager, Miyagi Branch, Miyagi Division; Executive Manager, Tohoku Future Network Design and Reconstruction Office
Senior Vice President; General Manager, Saitama Division; General Manager, Saitama Branch, Saitama Division	Akira Sakakibara	Senior Vice President; General Manager, Saitama Division; General Manager, Saitama Branch, Saitama Division
Senior Vice President; General Manager, Tokyo Division	Hideyuki Noike	Senior Vice President; General Manager, Tokyo Division; Executive Manager, Tokyo Olympic & Paralympic Promotion Office, Tokyo Division
Senior Vice President; General Manager, Kanagawa Division; General Manager, Kanagawa Branch, Kanagawa Division	Kanae Takahashi	Senior Vice President; General Manager, Kanagawa Division; General Manager, Kanagawa Branch, Kanagawa Division
Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters	Koji Nakae	Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center
Senior Vice President; Senior Executive Manager, Sales Promotion Headquarters; Executive Manager, Sales Planning Department, Sales Promotion Headquarters; Executive Manager, Business Promotion Department, Sales Promotion Headquarters	Takashi Torigoe	Senior Vice President; Executive Manager, Sales Planning Department, Sales Promotion Headquarters; Executive Manager, Business Promotion Department, Sales Promotion Headquarters
Senior Vice President; Executive Manager, Corporate Strategy Planning Department	Koichi Takami	Senior Vice President; Executive Manager, Corporate Strategy Planning Department
Senior Vice President; Executive Manager, IT Innovation Department	Takaya Kitaguchi	
Senior Vice President; Executive Manager, Customer Relations Department, Business Innovation Headquarters	Naotaka Kamiya	

Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office; In charge of 2020 Preparation	Riaki Hoshino	
Senior Vice President	Eiichi Sakamoto	Senior Vice President

Scheduled Appointment Date: July 1, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; In charge of 2020 Preparation	Riaki Hoshino	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office; In charge of 2020 Preparation

May 11, 2018

FOR IMMEDIATE RELEASE

Financial Results for the Fiscal Year Ended March 31, 2018

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the fiscal year ended March 31, 2018 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2018
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Board of Directors

For inquiries, please contact:

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1. Summary of Results for the Fiscal Year Ended March 31, 2018

Information and communications services are expected to make significant contributions to invigorating and increasing the efficiency of social and economic activities, improving lifestyle convenience and vitalizing local economies through advances in the development of new technologies such as AI, Big Data, and IoT. Accordingly, the government and the private sector are working in partnership to achieve these goals.

Moreover, the information and telecommunications market is undergoing structural changes as a result of the shift to broadband and globalization, as well as the spread of smart devices and social media, leading to increasingly sophisticated and diversified needs and patterns of usage. There have also been changes in market structure, including an increase in the utilization of Big Data and IoT as well as an expansion of platform services and cloud services. Regional telecommunications markets are also undergoing significant changes due to competition between the providers of fiber-optic access-based line services and cable television-based broadband services, competition between the various services made available by faster mobile connections, the convergence of fixed and mobile services and of telecommunications and broadcasting, and the convergence of services through the use of a diverse range of wireless devices.

Within this challenging and dramatically changing business environment, NTT West strove to ensure its reliability and communality in telecommunications by, for example, promoting the smooth migration to IP-based networks and enhancing the fiber-optic access network that is the base of broadband services, while continuing to provide high-quality, stable universal services.

NTT West also aimed to realize a broadband network environment that enables customers to connect anytime, anywhere, and with anyone or anything, in comfort, safety, and with peace of mind, and to provide a wide range of services that match each customer's patterns of usage.

<1> Efforts to Promote Fiber-optic and IP services

NTT West worked to provide a more comfortable, safer, and more secure next generation network (NGN). NTT West was committed to expanding its services that make use of fiber-optic access lines, such as Hikari Denwa and video distribution services. NTT West also aimed to develop services for businesses, further deliver appropriate and fair provision of the Hikari Collaboration Model to various service providers, and promote sales through business alliances, while at the same time also improving on its services and quality.

For Hikari access services, with respect to the "Hikari Collaboration Model," the wholesale provision of "FLET'S Hikari" and other services to various service providers, NTT West worked to further expand its services by proactively cultivating new Hikari Collaboration providers while also engaging in support activities for existing Hikari Collaboration providers. As of the fiscal year ended March 31, 2018, the number of Hikari Collaboration providers exceeded 490, and the number of subscriptions exceeded 4.5 million.

In addition, NTT West worked to smoothly transition its customers from "B FLET'S (for Family 100 Type, Business Type, and Basic Type)" and "FLET'S Hikari Premium" to the high-performing

“FLET’S Hikari Next” in order to ensure that they are able to have a more comfortable internet experience.

For “FLET’S Hikari” services, NTT West made efforts to improve its membership program, “CLUB NTT-West,” aimed at retaining its customers, by, among other things, providing a wider range of products for which membership program points can be redeemed.

As a result of these efforts, the number of subscriptions for Hikari access services as a whole exceeded 9.0 million as of the fiscal year ended March 31, 2018.

In the area of Wi-Fi services, NTT West worked to expand the coverage area of “Free Wi-Fi” in collaboration with local governments. As of March 31, 2018, more than 100 local governments in 30 different prefectures utilized the “Gotouchi Free Wi-Fi” service for tourist spots.

In addition, in September 2017, NTT West began to offer the “High-End Plan,” which provides enhanced functionality for visitors, as part of its corporate Wi-Fi service “Smart Hikari Business Wi-Fi” plan.

<2> Initiatives in the Solutions Business

NTT West continued to proactively offer alliances and solution proposals to companies and local governments, and has undertaken initiatives to deploy “Smart Hikari Solutions” to solve various social problems and satisfy regional customers’ needs through the utilization of ICT.

With respect to alliances, NTT West provided an LPWA (low-power, wide area) network test environment to the city of Fukuoka and worked to create usage scenarios for the LPWA network. NTT West also conducted tests in Kyoto prefecture by utilizing LPWA networks with a variety of sensors to make industrial waste collection more efficient. In addition, NTT West also worked to create new businesses through trials of road diagnostic services that utilize AI to establish efficient road maintenance cycles in the city of Sakai, working with Kajima Corporation to create a safe working environment by conducting tests of worker safety support services that utilize vital data and location information, and other initiatives.

NTT West also works to expand its service offerings by, for example, launching “Security Omakase Plan,” which offers comprehensive total support for cybersecurity measures, with an aim to resolve issues caused by cyberattacks and ransomware.

<3> Status of Business Operation Structure

With respect to NTT West’s business operation structure, in order to further promote diversity in human resources and in other areas, the “Diversity Promotion Office” adopted the new role of promoting “Workplace Reform” in July 2017, and worked to create a company that is easy to work for and rewarding. Furthermore, from the perspective of clarifying its position as a group responsible for the further strengthening of CRM activities, the name of the “Marketing Department” was changed to “Sales Promotion Department.”

In the area of disaster preparedness, when the heavy storms struck northern Kyushu in July 2017, NTT West quickly established a wide-area support system which included various other regions, thereby

enabling the early recovery of services and the restoration of its facilities. Furthermore, NTT West worked to provide means of communication, such as establishing special public telephones and special public Wi-Fi, as well as providing disaster message dialing services (171) and disaster message boards (web 171), for customers to use to confirm their safety and for the communication of disaster information in afflicted areas.

In addition, NTT West entered into an “Agreement on the Installation and Usage of Special Public Telephones” with various local governments, and pre-installed special public telephones, in order to provide immediate means of communication to people who have been evacuated when evacuation centers are established after large-scale disasters occur in the future.

NTT West also implemented measures to prevent accidents involving its facilities, such as planned facility inspections and the planned elimination of unsafe equipment, such as through the removal of service wires and the replacement of telephone poles. To prevent site accidents involving physical injury, NTT West worked to expand its safety measures by establishing a timeframe for improving safety promotion initiatives.

As part of its efforts to further enhance its management efficiency, NTT West worked to reduce procurement costs by utilizing device equipment and reducing costs of materials, and increasing remote operations of construction related work, such as by conducting repair work from remote locations.

In addition, with a view to achieving the goals of developing a pleasant work environment where both work and family can be balanced and creating a region that supports the next generation in accordance with the principle of “child-raising support” included in the Collaboration and Cooperation Agreement entered into with the city of Matsuyama in June 2016, NTT West opened a company-owned nursery school called “Yume Miiyo Nursery School” on the premises of its Ehime branch in October 2017, which local residents can also use.

<4> Corporate Social Responsibility (“CSR”) Activities

Based on the NTT Group CSR Charter (revised on May 12, 2016) as well as the idea that the ICT services provided by NTT West can play an important role in the resolution of social issues, and also taking into consideration the Sustainable Development Goals (SDGs) movement adopted by the United Nations, NTT West revised its policy on CSR activities in November 2017. Specifically, NTT West adopted the five CSR themes of “creating a safe and secure society that connects people, things and the region,” “creating a prosperous society through the generation of innovation,” “creating a society that coexists with the environment,” “creating a vibrant society,” and “thorough compliance,” and established CSR focus activities based on those themes. NTT West also promoted CSR management, and revised its objectives with respect to the “visualization” benchmark for activities corresponding to these measures. Each NTT West employee takes part in CSR activities, including working to maintain legal compliance, providing safe and reliable communication services, and reducing the burden on the environment.

To ensure “thorough compliance,” which is the foundation of CSR management, NTT West has worked to eliminate misconduct and scandals, with particular focus on the five points of “on-the-job misconduct,” “driving while under the influence,” “information security incidents,” “power harassment”

and “respect for human rights,” by providing training programs for all employees and other initiatives in order to ensure compliance by fostering awareness and preventing the occurrence of incidents.

Based on the “Green NTT West Strategy” established in June 2012, in order to “achieve its environmental grand design,” NTT West has been working to decrease its environmental burden by decreasing power usage, the amount of paper it uses, and the volume of its waste products. In addition, NTT West also worked on protecting the earth’s environment by undertaking community-based activities centered around tree-planting and plant growing, grass-cutting and cleaning activities pursuant to the “NTT West Midori Ippai Project” in order to “promote biodiversity preservation activities.”

NTT West has been promoting its group-wide CSR activities and enhancing its environmental management while instilling the principles of the NTT Group CSR Charter. NTT West also issued the “NTT West Group CSR Report 2017” and the “NTT West Group Environmental Annual Report 2017” to proactively disclose relevant information to its stakeholders.

<5> Financial Standing

As a result of the above, operating revenues totaled 1,432.9 billion yen (a decrease of 3.1% from the previous fiscal year), operating income was 167.4 billion yen (an increase of 75.9% from the previous fiscal year), income before income taxes was 163.7 billion yen (an increase of 85.7% from the previous fiscal year), and net profit was 72.4 billion yen (an increase of 21.2% from the previous fiscal year).

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	297,757	291,153	(6,603)
Antenna facilities	5,895	6,287	391
Terminal equipment	11,318	11,371	52
Local line facilities	1,051,300	1,041,093	(10,207)
Long-distance line facilities	1,693	1,625	(68)
Engineering facilities	517,724	506,096	(11,628)
Submarine line facilities	3,131	3,815	683
Buildings	312,924	318,360	5,436
Structures	10,918	11,410	491
Other machinery and equipment	1,036	1,071	34
Vehicles and vessels	294	338	44
Tools, furniture and fixtures	34,425	38,176	3,751
Land	173,092	172,171	(920)
Lease assets	151	138	(13)
Construction in progress	31,294	17,648	(13,646)
Total property, plant and equipment	2,452,960	2,420,758	(32,201)
Intangible fixed assets	64,444	62,513	(1,930)
Total fixed assets - telecommunications businesses	2,517,404	2,483,272	(34,132)
Investments and other assets			
Investment securities	4,243	4,331	87
Investments in subsidiaries and affiliated companies	40,001	40,001	-
Investment in capital	610	478	(132)
Long-term prepaid expenses	3,971	3,625	(346)
Prepaid pension costs	3,439	10,826	7,386
Deferred income taxes	128,900	134,970	6,070
Other investments and assets	6,438	6,169	(268)
Allowance for doubtful accounts	(681)	(606)	75
Total investments and other assets	186,924	199,797	12,872
Total fixed assets	2,704,329	2,683,070	(21,259)
Current assets:			
Cash and bank deposits	18,251	5,120	(13,131)
Notes receivable	-	1	1
Accounts receivable, trade	199,820	212,329	12,509
Accounts receivable, other	79,402	66,276	(13,125)
Securities	6	-	(6)
Supplies	29,950	28,329	(1,620)
Advance payments	4,592	4,375	(216)
Prepaid expenses	6,688	6,725	37
Deferred income taxes	4,944	3,878	(1,066)
Other current assets	56,082	28,614	(27,467)
Allowance for doubtful accounts	(339)	(231)	108
Total current assets	399,398	355,420	(43,978)
TOTAL ASSETS	3,103,728	3,038,490	(65,237)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	591,000	631,000	40,000
Lease obligations	678	628	(49)
Long-term deposits received from subsidiaries	-	109,000	109,000
Liability for employees' retirement benefits	242,251	251,434	9,182
Reserve for point services	3,792	2,779	(1,013)
Reserve for unused telephone cards	8,000	8,440	440
Allowance for environmental measures	9,074	7,074	(2,000)
Asset retirement obligations	228	235	7
Other long-term liabilities	4,071	3,583	(488)
Total long-term liabilities	859,097	1,014,176	155,079
Current liabilities:			
Current portion of long-term borrowings from parent company	110,707	60,000	(50,707)
Accounts payable, trade	71,635	66,325	(5,309)
Short-term borrowings	105,259	18,115	(87,144)
Lease obligations	191	187	(3)
Accounts payable, other	199,133	188,199	(10,934)
Accrued expenses	13,572	13,799	227
Accrued taxes on income	8,731	6,133	(2,598)
Advances received	2,184	3,489	1,304
Deposits received	143,945	40,541	(103,404)
Unearned revenues	15	7	(7)
Allowance for loss on disaster	4,096	2,515	(1,581)
Allowance for environmental measures	2,361	1,904	(457)
Asset retirement obligations	133	151	17
Other current liabilities	3,307	2,283	(1,024)
Total current liabilities	665,277	403,652	(261,625)
TOTAL LIABILITIES	1,524,374	1,417,829	(106,545)
NET ASSETS			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus			
Additional paid-in capital	1,170,054	1,170,054	-
Total capital surplus	1,170,054	1,170,054	-
Earned surplus			
Other earned surplus			
Accumulated earned surplus	96,911	138,144	41,232
Total earned surplus	96,911	138,144	41,232
Total shareholders' equity	1,578,965	1,620,198	41,232
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	388	463	75
Total unrealized gains (losses), translation adjustments, and others	388	463	75
TOTAL NET ASSETS	1,579,353	1,620,661	41,307
TOTAL LIABILITIES AND NET ASSETS	3,103,728	3,038,490	(65,237)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,325,585	1,280,355	(45,229)
Operating expenses			
Business expenses	296,688	283,976	(12,711)
Operations	9,648	8,718	(930)
Maintenance expenses	339,119	332,108	(7,011)
Overhead expenses	57,449	54,849	(2,600)
Administration	71,346	72,541	1,195
Experiment and research	38,947	34,755	(4,191)
Depreciation and amortization	284,405	209,742	(74,662)
Retirement of fixed assets	53,012	41,271	(11,741)
Access charges	26,035	25,059	(976)
Miscellaneous taxes	65,831	64,700	(1,131)
Total operating expenses	1,242,485	1,127,723	(114,762)
Operating income from telecommunications businesses	83,099	152,632	69,532
Supplementary businesses:			
Operating revenues	153,430	152,571	(858)
Operating expenses	141,343	137,750	(3,593)
Operating income from supplementary businesses	12,086	14,821	2,734
Operating income	95,186	167,453	72,267
Non-operating revenues:			
Interest income	0	0	(0)
Interest on securities	11	11	(0)
Dividends received	615	857	242
Miscellaneous income	2,330	2,241	(88)
Total non-operating revenues	2,957	3,111	153
Non-operating expenses:			
Interest expenses	7,114	5,742	(1,372)
Miscellaneous expenses	2,875	1,117	(1,757)
Total non-operating expenses	9,989	6,859	(3,130)
Recurring profit	88,154	163,705	75,551
Special losses	6,915	63,890	56,975
Income before income taxes	81,239	99,815	18,576
Corporation, inhabitant, and enterprise taxes	33,631	32,419	(1,212)
Deferred tax expenses (benefits)	(12,162)	(5,037)	7,125
Net income	59,770	72,432	12,662

4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2017

(Millions of yen)

	Shareholders' equity						Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus		Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus	Total earned surplus				
				Accumulated earned surplus					
April 1, 2016	312,000	1,170,054	1,170,054	73,358	73,358	1,555,412	553	553	1,555,965
Net change during the annual period									
Cash dividends				(36,216)	(36,216)	(36,216)			(36,216)
Net income				59,770	59,770	59,770			59,770
Others, net							(164)	(164)	(164)
Total net change during the annual period	-	-	-	23,553	23,553	23,553	(164)	(164)	23,388
March 31, 2017	312,000	1,170,054	1,170,054	96,911	96,911	1,578,965	388	388	1,579,353

Year ended March 31, 2018

(Millions of yen)

Year ended March 31, 2018									
	Shareholders' equity						Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus		Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus	Total earned surplus				
				Accumulated earned surplus					
April 1, 2017	312,000	1,170,054	1,170,054	96,911	96,911	1,578,965	388	388	1,579,353
Net change during the annual period									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Net income				72,432	72,432	72,432			72,432
Others, net							75	75	75
Total net change during the annual period	-	-	-	41,232	41,232	41,232	75	75	41,307
March 31, 2018	312,000	1,170,054	1,170,054	138,144	138,144	1,620,198	463	463	1,620,661

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	396,272	366,060	(30,212)	(7.6)
Monthly charge revenues*	298,340	277,412	(20,928)	(7.0)
Call rates revenues*	24,590	21,447	(3,142)	(12.8)
Interconnection call revenues*	49,676	45,297	(4,379)	(8.8)
IP services revenues	697,252	688,649	(8,602)	(1.2)
Leased circuit services revenues (excluding IP services revenues)	86,362	86,737	374	0.4
Telegram services revenues	12,625	11,561	(1,063)	(8.4)
Other telecommunications services revenues	133,071	127,346	(5,725)	(4.3)
Telecommunications total revenues	1,325,585	1,280,355	(45,229)	(3.4)
Supplementary business total revenues	153,430	152,571	(858)	(0.6)
Total operating revenues	1,479,015	1,432,927	(46,088)	(3.1)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	81,239	99,815	18,576
Depreciation and amortization, loss on disposal of property, plant and equipment, and others	306,905	285,796	(21,109)
Increase (decrease) in liability for employees' retirement benefits	8,677	9,182	505
(Increase) decrease in accounts receivable	11,377	594	(10,783)
(Increase) decrease in inventories	4,599	948	(3,651)
Increase (decrease) in accounts payable and accrued expenses	7,799	(4,187)	(11,987)
Increase (decrease) in accrued consumption tax	(2,241)	(1,707)	533
Other	21,841	(1,232)	(23,074)
Sub-total	440,199	389,208	(50,990)
Interest and dividends received	628	870	241
Interest paid	(7,575)	(6,131)	1,443
Income taxes received (paid)	(24,428)	(34,721)	(10,292)
Net cash provided by (used in) operating activities	408,824	349,226	(59,597)
Cash flows from investing activities:			
Payments for property, plant and equipment	(261,759)	(261,864)	(104)
Proceeds from sale of property, plant and equipment	650	750	100
Payments for purchase of investment securities	(3,100)	-	3,100
Proceeds from sale of investment securities	576	42	(533)
Other	61	(14)	(76)
Net cash provided by (used in) investing activities	(263,571)	(261,085)	2,485
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	50,000	100,000	50,000
Payments for settlement of long-term debt	(127,120)	(110,707)	16,412
Net increase (decrease) in short-term borrowings	(37,205)	(87,144)	(49,939)
Payments for settlement of lease obligations	(224)	(219)	5
Dividends paid	(36,216)	(31,200)	5,016
Net cash provided by (used in) financing activities	(150,766)	(129,271)	21,495
Net increase (decrease) in cash and cash equivalents	(5,514)	(41,131)	(35,616)
Cash and cash equivalents at beginning of year	71,765	66,251	(5,514)
Cash and cash equivalents at end of year	66,251	25,120	(41,131)

7. CHANGES IN BOARD OF DIRECTORS

Scheduled appointment date: June 22, 2018

(1) Candidates for Members of the Board

Mitsuyoshi Kobayashi (Nippon Telegraph and Telephone Corporation, Member of the Board, Executive Vice President, Head of Technology Planning)

Tsukasa Komeda (Senior Executive Manager, Hokuriku Regional Headquarters; concurrently General Manager, Kanazawa Branch)

Takashi Inomata (NTT FIELDTECHNO CORPORATION, Representative Director and President)

Ryota Kitamura (Nippon Telegraph and Telephone Corporation, Vice President of Corporate Strategy Planning Department)

(2) Candidates for Audit & Supervisory Board Members

Mamoru Murai (TelWel West Nippon Corporation, Representative Director and President)

Shunichi Okazaki (NTT Urban Development Corporation, Corporate Auditor)

(3) Members of the Board scheduled to resign from office

President and Representative Director Kazutoshi Murao (scheduled to take office as Counselor to the President at NTT West)

Senior Executive Vice President, Representative Director Shinji Oota (scheduled to take office at NTT BUSINESS ASSOCIE Corporation)

Member of the Board Katsuya Uema (scheduled to take office at NTT RENTAL ENGINEERING Co., Ltd.)

Member of the Board Akira Shimada

(4) Audit & Supervisory Board Members scheduled to resign from office

Masataka Isaji

Hiroshi Ikegawa (scheduled to take office at DOCOMO CS, Inc.)

(5) Candidates for Executive Officers and Representative Directors

1 Candidate scheduled to take office as President and Representative Director

Mitsuyoshi Kobayashi

2 Candidates scheduled to take office as Senior Executive Vice President, Representative Director

Senior Executive Vice President, Representative Director Yoshihiro Kuroda

Member of the Board Shozo Ito

3 Candidate scheduled to take office as Executive Vice President

Member of the Board Yasushi Tohtake

(6) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 22, 2018

<u>New Position(s) and Organizational Responsibilities</u>	<u>Name</u>	<u>Current Position(s) and Organizational Responsibilities</u>
President and Representative Director	Mitsuyoshi Kobayashi	
Senior Executive Vice President, Representative Director; Senior Executive Manager, Plant Headquarters; In charge of Technology Innovation Department	Yoshihiro Kuroda	Senior Executive Vice President, Representative Director; Senior Executive Manager, Plant Headquarters; In charge of Technology Innovation Department
Senior Executive Vice President, Representative Director; Senior Executive Manager, Alliance Business Headquarters; In charge of: Sales Promotion Department; Corporate Strategy Planning Department; Accounts and Finance Department; Personnel Department; General Affairs Department; Compliance and CSR	Shozo Ito	Member of the Board; Executive Manager, Corporate Strategy Planning Department; In charge of Information Security Department
Executive Vice President; Executive Manager, Network Department, Plant Headquarters	Yasushi Tohtake	Member of the Board; Executive Manager, Network Department, Plant Headquarters
Member of the Board; Executive Manager, Personnel Department; In charge of Information Security Department	Kou Ikeda	Member of the Board; Executive Manager, Personnel Department
Member of the Board; Senior Executive Manager, Corporate Business Headquarters	Ichiro Uehara	Member of the Board; Senior Executive Manager, Corporate Business Headquarters
Member of the Board; Senior Executive Manager, Kansai Regional Headquarters; General Manager, Osaka Branch	Teruyuki Kishimoto	Member of the Board; Senior Executive Manager, Kansai Regional Headquarters; General Manager, Osaka Branch

Member of the Board; Senior Executive Manager, Tokai Business Headquarters; General Manager, Nagoya Branch	Naoki Yamamoto	Member of the Board; Senior Executive Manager, Tokai Business Headquarters; General Manager, Nagoya Branch
Member of the Board; Executive Manager, Service Management Department, Plant Headquarters	Takafumi Sakaguchi	Member of the Board; Executive Manager, Service Management Department, Plant Headquarters
Member of the Board; Senior Executive Manager, Chugoku Regional Headquarters; General Manager, Hiroshima Branch	Kousuke Nagano	Member of the Board; Senior Executive Manager, Chugoku Regional Headquarters; General Manager, Hiroshima Branch
Member of the Board; Executive Manager, Fiber Access Collaboration Department, Alliance Business Headquarters	Kunihiro Yamada	Member of the Board; Executive Manager, Fiber Access Collaboration Department, Alliance Business Headquarters
Member of the Board	Keiji Ueyama	Member of the Board
Member of the Board; Senior Executive Manager, Kyusyu Regional Headquarters; General Manager, Fukuoka Branch	Masanori Ozawa	Member of the Board; Senior Executive Manager, Kyusyu Regional Headquarters; General Manager, Fukuoka Branch
Member of the Board; Executive Manager, Accounts and Finance Department	Tsukasa Komeda	
Member of the Board	Takashi Inomata	
Member of the Board	Ryota Kitamura	

Notes: Ryota Kitamura, who is a candidate for Member of the Board of the Company, is scheduled to take office as a Member of the Board of Nippon Telegraph and Telephone Corporation on June 26, 2018.

Ichiro Uehara is expected to continue to execute his duties as President and Representative Director of NTT Business Solutions.

Keiji Ueyama is expected to continue to execute his duties as President and Representative Director of NTT-Neomeit.

Takashi Inomata is expected to continue to execute his duties as President and Representative Director of NTT FIELDTECHNO CORPORATION

May 11, 2018

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2018

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the fiscal year ended March 31, 2018. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2018
- II. Financial Results of NTT Communications Group
- III. Non-Consolidated Comparative Balance Sheets
- IV. Non-Consolidated Comparative Statements of Income
- V. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
- VI. Business Results (Non-Consolidated Operating Revenues)
- VII. Non-Consolidated Comparative Statements of Cash Flows
- VIII. Changes in NTT Communications Directors (Subject to Shareholders' Approval)

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About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including the leading global tier-1 IP network, the Arcstar Universal One™ VPN network reaching 196 countries/regions, and 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies including Dimension Data, NTT DOCOMO and NTT DATA.

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I. Results for the Fiscal Year Ended March 31, 2018

1. Background

Although the world economy is undergoing a steady recovery, there are uncertainties in international politics, in addition to the risks associated with a Goldilocks economy, making the future outlook unclear. NTT Com's enterprise customers view digital transformation as one of their most important initiative, and in addition to improving efficiencies, they are accelerating efforts to create new business models that utilize AI/IoT. On the other hand, in the ICT market, digital transformation has become the key factor for ICT service providers themselves as IaaS is increasingly dominated by overseas service providers and as new players bringing xTech emerge. Additionally, there is increasingly high public interest in infrastructure quality and the importance of security due to factors such as widespread internet connectivity disruptions and the severity of the WannaCry attack.

2. Business Strategies

In light of the rapidly changing business environment, in the FY 2017, NTT Com has worked to contribute in realizing the customers' digital transformation by quickly developing complex "bimodal" solutions that offer integrated ICT services with an emphasis on both "flexibility and agility" and "security and reliability," and by offering these to its customers in a timely fashion, based on its corporate slogan: "Transform, Transcend".

Specifically, under the "Transcend. Service Strategy 2017" framework, NTT Com focused its efforts on three pillars: "pursuit of high quality, highly reliable infrastructure," "reinforcement of SDx+M solutions," and "expansion of partnerships", in order to contribute to the digital transformation by optimizing customers' hybrid ICT environments.

In addition, in an industry analyst report that evaluates IT vendors on a worldwide basis, NTT Com was named the top "Leader" position in the global network business for the fifth year in a row. Furthermore, NTT Com was also named the "Leader" position for the third consecutive year in a cloud service provider assessment report in the Asia-Pacific region. NTT Com's initiatives in each type of service, undertaken while seeking to continue to further enhance its competitiveness based on its "Transform. Transcend. Service Strategy 2017," are described below.

Initiatives by Business Segment

o Cloud Computing Platforms

For "Enterprise Cloud," a cloud service that has platforms in 14 locations in 11 countries worldwide, NTT Com launched "Enterprise Cloud for ERP" in September 2017, a shared cloud platform for SAP systems, under sales and development partnership with Virtustream, Inc. and EMC Japan K.K." In October 2017, NTT Com expanded its partnerships with VMware, Inc. to provide a multi-cloud environment that supports enterprise digital transformation. In addition, in October 2017, NTT Com strengthened its partnership with Microsoft Japan Co., Ltd. to expand hybrid cloud to PaaS and to promote work-style reform solutions.

With respect to NTT Com's Nexcenter data center services, NTT Com launched the Germany Munich 2 Data Center in May 2017, the Texas Dallas 1 (TX1) Data Center in June 2017, the Germany Rhein-Ruhr 1 Data Center in August 2017, the US Virginia Ashburn 3 (VA3) Data Center in March 2018, and the Tokyo No. 10 Data Center in April 2018. In November 2017, NTT Com signed a partnership agreement with Internet Solutions, South Africa's leading operator, which offers telecommunications services

throughout Africa, allowing NTT Com to offer data center services on the continent of Africa. Furthermore, NTT Com commenced the construction of the India Mumbai 6 Data Center and the India Bangalore 3 Data Center in July 2017, and the Germany Frankfurt 4 Data Center, the Virginia Ashburn 4 (VA4) Data Center, and the Netherlands Amsterdam 1 Data Center in March 2018.

Lastly, the cloud IaaS business was transferred from Dimension Data to NTT Com in order to provide an enhanced cloud platform to more customers through NTT Group and its partner companies.

o Data Networks

In October 2017, NTT Com launched “Arcstar Universal One Multi-Cloud Connect,” which allows clients of its high quality, highly reliable “Arcstar Universal One” VPN service to build a multi-cloud environment on a secure private network. In April 2017, NTT Com became the first Japanese carrier to connect to “Oracle Cloud” via a private network, and in November 2017, NTT Com became the first carrier in the world to connect to cybozu.com via a private network. In July 2017, NTT Com began offering a “100 yen SIM” for its “Arcstar Universal One Mobile Global M2M” secure enterprise mobile network service that is suitable for IoT service providers that operate personal monitoring and remote equipment monitoring services.

As an initiative to improve communications quality on its OCN internet connectivity service, in July 2017 NTT Com began offering IPoE internet connectivity that is compatible with larger capacity network equipment and IPv6, in addition to traditional PPPoE internet connectivity.

On the “OCN Mobile One” high-speed LTE communications service, starting in April 2017, NTT Com significantly improved the waiting time for same-day pickup applications counter in an effort to accelerate SIM card activation in collaboration with the NTT DOCOMO online customer system. Furthermore, by deploying traffic control device starting in July 2017, NTT Com has been able to improve network speeds during congestion and shorten the time of contents to display, and NTT Com also sought to further improve quality by launching “https communication pacing” in September 2017.

NTT Com launched Japan’s first eSIM proof-of-concept trial for MVNOs in July 2017. NTT Com built a platform that can rewrite a SIM card’s profile on a Hong Kong mobile network, and is conducting a pilot program in Japan and Hong Kong based on an expected use case for IoT and consumers.

o Voice Communications

In unified communication services, in June 2017, NTT Com launched “Arcstar UCaaS Cisco Type Cisco Spark,” a cloud-based collaboration service developed for improving teamwork efficiency. NTT Com also added a feature that can work with the existing “Arcstar UCaaS Cisco Type Cisco HCS” by using a business-use external/internal telephone through “Cisco Spark” and a PBX from a single device.

In voice services, in September 2017 NTT Com began offering the “OCN Denwa Unlimited 10-Minute Calls Option,” which allows users to make unlimited domestic calls up to 10 minutes for a flat rate of 1,000 yen per month, irrespective of the mobile operators that they use. Additionally, in September 2017 NTT Com began offering subscribers with a voice-enabled SIM for the “OCN Mobile One” high-speed mobile communications service both the “OCN Denwa Top 3 Unlimited Calls Option” and the “OCN Denwa Unlimited Double Option,” which combines the “Top 3 Unlimited Calls Option” and the “Unlimited 10-Minute Calls Option.”

In contact center services, in December 2017, NTT Com began offering an enhanced version of the “Arcstar Contact Center” cloud-based contact center service which expanded the number of seats to

2,000, and also has enabled providing a disaster recovery option that covers not only the cloud platform, but also the voice network for outgoing and incoming calls.

- o Applications and Content

As part of its partnership with Google, in October 2017, NTT Com began offering Google's G Suite, which brings Google's superior applications in a single package, along with optional services and NTT Com's implementation support.

In artificial intelligence (AI) services, in July 2017, NTT Com began offering "Takumi Eyes," which can automatically

specific person, such as a suspicious person, from a recorded video. In addition, in October 2017, NTT Com began offering a feature to users of its "Biz Mail & Web Business" enterprise rental server and hosting service that utilizes AI to promptly propose improvement plans based on the results of web access analysis. Furthermore, in March 2018 NTT Com began offering the "AI Translation Platform Solution," which realizes a highly precise automated translation.

- o Solution Services

For "WideAngle," NTT Com's integrated security service, in April 2017 NTT Com began offering the "Internet Security UTM" service for small and medium-sized office environments, expanding its MSS portfolio. In July 2017 NTT Com also began offering Advisory Support, a service through which it provides comprehensive support for its customers' CSIRT operations, including cyber security-related data analysis. Using data collected from WideAngle services, in September 2017 NTT Com also began offering "Active Blacklist Threat Intelligence," through which it provides, in real time, information about malicious websites used in cyberattacks occurring in Japan. Additionally, in February 2018 NTT Com began preliminarily providing implementation consulting for the "Vulnerable Assets Visualizing Solution" (scheduled to launch in June 2018). This solution will promptly identify security vulnerabilities in a customer's ICT environment. Furthermore, although WideAngle MSS had previously only offered threat detection (analyst advanced analysis) and device management operations, beginning in October 2017, NTT Com launched a "response" function that enables active remote blocking and isolation operations, expanding the scope of application for WideAngle MSS.

NTT Com began offering its "SDx+M" solution, which utilizes SDx technology, in March 2017, and it has helped to solve business challenges at customers inside and outside of Japan, such as Hitachi Ltd.

To expand and strengthen the sales network for "Global Management One," NTT Com's total managed ICT service, NTT Com signed sales partner agreements with Singapore's CoreTel Networks in April 2017, with Hong Kong's Vantis Consulting Group in November 2017, and with Malaysia's Diversified Gateway Berhad in February 2018.

- o New Service Areas

In IoT business, in April 2017 NTT Com launched "Things Cloud®," an IoT platform to help drive business transformation and productivity improvements by quickly giving shape to business ideas for enterprise IoT. As examples of how NTT Com is using "Things Cloud®" to expand the business applications for IoT, NTT Com is participating in a proof-of-concept trial under the aegis of the Ministry of Internal Affairs and Communication that seeks to "take advantage of IoT security infrastructure to realize a safe and secure society." NTT Com also started another proof-of-concept trial with Seikei University aimed at maximizing "the value of space" by using IoT. NTT Com has also joined the EnOcean Alliance, which is promoting the standardization of wireless communication technology that uses energy harvesting,

and has also sought to collaborate with partner companies such as ROHM and other sensor device makers by launching a device recommendation system. Through these initiatives, NTT Com has strengthened its ability to serve as a one-stop source of IoT solutions that address business challenges that vary depending on the nature of its customers' businesses.

Other Initiatives

In sales, NTT Com has created proposals that help customers realize digital transformation by combining NTT Com's solutions with its partners' existing technologies and services. NTT Com has also supported its customers' efforts to "reform the existing businesses" and "create new business models" by making proposals with the solutions model. Likewise, NTT Com has developed more efficient and effective sales strategies globally by establishing a sales channel portfolio/solutions model that meets requirements in target markets.

In operations, NTT Com has delivered the highly reliable service, fast operations, innovative development style, and optimized global/service hybrid operations, to increase competitiveness. NTT Com has also created a DevOps environment on its own cloud platform for the rapid and flexible development.

In order to promote seamless global management, NTT Com has deployed and upgraded the globally-seamless quotation/contract creation systems and billing systems across all of the NTT Com group companies. NTT Com has also developed and built an internal IT infrastructure platform in order to achieve faster development in the DevOps environment. In procurement, NTT Com introduced robotics process automation (RPA) and cloud-based electronic contracts to accelerate the process. In addition, NTT Com used procurement data to reduce costs and strengthen CSR in the supply chain. In human resources, NTT Com focused on young employee training to raise their knowledge level of NTT Com services through on the job training in engineering.

In CSR, aligned with sustainable development goals (SDGs), NTT Com held events to announce the winners of its CSR best practices awards, and to recognize employee-driven CSR activities, for promoting mutual understanding among NTT Com Group.

With respect to environmental protection, to achieve its environmental targets for 2030, NTT Com reduced electricity consumption, and expanded the deployment of precise power visualization as well as systems to improve airflow and automate air conditioning control to reduce the amount of power used in air conditioning. In December 2017, NTT Com received an award of special excellence from the city of Kyoto's program to reduce commercial emissions, for its efforts to cut greenhouse gas emissions.

Under NTT Com's "Basic Policies Concerning the Maintenance of Internal Control Systems," NTT Com formed a risk management team that identifies risks throughout the company as well as the NTT Communications Group, through which audits are performed in conjunction with computer assisted audit techniques (CAAT). In compliance, in line with the trend towards stricter enforcement of anti-bribery rules in countries around the world, NTT Com strengthened its global compliance under the "NTT Communications Group Global Compliance Rules" by creating "Detailed Anti-Bribery Rules" and "Anti-Bribery Guidelines" that apply to all NTT Communications group companies. Furthermore, in order to ensure that NTT Com is not only strictly following the law but that it is also operating with high ethical standards, NTT Com sent messages from top management as well as e-mail newsletters, and also continued to conduct training for all employees for raising the level of understanding and awareness.

In terms of diversity, NTT Com has been actively promoting work style reforms that leverage ICT to boost productivity as well as the creation of a corporate culture in which every employee can achieve their full potential, regardless of age, gender, nationality, religion or physical ability/disability, allowing employees to find a work/life balance while also achieving flexible and efficient work practices. Aligned

with NTT Group's gender equality plan that aims to double the percentage of female managers, NTT Com has continued to support the career development that will lead to the creation of a female management cohort, and has been proactively recruiting female employees. As a result, NTT Com obtained top-level "Platinum Kurumin" certification from the Minister of Health, Labour and Welfare under the Act for Measures to Support the Development of the Next Generation. These certifications recognize employers that support child-rearing. NTT Com was also recognized by outside research organizations such as Nikkei Dual as the top of its ranking of companies for dual-income families raising children. In addition, NTT Com was recognized as a best company in the large enterprise category by Great Place to Work Institute Japan.. With respect to work style reform, NTT Com has implemented measures for creating appropriate work hours, such as encouraging employees to leave by 8:00 pm and, as a principle, prohibiting late-night work. NTT Com also made institutional improvements such as 1) expanding work-from-home opportunities (which had been limited to employees raising children or caring for family members) to all employees, helping employees to reduce commuting time, 2) enabling remote working at outside office spaces, and 3) introducing a flextime system for all employees, so that everyone can find a way of working that suits their own style.

3. Operating Results

NTT Communications Group consolidated operating revenues rose for the first time in two years, increasing 40.0 billion yen (+3.1%) from the prior fiscal year to 1,323.0 billion yen. Operating income decreased 10.5 billion yen (-8.0%) from the prior fiscal year to 122.0 billion yen.

Non-consolidated operating revenues for NTT Communications by business segment were as follows. Three business segments saw increases in revenues: Cloud Computing Platforms revenues increased 8.8 billion yen (+12.3%) from the prior fiscal year to 80.9 billion yen, Data Networks revenues increased 10.6 billion yen (+2.8%) to 395.4 billion yen, and Solution Services revenues increased 10.2 billion yen (+6.3%) to 173.7 billion yen. Voice Communications revenues decreased 9.0 billion yen (-3.6%) from the prior fiscal year to 241.7 billion yen, and Applications and Content revenues decreased 1.3 billion yen (-3.6%) to 36.3 billion yen.

Operating expenses rose 6.5 billion yen (+0.8%) from the prior fiscal year to 837.8 billion yen, due to the increase in Solution Services revenue-linked expenses, and the increase in communications network usage charges associated with the delivery of Hikari Collaboration and mobile services.

As a result of the above, NTT Com achieved a second straight year of income growth, rising 17.4 billion yen (+18.9%) from the prior fiscal year to 109.9 billion yen, while net income rose 2.8 billion yen (+3.4%) to 87.8 billion yen.

II. Financial Results of NTT Communications Group

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	1,282,968	1,322,991	40,023	3.1
Operating expenses	1,150,477	1,201,040	50,563	4.4
Operating income	132,491	121,951	(10,540)	(8.0)

III. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	151,531	132,029	(19,501)
Antenna facilities	1,674	1,462	(212)
Terminal equipment	1,963	2,096	132
Local line facilities	1,103	1,096	(7)
Long-distance line facilities	5,122	5,082	(40)
Engineering facilities	49,878	49,490	(388)
Submarine line facilities	16,701	14,609	(2,092)
Buildings	205,475	202,770	(2,705)
Structures	2,624	3,451	827
Other machinery and equipment	68	96	27
Vehicles and vessels	62	158	96
Tools, furniture and fixtures	46,700	65,180	18,480
Land	48,577	48,571	(5)
Lease assets	7,950	7,389	(560)
Construction in progress	13,323	22,409	9,086
Total property, plant and equipment	552,757	555,896	3,138
Intangible fixed assets	98,820	104,376	5,555
Total fixed assets - telecommunications businesses	651,578	660,272	8,693
Investments and other assets			
Investment securities	108,152	100,935	(7,216)
Investments in subsidiaries and affiliated companies	387,905	474,064	86,158
Investment in capital	345	224	(120)
Contributions to affiliated companies	2,049	2,049	-
Long-term loans receivable to subsidiaries	1,268	1,268	-
Long-term prepaid expenses	4,841	4,652	(188)
Prepaid pension costs	6,391	6,199	(191)
Deferred income taxes	17,499	22,458	4,959
Submarine line use rights	17,114	16,965	(149)
Other investments and assets	16,268	16,131	(136)
Allowance for doubtful accounts	(160)	(125)	34
Total investments and other assets	561,675	644,824	83,148
Total fixed assets	1,213,254	1,305,096	91,842
Current assets:			
Cash and bank deposits	3,406	7,374	3,967
Notes receivable	8	5	(2)
Accounts receivable, trade	178,248	216,043	37,794
Accounts receivable, other	49,459	27,948	(21,511)
Lease investment assets	92	69	(22)
Securities	4	-	(4)
Supplies	9,643	8,779	(863)
Advance payments	4,552	4,737	185
Prepaid expenses	8,084	8,540	456
Deferred income taxes	3,177	5,489	2,312
Deposits paid to parent company	16,636	1,480	(15,156)
Other current assets	8,647	8,283	(363)
Allowance for doubtful accounts	(1,367)	(1,485)	(118)
Total current assets	280,595	287,267	6,672
TOTAL ASSETS	1,493,849	1,592,364	98,514

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	222,333	197,986	(24,347)
Lease obligations	6,297	4,917	(1,380)
Liability for employees' retirement benefits	89,994	92,891	2,897
Reserve for point services	407	458	51
Reserve for unused telephone cards	3,540	3,734	194
Asset retirement obligations	4,126	5,616	1,490
Other long-term liabilities	13,118	16,518	3,399
Total long-term liabilities	339,818	322,122	(17,695)
Current liabilities:			
Current portion of long-term borrowings from parent company	-	50,000	50,000
Accounts payable, trade	29,548	35,156	5,608
Lease obligations	3,851	3,330	(520)
Accounts payable, other	153,953	173,305	19,351
Accrued expenses	4,960	5,382	421
Accrued taxes on income	3,749	8,357	4,607
Advances received	3,736	4,268	531
Deposits received	1,525	1,301	(223)
Unearned revenues	173	1,308	1,134
Allowance for losses on construction	627	521	(105)
Asset retirement obligations	56	19	(36)
Other current liabilities	1,178	5,605	4,426
Total current liabilities	203,360	288,557	85,196
TOTAL LIABILITIES	543,179	610,680	67,501
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	230,979	19,215
Capital surplus			
Additional paid-in capital	131,615	150,830	19,215
Total capital surplus	131,615	150,830	19,215
Earned surplus			
Other earned surplus			
Reserve for reduction entry	7,189	7,177	(11)
Accumulated earned surplus	556,808	565,139	8,331
Total earned surplus	563,997	572,317	8,319
Total shareholders' equity	907,376	954,126	46,750
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	43,080	30,368	(12,712)
Deferred gains or losses on hedges	213	(2,810)	(3,024)
Total unrealized gains (losses), translation adjustments, and others	43,293	27,557	(15,736)
TOTAL NET ASSETS	950,670	981,683	31,013
TOTAL LIABILITIES AND NET ASSETS	1,493,849	1,592,364	98,514

IV. Non-Consolidated Comparative Statements of Income
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	697,333	699,005	1,671
Operating expenses			
Business expenses	159,654	154,739	(4,914)
Maintenance expenses	74,148	73,143	(1,004)
Overhead expenses	10,976	11,067	90
Administration	66,106	63,928	(2,177)
Experiment and research	11,654	12,247	593
Depreciation and amortization	89,139	71,398	(17,741)
Retirement of fixed assets	6,236	4,340	(1,895)
Access charges	190,708	199,308	8,599
Miscellaneous taxes	11,745	12,637	892
Total operating expenses	620,370	602,811	(17,558)
Operating income from telecommunications businesses	76,963	96,193	19,229
Supplementary businesses:			
Operating revenues	226,522	248,833	22,310
Operating expenses	210,936	235,031	24,094
Operating income from supplementary businesses	15,585	13,802	(1,783)
Operating income	92,549	109,995	17,446
Non-operating revenues:			
Interest income	62	36	(26)
Interest on securities	0	0	(0)
Dividends received	8,258	7,259	(998)
Lease and rental income	11,204	10,706	(498)
Miscellaneous income	1,222	2,122	899
Total non-operating revenues	20,748	20,125	(623)
Non-operating expenses:			
Interest expenses	1,050	742	(307)
Lease and rental expenses	5,712	5,071	(641)
Miscellaneous expenses	1,072	724	(348)
Total non-operating expenses	7,836	6,538	(1,298)
Recurring profit	105,461	123,582	18,120
Special profits:			
Gains on sales of investments in affiliated companies	-	2,433	2,433
Total special profits	-	2,433	2,433
Income before income taxes	105,461	126,015	20,554
Corporation, inhabitant, and enterprise taxes	23,097	38,464	15,367
Deferred tax expenses (benefits)	(2,639)	(330)	2,309
Net income	85,003	87,881	2,877

V. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2017

(Millions of yen)

	Shareholders' equity							Unrealized gains (losses), translation adjustments, and others			Total net assets
	Common stock	Capital surplus		Earned surplus			Total shareholders' equity	Net unrealized gains (losses) on securities	Deferred gains or losses on hedges	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for reduction entry	Accumulated earned surplus						
April 1, 2016	211,763	131,615	131,615	7,228	510,207	517,436	860,815	61,723	-	61,723	922,538
Net change during the annual period											
Cash dividends					(38,441)	(38,441)	(38,441)				(38,441)
Net income					85,003	85,003	85,003				85,003
Return of reserve for reduction entry				(39)	39	-	-				-
Others, net								(18,643)	213	(18,429)	(18,429)
Total net change during the annual period	-	-	-	(39)	46,600	46,561	46,561	(18,643)	213	(18,429)	28,131
March 31, 2017	211,763	131,615	131,615	7,189	556,808	563,997	907,376	43,080	213	43,293	950,670

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity							Unrealized gains (losses), translation adjustments, and others			Total net assets
	Common stock	Capital surplus		Earned surplus			Total shareholders' equity	Net unrealized gains (losses) on securities	Deferred gains or losses on hedges	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for reduction entry	Accumulated earned surplus						
April 1, 2017	211,763	131,615	131,615	7,189	556,808	563,997	907,376	43,080	213	43,293	950,670
Net change during the annual period											
Issuance of stock	19,215	19,215	19,215				38,430				38,430
Cash dividends					(79,561)	(79,561)	(79,561)				(79,561)
Net income					87,881	87,881	87,881				87,881
Return of reserve for reduction entry				(11)	11	-	-				-
Others, net								(12,712)	(3,024)	(15,736)	(15,736)
Total net change during the annual period	19,215	19,215	19,215	(11)	8,331	8,319	46,750	(12,712)	(3,024)	(15,736)	31,013
March 31, 2018	230,979	150,830	150,830	7,177	565,139	572,317	954,126	30,368	(2,810)	27,557	981,683

VI. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Cloud Computing Platforms	72,034	80,916	8,881	12.3
Data Networks	384,804	395,491	10,686	2.8
Voice Communications	250,794	241,789	(9,004)	(3.6)
Applications & Content	37,732	36,359	(1,373)	(3.6)
Solution Services	163,496	173,774	10,278	6.3
Others	14,993	19,507	4,514	30.1
Total operating revenues	923,855	947,838	23,982	2.6

VII. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	105,461	126,015	20,554
Depreciation and amortization	106,971	95,717	(11,254)
Loss on disposal of property, plant and equipment	4,517	1,882	(2,634)
Gains on sales of fixed assets	(78)	(54)	23
Increase (decrease) in allowance for doubtful accounts	302	83	(218)
Increase (decrease) in liability for employees' retirement benefits	3,272	2,897	(374)
(Increase) decrease in accounts receivable	(239)	(16,280)	(16,041)
(Increase) decrease in inventories	1,152	57	(1,094)
Increase (decrease) in accounts payable and accrued expenses	703	8,587	7,884
Increase (decrease) in accrued consumption tax	2,434	1,221	(1,212)
Other	(10,925)	(111)	10,814
Sub-total	213,571	220,017	6,445
Interest and dividends received	8,344	7,298	(1,046)
Interest paid	(1,086)	(822)	263
Income taxes received (paid)	(29,892)	(20,902)	8,990
Net cash provided by (used in) operating activities	190,937	205,591	14,653
Cash flows from investing activities:			
Payments for property, plant and equipment	(134,677)	(102,542)	32,135
Proceeds from sale of property, plant and equipment	412	741	328
Payments for purchase of investment securities	(422)	(65,612)	(65,189)
Proceeds from sale of investment securities	2,242	10,155	7,912
Proceeds from long-term loans receivable	-	456	456
Other	(4,042)	(2,006)	2,035
Net cash provided by (used in) investing activities	(136,487)	(158,808)	(22,320)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	22,864	31,248	8,384
Payments for settlement of long-term debt	(43,360)	(5,595)	37,764
Net increase (decrease) in short-term borrowings	(7,766)	-	7,766
Payments for settlement of lease obligations	(4,306)	(4,060)	245
Dividends paid	(33,000)	(79,561)	(46,561)
Net cash provided by (used in) financing activities	(65,569)	(57,969)	7,599
Effect of exchange rate changes on cash and cash equivalents	(158)	(312)	(154)
Net increase (decrease) in cash and cash equivalents	(11,277)	(11,499)	(222)
Cash and cash equivalents at beginning of year	31,630	20,353	(11,277)
Cash and cash equivalents at end of year	20,353	8,854	(11,499)

**VIII. Changes in NTT Communications Directors
(Subject to Shareholders' Approval)**

1. Candidates scheduled to take office as Directors

Junichi Kudo	Head of Applications and Content
Mamoru Watanabe	Director of Human Resources
Hidetaka Nishikawa	Deputy Senior Vice President of Second Sales Division

2. Directors scheduled to resign

Tetsuya Funabashi	Senior Executive Vice President (scheduled to transfer to Kyowa Exeo Corporation)
Katsumi Nakata	Senior Executive Vice President (scheduled to transfer to NTT Security Corporation)
Hidemune Sugahara	Senior Vice President (scheduled to transfer to NTT Com Solutions Corporation)

3. Candidates scheduled to take office as Representative Directors

i. Candidate scheduled to be re-elected as President and CEO

Tetsuya Shoji	President and CEO
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ii. Candidates scheduled to be re-elected/take office as Senior Executive Vice President

Toru Maruoka	Executive Vice President
Masaaki Moribayashi	Senior Vice President

iii. Candidates scheduled to be re-elected/take office as Executive Vice President

Eiichi Tanaka	Executive Vice President
Denji Sakurai	Senior Vice President

4. New Executive Positions and Organizational Responsibilities

Name	New Position(s) and Organizational Responsibilities	Current Position(s) and Organizational Responsibilities
Tetsuya Shoji	President and CEO	President and CEO
Toru Maruoka	Senior Executive Vice President In charge of Sales In charge of Corporate In charge of 2020 Project	Executive Vice President Head of Voice and Video
Masaaki Moribayashi	Senior Executive Vice President In charge of Technology In charge of Services In charge of Operations In charge of Information Security In charge of Global Business	Senior Vice President Head of Cloud Services
Eiichi Tanaka	Executive Vice President In charge of CSR	Executive Vice President In charge of CSR
Denji Sakurai	Executive Vice President Head of Fourth Sales Division	Senior Vice President Head of Fourth Sales Division
Kazuhiro Gomi	Senior Vice President President and CEO of NTT America, Inc.	Senior Vice President President and CEO of NTT America, Inc.

Ken Kusunoki	Senior Vice President Head of Third Sales Division	Senior Vice President Head of Third Sales Division
Takanobu Maeda	Senior Vice President Head of Global Business	Senior Vice President Head of Global Business
Shuichi Sasakura	Senior Vice President Head of Network Services	Senior Vice President Head of Network Services
Yoichiro Takaya	Senior Vice President Head of Fifth Sales Division	Senior Vice President Head of Fifth Sales Division
Naoki Kajita	Senior Vice President Head of ICT Consulting Division	Senior Vice President Head of ICT Consulting Division
Keigo Kajimura	Senior Vice President Head of Solution Services	Senior Vice President Head of Solution Services
Hiromasa Takaoka	Senior Vice President Head of Customer Services	Senior Vice President Head of Customer Services
Junichi Kudo	Senior Vice President Head of Voice and Video Head of Applications and Content	Head of Applications and Content
Mamoru Watanabe	Senior Vice President Head of Service Infrastructure	Director of Human Resources
Hidetaka Nishikawa	Senior Vice President Head of Second Sales Division	Deputy Senior Vice President of Second Sales Division
Atsuhiro Fuseya	Senior Vice President	Senior Vice President

Note: Among the Directors scheduled to resign from office, Hidemune Sugahara is expected to resign on June 20, 2018, and Tetsuya Funabashi and Katsumi Nakata are expected to resign at the close of the 19th Annual General Shareholders' Meeting (to be held on June 22, 2018).

Supplementary Data for the Annual Results for the Fiscal Year Ended March 31, 2018

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Disclaimers

This document is a translation of the Japanese original. The Japanese original is authoritative. The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

* "E" in this material represents that the figure is a plan or projection for operation.

** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

1. Financial Results Summary (NTT Consolidated Financial Results, EBITDA and EBITDA Margin and Interest-Bearing Liabilities)

NTT Consolidated Financial Results											(Billions of yen)	
FY 2016 (US GAAP)						FY 2017 (US GAAP)					FY 2017 (IFRS)	FY 2018 (IFRS) (E)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ended March 31 ⁽¹⁾	Year Ending March 31 (Forecast)
Consolidated												
Operating Revenues	2,716.7	2,807.6	2,836.2	3,030.5	11,391.0	2,809.8	2,855.0	3,057.2	3,077.6	11,799.6	11,778.2	11,830.0
Fixed Voice Related Services	311.8	307.5	299.8	314.7	1,233.9	290.2	280.8	287.8	288.0	1,146.9	1,146.9	-
Mobile Voice Related Services	213.0	216.6	221.8	213.9	865.3	228.7	238.9	238.7	235.8	942.2	933.4	-
IP/Packet Communications Services	948.0	953.3	941.0	966.6	3,809.0	949.2	959.7	952.1	940.8	3,801.8	3,757.5	-
Sales of Telecommunications Equipment	186.7	236.4	227.0	156.4	806.5	173.4	175.1	293.5	201.6	843.5	875.0	-
System Integration	688.3	708.8	726.7	917.9	3,041.6	782.5	817.3	880.0	963.3	3,443.1	3,455.8	-
Other	368.9	385.0	419.9	461.0	1,634.8	385.8	383.1	405.0	448.2	1,622.0	1,609.6	-
Operating Expenses	2,229.3	2,368.5	2,444.1	2,809.3	9,851.2	2,318.2	2,371.4	2,712.9	2,754.3	10,156.7	10,136.4	10,140.0
Cost of Services (excluding items shown separately below)	547.3	606.1	598.0	736.2	2,487.6	554.9	565.6	580.4	647.7	2,348.5		
Cost of Equipment Sold (excluding items shown separately below)	175.3	231.2	248.3	225.0	879.7	184.5	195.4	295.5	240.2	915.5		
Cost of System Integration (excluding items shown separately below)	501.7	484.5	510.3	664.4	2,161.0	561.1	580.0	633.7	696.5	2,471.3		
Depreciation and Amortization	359.2	357.3	366.4	379.3	1,462.2	332.3	327.7	335.6	343.9	1,339.4		
Impairment Losses	0.4	14.3	51.3	7.9	73.9	-	0.6	143.9	17.8	162.2		
Goodwill	-	4.5	48.8	-	53.3	-	-	18.9	-	18.9		
Metal cables	-	-	-	-	-	-	-	124.8	-	124.8		
Other	0.4	9.8	2.5	7.9	20.6	-	0.6	0.2	17.8	18.5		
Selling, General and Administrative Expenses	645.5	675.1	669.7	796.5	2,786.8	685.4	702.2	723.8	808.3	2,919.7		
Operating Income	487.4	439.1	392.1	221.2	1,539.8	491.6	483.6	344.4	323.3	1,642.8	1,641.8	1,690.0
Income Before Income Taxes	446.1	450.8	410.3	220.6	1,527.8	496.2	485.8	459.3	314.3	1,755.6	1,740.7	1,686.0
Net Income Attributable to NTT	243.6	232.5	192.6	131.4	800.1	271.5	256.0	209.1	173.1	909.7	898.7	880.0
(Ref.) Breakdown of Operating Expenses by Cost Item												
Personnel	557.7	569.7	547.5	601.9	2,276.8	593.1	594.7	612.8	607.8	2,408.3	2,393.9	-
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	1,227.9	1,335.4	1,384.4	1,664.2	5,612.0	1,308.2	1,358.2	1,530.7	1,669.5	5,866.6	5,829.9	-
Depreciation and Amortization	359.2	357.3	366.4	379.3	1,462.2	332.3	327.7	335.6	343.9	1,339.4	1,346.5	1,342.0
Loss on Disposal of Property, Plant and Equipment	24.2	36.3	39.8	96.8	197.0	27.3	35.4	34.8	56.7	154.2	153.9	-
Impairment Losses	0.4	14.3	51.3	7.9	73.9	-	0.6	143.9	17.8	162.2	177.8	-
Goodwill	-	4.5	48.8	-	53.3	-	-	18.9	-	18.9	34.5	-
Metal cables	-	-	-	-	-	-	-	124.8	-	124.8	124.8	-
Other	0.4	9.8	2.5	7.9	20.6	-	0.6	0.2	17.8	18.5	18.5	-
Taxes and Public Dues	60.0	55.6	54.7	59.1	229.4	57.3	55.0	55.2	58.6	226.1	234.4	-
Operating Income	487.4	439.1	392.1	221.2	1,539.8	491.6	483.6	344.4	323.3	1,642.8	1,641.8	1,690.0
Income Before Income Taxes	446.1	450.8	410.3	220.6	1,527.8	496.2	485.8	459.3	314.3	1,755.6	1,740.7	1,686.0
Net Income Attributable to NTT	243.6	232.5	192.6	131.4	800.1	271.5	256.0	209.1	173.1	909.7	898.7	880.0
EBITDA and EBITDA Margin with Reconciliation												
EBITDA [a+b+c+d]	860.0	830.7	829.8	662.9	3,183.3	837.4	827.7	839.3	711.5	3,215.8	3,236.5	3,240.0
a Operating Income	487.4	439.1	392.1	221.2	1,539.8	491.6	483.6	344.4	323.3	1,642.8	1,641.8	1,690.0
b Depreciation and Amortization	359.2	357.3	366.4	379.3	1,462.2	332.3	327.7	335.6	343.9	1,339.4	1,346.5	1,342.0
c Loss on Sales and Disposal of Property, Plant and Equipment	13.0	20.0	20.0	54.4	107.4	13.5	15.9	15.5	26.5	71.4	70.4	208.0
d Impairment Losses	0.4	14.3	51.3	7.9	73.9	-	0.6	143.9	17.8	162.2	177.8	-
EBITDA Margin [(e/f)*100]	31.7%	29.6%	29.3%	21.9%	27.9%	29.8%	29.0%	27.5%	23.1%	27.3%	27.5%	27.4%
e EBITDA [a+b+c+d]	860.0	830.7	829.8	662.9	3,183.3	837.4	827.7	839.3	711.5	3,215.8	3,236.5	3,240.0
f Operating Revenues	2,716.7	2,807.6	2,836.2	3,030.5	11,391.0	2,809.8	2,855.0	3,057.2	3,077.6	11,799.6	11,778.2	11,830.0
Interest-Bearing Liabilities												
FY 2016 (US GAAP)					FY 2017 (US GAAP)					FY 2017 (IFRS)		FY 2018 (IFRS) (E)
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31		As of March 31 ⁽¹⁾		As of March 31 (Forecast)
Interest-Bearing Liabilities	4,353.6	4,091.8	4,497.1	4,088.2	4,419.3	4,172.2	4,127.7	3,854.8		3,964.6		3,800.0

Notes : (1) Based on IFRS (International Financial Reporting Standards) results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

1. Financial Results Summary (Capital Investment)

Capital Investment											(Billions of yen)	
FY 2016 (US GAAP)						FY 2017 (US GAAP)					FY 2017 (IFRS)	FY 2018 (IFRS) (E)
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ended March 31 ⁽¹⁾	Year Ending March 31 (Forecast)
Capital Investment ⁽²⁾	284.4	381.5	426.5	607.8	1,700.0	356.0	402.3	381.6	534.8	1,674.8	1,699.4	1,700.0
Regional communications business	96.3	118.7	130.6	237.7	583.4	106.4	126.2	123.6	193.4	549.6	549.6	545.0
Long distance and international communications business	44.8	56.6	67.0	76.5	244.9	52.1	57.9	47.8	74.7	232.5	235.0	252.0
Mobile communications business	97.1	148.9	153.3	197.7	597.1	120.9	146.7	135.9	172.8	576.4	577.9	570.0
Data communications business	28.5	39.1	37.9	52.5	158.1	44.4	53.5	41.3	54.8	194.1	195.4	176.0
Other business	17.6	18.1	37.6	43.3	116.6	32.1	17.9	32.9	39.2	122.1	141.5	157.0
(Ref.) Core Group Companies												
NTT (Holding Company)	1.0	2.6	3.8	8.1	15.7	1.9	2.1	2.8	10.5	17.5		
R&D Facilities	-	-	-	-	12.9	-	-	-	-	14.1		
Joint Facilities	-	-	-	-	2.8	-	-	-	-	3.4		
NTT East ⁽³⁾	42.1	52.4	61.0	118.0	273.8	58.5	56.8	54.7	80.1	250.2		
Service Expansion and Improvement	-	-	-	-	249.6	-	-	-	-	235.7		
Voice Transmission	-	-	-	-	142.6	-	-	-	-	134.0		
Data Transmission	-	-	-	-	17.8	-	-	-	-	15.1		
Leased Circuit	-	-	-	-	88.2	-	-	-	-	86.5		
Telegraph	-	-	-	-	0.9	-	-	-	-	0.0		
R&D Facilities	-	-	-	-	2.7	-	-	-	-	1.2		
Joint Facilities	-	-	-	-	21.3	-	-	-	-	13.2		
NTT West ⁽³⁾	46.2	56.8	61.7	109.3	274.1	42.1	60.9	58.5	97.5	259.2		
Service Expansion and Improvement	-	-	-	-	256.0	-	-	-	-	234.3		
Voice Transmission	-	-	-	-	157.7	-	-	-	-	142.1		
Data Transmission	-	-	-	-	22.9	-	-	-	-	17.3		
Leased Circuit	-	-	-	-	74.9	-	-	-	-	74.9		
Telegraph	-	-	-	-	0.3	-	-	-	-	-		
R&D Facilities	-	-	-	-	1.9	-	-	-	-	2.4		
Joint Facilities	-	-	-	-	16.0	-	-	-	-	22.3		
NTT Communications	25.1	32.2	34.1	43.6	135.1	18.1	22.3	20.5	44.5	105.6		
Cloud Computing Platforms	-	-	-	-	39.6	-	-	-	-	20.6		
Data Networks	-	-	-	-	26.3	-	-	-	-	18.5		
Voice Communications	-	-	-	-	10.2	-	-	-	-	8.8		
Applications & Content	-	-	-	-	1.9	-	-	-	-	3.5		
Solution Services	-	-	-	-	6.3	-	-	-	-	4.5		
Infrastructure and Joint Facilities, etc.	-	-	-	-	50.5	-	-	-	-	49.6		
NTT DOCOMO (Consolidated)	97.1	148.9	153.3	197.7	597.1	120.9	146.7	135.9	172.8	576.4		
NTT DATA (Consolidated)	28.5	39.1	37.9	52.5	158.1	49.0	53.5	41.3	54.7	198.6		
(Ref.) Optical Access Network Investment												
NTT East	-	-	-	-	85.0	-	-	-	-	83.0		
NTT West	-	-	-	-	71.0	-	-	-	-	71.0		

Notes : (1) Based on IFRS (International Financial Reporting Standards) results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Capital Investment figures for domestic access network businesses for the year ended March 31, 2017 and year ended March 31, 2018 are 1,261.6 billion yen and 1,193.1 billion yen, respectively.

(3) Figures for NTT East and NTT West include figures for Optical Access Network Investment.

2. Financial Results (Business Segments)												(Billions of yen)	
FY 2016 (US GAAP)						FY 2017 (US GAAP)					FY 2017 (IFRS)	FY 2018 (IFRS) (E)	
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ended March 31 ⁽¹⁾	Year Ending March 31 (Forecast)	
Business segments ⁽²⁾													
Regional communications business													
Operating Revenues	802.9	817.5	814.4	873.4	3,308.2	787.8	792.8	798.7	853.7	3,232.9	3,231.5	3,140.0	
Operating Expenses	675.1	713.1	716.2	844.3	2,948.7	654.2	673.3	796.1	755.0	2,878.6	2,879.9	2,797.0	
Operating Income	127.8	104.5	98.2	29.0	359.5	133.6	119.5	2.5	98.7	354.3	351.6	343.0	
Long distance and international communications business													
Operating Revenues	519.0	519.8	531.8	558.6	2,129.3	529.7	535.1	567.1	587.0	2,218.9	2,242.2	2,310.0	
Operating Expenses	492.0	504.7	555.3	536.5	2,088.4	494.9	499.5	560.9	570.0	2,125.3	2,151.2	2,180.0	
Operating Income	27.0	15.2	(23.5)	22.1	40.8	34.8	35.6	6.3	16.9	93.6	91.0	130.0	
Mobile communications business													
Operating Revenues	1,108.7	1,179.4	1,181.2	1,115.3	4,584.6	1,136.7	1,163.4	1,295.5	1,173.7	4,769.4	4,758.5	4,790.0	
Operating Expenses	810.4	893.9	925.6	1,003.0	3,632.9	859.1	893.7	1,009.2	1,025.2	3,787.3	3,771.6	3,800.0	
Operating Income	298.3	285.4	255.6	112.3	951.6	277.6	269.7	286.3	148.5	982.1	986.9	990.0	
Data communications business													
Operating Revenues	373.5	388.6	402.6	554.1	1,718.7	462.3	482.1	516.3	582.3	2,043.1	2,044.8	2,100.0	
Operating Expenses	351.6	374.6	371.4	513.3	1,610.8	437.0	448.4	486.2	543.6	1,915.3	1,921.4	1,958.0	
Operating Income	21.9	14.0	31.2	40.8	107.9	25.3	33.7	30.1	38.7	127.8	123.4	142.0	
Other business													
Operating Revenues	272.1	295.5	322.3	392.4	1,282.3	281.4	283.0	297.2	375.0	1,236.6	1,214.3	1,290.0	
Operating Expenses	259.8	278.1	292.7	374.4	1,205.0	262.3	262.7	279.2	353.8	1,158.0	1,113.4	1,193.0	
Operating Income	12.3	17.4	29.6	18.0	77.3	19.0	20.4	18.0	21.2	78.6	100.9	97.0	

Notes : (1) Based on IFRS (International Financial Reporting Standards) results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(2) Figures for each segment include inter-segment transactions.

3. Financial Results (Holding Company and Subsidiaries)

(Billions of yen)

	FY 2016					FY 2017				
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31
NTT (Holding Company) (JPN GAAP)										
Operating Revenues	269.1	32.7	138.6	33.7	474.3	436.7	30.9	162.3	33.0	663.1
Operating Expenses	29.4	30.7	31.1	43.3	134.6	30.0	29.4	30.8	42.2	132.5
Operating Income	239.6	2.0	107.5	(9.5)	339.6	406.6	1.5	131.5	(9.2)	530.5
Non-Operating Revenues	6.0	6.2	5.7	6.0	24.1	5.1	6.2	5.1	5.2	21.8
Non-Operating Expenses	7.7	6.8	6.7	7.6	28.9	6.1	6.3	6.7	4.9	24.2
Recurring Profit	237.9	1.4	106.5	(11.0)	334.9	405.6	1.4	130.0	(8.9)	528.1
Net Income	237.5	(19.7)	79.2	(8.9)	288.1	405.3	(0.6)	130.3	189.7	724.9
NTT East (JPN GAAP)										
Operating Revenues	410.1	413.3	413.1	435.5	1,672.2	405.5	407.1	407.8	425.6	1,646.2
Voice Transmission Services (excluding IP) ⁽¹⁾	101.4	99.9	99.2	95.8	396.5	94.2	92.7	92.2	89.1	368.4
IP Services	213.3	211.7	212.4	212.8	850.3	213.4	213.7	213.8	214.2	855.2
Leased Circuit (excluding IP)	24.0	23.6	23.0	22.6	93.3	23.2	23.1	23.0	22.9	92.4
Other	46.1	46.0	48.1	54.1	194.5	47.6	46.8	49.4	51.7	195.7
Supplementary Business	25.0	31.9	30.3	50.0	137.4	26.8	30.6	29.1	47.6	134.3
Operating Expenses	346.0	353.6	363.1	420.2	1,483.1	329.9	341.0	337.4	377.8	1,386.1
Personnel	23.6	23.6	23.2	24.0	94.6	21.4	20.8	20.6	21.1	84.2
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	224.3	230.9	236.1	270.7	962.1	222.9	232.6	231.3	260.8	947.8
Depreciation and Amortization	72.2	72.5	76.0	74.2	295.0	58.7	59.1	59.5	60.5	237.9
Loss on Disposal of Property, Plant and Equipment	6.1	8.4	9.7	31.5	55.9	7.6	10.4	8.1	16.1	42.2
Taxes and Public Dues	19.5	18.1	17.9	19.6	75.3	19.1	18.0	17.6	19.0	73.8
Operating Income	64.1	59.6	49.9	15.3	189.1	75.6	66.1	70.4	47.8	260.0
Non-Operating Revenues	17.3	0.5	1.5	0.7	20.2	8.1	0.8	2.9	5.4	17.3
Non-Operating Expenses	1.2	1.2	1.2	1.1	4.9	0.9	0.9	0.9	1.0	3.7
Recurring Profit	80.2	58.9	50.2	14.9	204.4	82.8	66.0	72.4	52.2	273.6
Net Income	57.8	42.1	36.5	13.1	149.6	60.0	46.3	8.5	37.5	152.4
NTT West (JPN GAAP)										
Operating Revenues	362.0	368.4	362.7	385.7	1,479.0	351.0	354.1	353.0	374.7	1,432.9
Voice Transmission Services (excluding IP) ⁽¹⁾	101.6	99.9	99.0	95.6	396.2	93.7	92.2	91.4	88.5	366.0
IP Services	175.5	173.6	174.0	173.9	697.2	173.5	171.8	171.8	171.4	688.6
Leased Circuit (excluding IP)	22.0	21.7	21.3	21.1	86.3	22.0	21.7	21.6	21.3	86.7
Other	33.8	35.0	35.9	40.8	145.6	32.5	31.8	34.0	40.5	138.9
Supplementary Business	29.0	38.0	32.2	54.0	153.4	29.1	36.4	34.1	52.8	152.5
Operating Expenses	323.3	335.9	336.6	387.8	1,383.8	301.4	310.6	309.5	343.8	1,265.4
Personnel	20.3	20.0	19.9	20.2	80.5	18.9	17.6	17.8	18.0	72.4
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	206.3	219.1	215.4	254.4	895.4	206.0	215.4	212.6	239.0	873.3
Depreciation and Amortization	70.4	70.8	74.1	72.1	287.6	52.2	52.7	53.8	53.5	212.5
Loss on Disposal of Property, Plant and Equipment	8.6	9.4	10.9	24.1	53.2	6.6	8.4	9.2	16.9	41.3
Taxes and Public Dues	17.5	16.3	16.2	16.8	66.9	17.4	16.1	15.8	16.2	65.7
Operating Income	38.7	32.5	26.0	(2.0)	95.1	49.5	43.5	43.5	30.8	167.4
Non-Operating Revenues	1.2	0.4	0.5	0.7	2.9	1.3	0.4	0.3	0.9	3.1
Non-Operating Expenses	2.0	1.7	1.7	4.3	9.9	1.5	1.7	1.5	2.0	6.8
Recurring Profit	37.8	31.1	24.8	(5.7)	88.1	49.3	42.1	42.4	29.7	163.7
Net Income	23.3	22.2	18.0	(3.8)	59.7	35.0	29.8	(14.3)	21.9	72.4

Notes : (1) Operating Revenues from Voice Transmission Services (excluding IP) of NTT East and NTT West for the fiscal year ended March 31, 2018 include monthly charges, call charges and interconnection charges of 279.6 billion yen, 22.8 billion yen and 42.6 billion yen for NTT East, and 277.4 billion yen, 21.4 billion yen and 45.2 billion yen for NTT West, respectively.

3. Financial Results (Holding Company and Subsidiaries)

(Billions of yen)

	FY 2016					FY 2017				
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31
NTT Communications (JPN GAAP)										
Operating Revenues ⁽¹⁾	220.2	226.9	227.0	249.6	923.8	230.3	231.9	231.3	254.0	947.8
Cloud Computing Platforms	17.1	17.6	17.6	19.5	72.0	20.2	19.3	20.6	20.6	80.9
Data Networks	94.8	95.1	96.3	98.4	384.8	97.2	98.6	98.8	100.7	395.4
Voice Communications	63.0	63.3	63.7	60.6	250.7	60.0	60.7	62.2	58.7	241.7
Applications & Content	9.4	9.2	9.3	9.6	37.7	8.7	9.3	8.7	9.4	36.3
Solution Services	31.9	37.7	36.1	57.5	163.4	37.3	40.3	37.2	58.8	173.7
Others	3.7	3.7	3.8	3.6	14.9	6.8	3.4	3.6	5.5	19.5
Operating Expenses	194.3	202.5	204.1	230.2	831.3	198.9	204.8	206.4	227.5	837.8
Personnel	19.2	18.9	19.0	19.7	77.0	19.1	18.9	18.9	19.2	76.3
Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative Expenses	90.8	98.8	95.1	121.6	406.4	94.8	99.5	97.0	122.6	414.1
Communication Network Charges	54.7	54.6	59.2	54.4	223.1	57.6	58.8	62.0	55.5	234.0
Depreciation and Amortization	25.4	25.6	26.2	27.0	104.4	22.7	23.3	23.7	24.3	94.2
Loss on Disposal of Property, Plant and Equipment	0.5	1.0	0.9	4.1	6.7	0.8	0.6	1.2	2.0	4.8
Taxes and Public Dues	3.5	3.2	3.4	3.2	13.4	3.6	3.4	3.4	3.6	14.2
Operating Income	25.8	24.3	22.9	19.4	92.5	31.4	27.1	24.9	26.5	109.9
Non-Operating Revenues	7.4	5.6	4.0	3.5	20.7	6.7	6.4	3.5	3.2	20.1
Non-Operating Expenses	2.3	1.6	1.3	2.5	7.8	1.4	0.9	1.1	2.9	6.5
Recurring Profit	30.9	28.3	25.6	20.5	105.4	36.7	32.6	27.3	26.8	123.5
Net Income	22.3	20.4	18.5	23.6	85.0	27.6	23.1	19.2	17.8	87.8
Dimension Data (IFRS)⁽²⁾⁽³⁾										
Operating Revenues	206.6	198.6	196.4	207.4	809.0	207.0	208.5	233.1	231.6	880.2
Operating Expenses	207.9	205.7	197.9	207.4	818.9	207.2	205.2	229.8	230.8	872.9
Operating Income ⁽⁴⁾	(1.3)	(7.0)	(1.5)	(0)	(9.9)	(0.2)	3.3	3.3	0.7	7.2
Net Income Attributable to Dimension Data	(2.4)	(9.6)	(14.6)	(1.4)	(27.9)	(1.8)	0.2	2.3	(0.9)	(0.2)

Notes : (1) The following are the main services included in each line item:
- Cloud Computing Platforms: "Data center services" and "Private Cloud (Enterprise Cloud, etc.)"
- Data Networks: "Closed network services (Arcstar Universal One, etc.)" and "Open network service (OCN, etc.)"
- Voice Communications: "Telephone services" and "VoIP services (050 plus, etc.)"
- Applications & Content: "Application services (Mail services, etc.)"
- Solution Services: "System integration services"

(2) Because Dimension Data's statements of income from January 1 to December 31, 2017 are consolidated into NTT's consolidated statements of income from April 1 to March 31, 2018, Dimension Data's financial results for the twelve months ended December 31, 2017 are included under Year Ended March 31, 2018.

(3) The conversion rate used for Dimension Data figures for the fiscal year ended March 31, 2018 is USD1.00 = JPY112.16.

(4) Operating Income for the fiscal year ended March 31, 2018 under US GAAP was (13.1) billion yen.

3. Financial Results (Holding Company and Subsidiaries)

(Billions of yen)

	FY 2016					FY 2017				
	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31
NTT DOCOMO Consolidated (US GAAP)										
Operating Revenues	1,108.7	1,179.7	1,181.3	1,115.0	4,584.6	1,136.7	1,163.4	1,295.6	1,173.7	4,769.4
Telecommunications Services	729.7	744.8	750.7	759.9	2,985.1	774.9	793.9	793.4	775.7	3,137.9
Mobile Communications Services	704.2	712.8	712.1	714.8	2,844.0	723.1	736.5	732.0	709.6	2,901.1
Voice Revenues	215.9	219.6	224.8	215.0	875.2	231.2	241.4	241.3	237.8	951.7
Packet Communications Revenues	488.3	493.3	487.4	499.8	1,968.8	491.9	495.1	490.6	471.8	1,949.5
Optical-fiber Broadband Services and Other Telecommunications Services	25.5	31.9	38.6	45.1	141.1	51.8	57.4	61.4	66.1	236.7
Equipment Sales	165.8	214.4	206.2	132.9	719.2	150.6	152.9	274.1	177.5	755.1
Other Operating Revenues	213.2	220.5	224.4	222.2	880.3	211.2	216.7	228.0	220.5	876.4
Operating Expenses	809.4	893.4	924.5	1,012.6	3,639.8	858.4	893.0	1,009.0	1,035.8	3,796.1
Personnel	72.3	72.8	72.2	74.5	291.8	72.9	71.6	72.5	72.2	289.1
Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative Expenses	531.5	600.6	622.8	677.3	2,432.1	553.3	577.5	688.2	693.1	2,512.1
Depreciation and Amortization	109.7	110.8	113.9	117.9	452.3	119.0	121.0	121.5	124.0	485.5
Impairment Loss	-	-	-	12.2	12.2	-	-	-	12.1	12.1
Loss on Disposal of Property, Plant and Equipment	7.9	16.8	16.5	38.3	79.6	12.4	16.0	15.4	23.0	66.8
Communication Network Charges	76.7	82.1	88.8	81.8	329.4	90.9	96.6	100.8	101.3	389.6
Taxes and Public Dues	11.2	10.3	10.3	10.5	42.4	9.9	10.2	10.6	10.2	40.9
Operating Income	299.3	286.3	256.7	102.4	944.7	278.3	270.5	286.6	137.9	973.3
Non-Operating Income (Loss)	(4.0)	(0.4)	8.3	1.0	4.8	3.5	2.2	116.9	0.7	123.4
Income Before Income Taxes	295.3	285.9	265.0	103.4	949.6	281.8	272.7	403.5	138.6	1,096.6
Net Income Attributable to NTT DOCOMO	206.9	198.6	184.0	63.1	652.5	189.9	184.0	280.4	90.3	744.5
NTT DATA Consolidated (JPN GAAP)										
Net sales	392.2	387.4	401.2	551.5	1,732.4	540.4	480.5	515.2	580.8	2,117.1
Public & Social Infrastructure	89.1	97.6	109.5	159.1	455.4	85.9	-	103.6	156.9	443.6
Financial	118.6	127.7	124.3	147.2	518.0	127.5	-	140.8	159.5	559.5
Enterprise & Solutions	97.7	103.1	103.0	121.6	425.6	105.2	-	120.7	137.4	477.2
North America ⁽¹⁾	-	-	-	-	-	-	-	107.2	101.5	472.0
New EMEA & LATAM ⁽¹⁾	-	-	-	-	-	-	-	104.5	105.8	423.2
Elimination or Corporate ⁽¹⁾	-	-	-	-	-	-	-	(61.8)	(80.4)	(258.5)
Old Global	145.2	122.8	128.7	206.5	603.3	284.7	-	-	-	-
Elimination or Corporate	(58.5)	(63.9)	(64.5)	(83.0)	(269.9)	(63.0)	-	-	-	-
Cost of Sales	294.5	286.7	293.7	418.6	1,293.6	413.5	354.4	388.0	436.7	1,592.7
Gross Profit	97.6	100.6	107.5	132.9	438.8	126.9	126.0	127.2	144.1	524.4
Selling, General and Administrative Expenses	80.3	72.7	78.3	90.4	321.7	104.7	96.2	97.2	102.6	400.8
Operating Income	17.3	27.9	29.1	42.5	117.1	22.1	29.8	29.9	41.4	123.5
Non-Operating Income (Loss)	(0)	(0.1)	(1.1)	(2.7)	(4.1)	0.2	(2.0)	(0.2)	0.0	(1.9)
Ordinary income	17.3	27.7	28.0	39.8	112.9	22.4	27.8	29.7	41.5	121.5
Net Income Attributable to Owners of Parent	10.0	18.9	16.0	20.6	65.6	8.1	13.7	14.1	22.1	58.1

Notes : (1) Due to the revision of NTT DATA's global management structure on July 1, 2017, NTT DATA changed the method of classification and disclosure of segment information starting from the six months ended September 30, 2017. Under the new segments, the results for the three months ended March 31, 2017 were 116.1 billion for North America, 81.3 billion yen for EMEA & Latin America, and (73.9) billion yen for Elimination or Corporate, and the results for the year ended March 31, 2017 were 246.3 billion for North America, 330.8 billion yen for EMEA & LATAM, and (243.9) billion yen for Elimination or Corporate.
The new Elimination or Corporate segment includes certain figures that would have been included in former segment areas such as China/APAC.

(Reference) Financial Forecasts of Subsidiaries (IFRS)

Regional Communications Business Segment (Billions of yen)				
	NTT East Group ⁽¹⁾		NTT West Group ⁽¹⁾	
	FY2017 Year Ended March 31 ⁽²⁾	FY2018 Year Ending March 31 (Forecast)	FY2017 Year Ended March 31 ⁽²⁾	FY2018 Year Ending March 31 (Forecast)
Operating Revenues	1,786.8	1,735.0	1,494.0	1,454.0
Fixed Voice Related Services	599.1	570.0	553.7	523.0
IP/Packet Communications Services	851.6	838.0	672.5	656.0
Sales of Telecommunications Equipment	29.9	30.0	47.2	47.0
System Integration	80.0	80.0	88.9	89.0
Other	226.1	217.0	131.6	139.0
Operating Expenses	1,554.0	1,502.0	1,374.6	1,344.0
Personnel	386.1	375.0	352.1	340.0
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	751.8	731.0	640.1	638.0
Depreciation and Amortization	242.9	238.0	212.0	212.0
Loss on Disposal of Property, Plant and Equipment	38.2	86.0	40.9	89.0
Impairment Losses	63.0	-	64.6	-
Taxes and Public Dues	72.1	72.0	64.9	65.0
Operating Income	232.7	233.0	119.4	110.0
Income Before Income Taxes	230.4	231.0	113.6	105.0
Income Attributable to Owners of Parent	162.5	163.0	80.0	73.0
Capital Investment	268.6	275.0	281.0	270.0

Mobile communications business segment (Billions of yen)		
	NTT DOCOMO (consolidated)	
	FY2017 Year Ended March 31 ⁽²⁾	FY2018 Year Ending March 31 (Forecast)
Operating Revenues	4,755.1	4,790.0
Telecommunications Services	3,093.8	3,098.0
Mobile Communications Services	2,867.5	2,813.0
Voice Revenues	942.9	948.0
Packet Communications Revenues	1,924.6	1,865.0
Optical-fiber Broadband Services and Other Telecommunications Services	226.3	285.0
Equipment Sales	786.6	809.0
Other Operating Revenues	874.7	883.0
Operating Expenses	3,769.6	3,800.0
Personnel	288.3	295.0
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	2,485.3	2,474.0
Depreciation and Amortization	486.4	468.0
Loss on Disposal of Property, Plant and Equipment	67.1	86.0
Impairment Losses	12.2	-
Communication Network Charges	390.6	436.0
Taxes and Public Dues	39.8	41.0
Other Income/Loss	1.5	-
Operating Income	986.9	990.0
Income Before Income Taxes	1,141.7	1,010.0
Income Attributable to Owners of Parent	791.0	695.0
Capital Investment	577.9	570.0

Notes: (1) Statistical range for group figures are as shown below; these are unaudited values, and for reference only.

NTT East Group: Internal administrative figures for NTT East and its subsidiaries, as adjusted for intra-group transactions and eliminations.

NTT West Group: Internal administrative figures for NTT West and its subsidiaries, after as adjusted for intra-group transactions and eliminations.

NTT Communications Group: Internal administrative figures for NTT Communications and its subsidiaries, as adjusted for intra-group transactions and eliminations.

(2) Based on IFRS (International Financial Reporting Standards) results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

(3) Financial results for Dimension Data for the period from April 1, 2017 to March 31, 2018 are included in the results for the year ended March 31, 2018. The forecast for the year ending March 31, 2019 is the forecast from April 1, 2018 to March 31, 2019.

Long Distance and International Communications Business Segment (Billions of yen)			Dimension Data (consolidated) (Billions of yen)		
	NTT Communications Group ⁽¹⁾		FY2017 Year Ended March 31 ⁽²⁾⁽³⁾		FY2018 Year Ending March 31 (Forecast) ⁽³⁾
	FY2017 Year Ended March 31 ⁽²⁾	FY2018 Year Ending March 31 (Forecast)			
Operating Revenues	1,333.5	1,380.0	Operating Revenues	887.5	930.0
Cloud Computing Platforms	185.3	221.0	System Integration	887.5	930.0
Data Networks	480.8	491.0	Cost of Sales	724.8	746.0
Voice Communications	276.3	270.0	Gross Profit	162.7	184.0
Applications & Content	125.8	130.0	Selling, General and Administrative Expenses	160.9	163.0
Solution Services	238.0	257.0	Operating Income	1.8	21.0
Other	27.3	11.0	Income Before Income Taxes	15.9	18.0
Operating Expenses	1,215.0	1,249.0	Income Attributable to Owners of Parent	9.7	13.0
Personnel	202.0	211.0	Capital Investment	21.1	24.0
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	832.7	868.0			
Depreciation and Amortization	135.2	149.0			
Loss on Disposal of Property, Plant and Equipment	5.3	5.0			
Impairment Losses	25.4	-			
Taxes and Public Dues	14.4	16.0			
Operating Income	118.5	131.0			
Income Before Income Taxes	115.8	131.0			
Income Attributable to Owners of Parent	79.4	88.0			
Capital Investment	209.1	222.0			

Data communications business segment (Billions of yen)		
	NTT Data (consolidated)	
	FY2017 Year Ended March 31 ⁽²⁾	FY2018 Year Ending March 31 (Forecast)
Operating Revenues	2,039.3	2,100.0
Public & Social Infrastructure	444.9	463.0
Financial	559.9	549.0
Enterprise & Solutions	477.8	493.0
North America	427.9	424.0
EMEA & LATAM	387.5	423.0
Elimination or Corporate	(258.7)	(252.0)
Cost of Sales	1,535.6	1,570.0
Gross Profit	503.7	530.0
Selling, General and Administrative Expenses	380.5	388.0
Operating Income	123.2	142.0
Income Before Income Taxes	122.6	141.0
Income Attributable to Owners of Parent	81.2	90.0
Capital Investment	195.4	176.0

4. Operating Data

Number of Subscribers					(in thousands except for Public Telephones)				
	FY 2016				FY 2017				FY 2018 (E)
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31	As of March 31 (Forecast)
Telephone Subscriber Lines ⁽¹⁾	19,671	19,413	19,117	18,797	18,482	18,168	17,860	17,538	16,290
NTT East	9,740	9,617	9,471	9,315	9,166	9,014	8,864	8,707	8,107
NTT West	9,931	9,796	9,647	9,482	9,316	9,154	8,996	8,832	8,183
INS-Net ⁽²⁾	2,719	2,661	2,602	2,539	2,488	2,440	2,386	2,331	2,134
NTT East	1,384	1,356	1,325	1,293	1,269	1,244	1,217	1,188	1,088
NTT West	1,334	1,305	1,276	1,246	1,219	1,196	1,170	1,143	1,046
Telephone Subscriber Lines + INS-Net	22,390	22,074	21,719	21,336	20,970	20,609	20,246	19,869	18,424
NTT East	11,125	10,973	10,796	10,609	10,434	10,258	10,081	9,895	9,195
NTT West	11,265	11,102	10,923	10,727	10,535	10,350	10,166	9,975	9,229
Public Telephones	168,673	166,120	163,921	161,375	160,396	159,485	158,693	157,875	154,640
NTT East	76,511	74,846	73,357	71,434	71,037	70,763	70,617	70,402	69,402
NTT West	92,162	91,274	90,564	89,941	89,359	88,722	88,076	87,473	85,238
FLET'S ISDN	83	81	79	77	75	73	72	70	63
NTT East	36	35	34	33	33	32	31	30	27
NTT West	47	46	45	44	43	42	41	39	35
FLET'S ADSL	1,019	987	955	919	881	849	819	780	653
NTT East	459	444	428	411	394	379	365	342	282
NTT West	560	543	527	508	487	470	454	438	371
FLET'S Hikari (including Hikari Collaboration Model) ⁽³⁾⁽⁴⁾⁽⁵⁾	19,520	19,704	19,903	20,053	20,294	20,386	20,457	20,533	21,133
NTT East	10,839	10,958	11,078	11,173	11,318	11,381	11,439	11,491	11,891
NTT West	8,681	8,746	8,825	8,880	8,976	9,005	9,018	9,041	9,241
(incl.) Hikari Collaboration Model	5,912	6,917	7,854	8,744	9,574	10,145	10,655	11,117	13,117
NTT East	3,781	4,337	4,846	5,328	5,770	6,077	6,351	6,602	7,652
NTT West	2,131	2,580	3,008	3,416	3,804	4,069	4,304	4,515	5,465
Hikari Denwa ⁽⁶⁾	17,451	17,545	17,655	17,759	17,862	17,924	17,984	18,032	18,282
NTT East	9,180	9,242	9,311	9,369	9,433	9,478	9,520	9,558	9,758
NTT West	8,271	8,302	8,344	8,390	8,430	8,447	8,464	8,474	8,524
Conventional Leased Circuit Services	231	229	227	225	224	222	220	218	211
NTT East	112	111	110	109	109	108	106	106	102
NTT West	118	118	117	116	115	115	114	113	110
High Speed Digital Services	114	112	110	108	106	105	103	96	89
NTT East	58	57	56	55	54	53	52	49	45
NTT West	56	55	54	53	52	52	51	46	43
NTT Group Major ISPs ⁽⁷⁾	11,360	11,328	11,303	11,231	11,189	11,157	11,110	11,057	10,804
(incl.) OCN	7,969	7,905	7,847	7,739	7,678	7,637	7,595	7,521	7,266
(incl.) Plala	3,024	3,047	3,075	3,106	3,124	3,135	3,129	3,145	3,150
Hikari TV	3,047	3,041	3,032	3,023	3,021	3,018	3,015	3,016	3,100
FLET'S TV Transmission Services ⁽⁶⁾	1,445	1,464	1,489	1,521	1,551	1,570	1,592	1,615	1,703
NTT East	917	926	939	951	963	972	983	992	1,042
NTT West	528	538	551	570	587	597	609	624	661
Mobile Telecommunications Services ⁽⁸⁾	71,614	72,943	73,588	74,880	75,114	75,361	75,678	76,370	78,100
(incl.) "Kake-hodai & Pake-aeru" billing plan	31,586	33,416	35,198	37,066	38,342	39,617	40,598	41,964	-
Telecommunications Services (LTE (Xi))	39,893	41,281	42,671	44,544	45,659	46,908	48,200	50,097	55,500
Telecommunications Services (FOMA (3G))	31,721	31,662	30,917	30,336	29,455	28,453	27,478	26,273	22,600
sp-mode	33,082	33,809	34,749	35,921	36,671	37,418	37,979	38,998	-
i-mode	18,136	17,416	16,503	15,493	14,662	13,809	13,030	12,111	-

- Notes :
- (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).
- (2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases roughly ten times greater than "INS-Net 64." For this reason, one "INS-Net 1500" subscription is calculated as ten "INS-Net 64" subscriptions (including subscriptions to the "INS-Net 64 Lite Plan").
- (3) Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West and subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- (4) The comparative results for the year ended March 31, 2018 compared to the year ended March 31, 2017 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West were 1,586 thousand lines and 1,228 thousand lines, respectively, for a total of 2,814 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West were 1,126 thousand lines and 806 thousand lines, respectively, for a total of 1,932 thousand lines; and the numbers of switchover lines for NTT East and NTT West were 895 thousand lines and 794 thousand lines, respectively, for a total of 1,689 thousand lines.
- (5) The forecast for the year ending March 31, 2019 compared to the results for the year ended March 31, 2018 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West are expected to be 1,700 thousand lines and 1,250 thousand lines, respectively, for a total of 2,950 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West are expected to be 1,250 thousand lines and 950 thousand lines, respectively, for a total of 2,200 thousand lines; and the numbers of switchover lines for NTT East and NTT West are expected to be 650 thousand lines and 600 thousand lines, respectively, for a total of 1,250 thousand lines.
- (6) Numbers of subscribers for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.
- (7) "NTT Group Major ISPs" includes "WAKWAK" and "InfoSphere," in addition to "OCN" and "Plala."
- (8) Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes Communication Module Services.

4. Operating Data

Average Monthly Revenue per Unit (ARPU)

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per user basis. In the case of NTT Group's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's regional communications business segment, that is, fixed-line (telephone subscriber lines and INS-NET) and FLET'S Hikari, by the number of active subscribers to the relevant services.

In the case of NTT Group's mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from its mobile communications business segment, such as revenues from LTE (Xi) mobile phone services, FOMA (3G) mobile phone services and "docomo Hikari" services, that are incurred consistently each month, by the number of active users to the relevant services. The calculation of these figures excludes revenues that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees and universal service charges.

NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerators of NTT Group's ARPU figures are based on its consolidated results of operations under U.S. GAAP (for financial results) and IFRS (for forecasts).

		FY 2016					FY 2017					FY 2018 (E)
		Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Forecast)
NTT East (1)(2)(3)(4)(5)												
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)		2,620	2,620	2,620	2,590	2,610	2,580	2,580	2,590	2,560	2,580	2,540
FLET'S Hikari ARPU (6)		5,340	5,280	5,230	5,170	5,250	5,120	5,090	5,080	5,030	5,080	4,880
Basic Monthly Charge		3,750	3,720	3,690	3,670	3,700	3,640	3,640	3,620	3,610	3,630	3,520
Optional Services		1,590	1,560	1,540	1,500	1,550	1,480	1,450	1,460	1,420	1,450	1,360
NTT West (1)(2)(3)(4)(5)												
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)		2,580	2,580	2,580	2,560	2,580	2,540	2,550	2,550	2,530	2,540	2,510
FLET'S Hikari ARPU (6)		5,350	5,300	5,260	5,210	5,280	5,160	5,110	5,100	5,050	5,100	4,920
Basic Monthly Charge		3,640	3,620	3,590	3,570	3,610	3,550	3,510	3,490	3,470	3,500	3,380
Optional Services		1,710	1,680	1,670	1,640	1,670	1,610	1,600	1,610	1,580	1,600	1,540
NTT DOCOMO (7)(8)(9)												
New	Aggregate ARPU	4,340	4,430	4,460	4,570	4,440	4,620	4,740	4,750	4,720	4,710	4,780
	Mobile ARPU (LTE (Xi) + FOMA (3G))	4,210	4,250	4,250	4,320	4,250	4,320	4,410	4,390	4,340	4,370	4,340
	"docomo Hikari" ARPU	130	180	210	250	190	300	330	360	380	340	440
Old	Aggregate ARPU	4,330	4,420	4,450	4,550	4,430	4,600	4,710	4,720	4,690	4,680	-
	Voice ARPU (LTE (Xi) + FOMA (3G))	1,240	1,250	1,280	1,220	1,250	1,330	1,390	1,390	1,370	1,370	-
	Data ARPU	3,090	3,170	3,170	3,330	3,180	3,270	3,320	3,330	3,320	3,310	-
	Packet ARPU (LTE (Xi) + FOMA (3G))	2,960	2,990	2,960	3,080	2,990	2,970	2,990	2,970	2,940	2,970	-
	"docomo Hikari" ARPU	130	180	210	250	190	300	330	360	380	340	-

- Notes :
- (1) We compute the following two categories of ARPU for business conducted by each of NTT East and NTT West.

a. Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from "FLET'S ADSL" and "FLET'S ISDN," which are included in operating revenues from IP Services.

b. FLET'S Hikari ARPU: Calculated based on revenues from "FLET'S Hikari" (including "FLET'S Hikari" optional services), which are included in operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and revenues from "FLET'S Hikari" optional services, which are included in Supplementary Business revenues.

- "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West. In addition, "FLET'S Hikari" also includes the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

- "FLET'S Hikari" Optional Services includes wholesale services provided to service providers by NTT East and NTT West.

(2) Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines) and FLET'S Hikari ARPU.

(3) Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below.

- Quarterly Results: Sum of number of active subscribers* for each month in the relevant quarter

- FY Results: Sum of number of active subscribers* for each month from April to March

- FY Forecast: Sum of the average expected active number of subscribers during the fiscal year ((number of subscribers at March 31, 2018 + number of expected subscribers at March 31, 2019)/2)x12

*active subscribers = (number of subscribers at end of previous month + number of subscribers at end of the current month)/2

(4) For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), the number of subscribers is determined based on the number of subscriptions for fixed-line services (Telephone Subscriber Lines + INS-NET Subscriber Lines).

(5) In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

(6) For purposes of calculating FLET'S Hikari ARPU, the number of subscribers is determined based on the number of FLET'S Hikari subscribers, which includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West, and the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

(7) The following is the formula we use to compute ARPU for NTT DOCOMO.

<New>

Aggregate ARPU = Mobile ARPU + "docomo Hikari" ARPU

- Mobile ARPU : Mobile ARPU-related revenues (voice-related revenues (basic monthly charges, voice communication charges) + packet-related revenues (basic monthly charges, packet communication charges)) / No. of active users

- "docomo Hikari" ARPU : "docomo Hikari"-related revenues (basic monthly charges, voice communication charges) / No. of active users

<Old>

a. Aggregate ARPU = Voice ARPU + Packet ARPU + "docomo Hikari" ARPU

b. Data ARPU= Packet ARPU + "docomo Hikari" ARPU

- Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users

- Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active users

- "docomo Hikari" ARPU: "docomo Hikari" ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users

(8) Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below.

- Sum of No. of active users for each month ((No. of users at the end of previous month + No. of users at the end of current month) / 2) during the relevant period

(9) The number of "users" used to calculate ARPU is the total number of subscriptions, excluding the subscriptions listed below:

a. Subscriptions of communication modules services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and

b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for "Xi" or "FOMA" services in his/her name.

<New>

Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs), and the impact on revenues from the "dPOINT" program, etc., are not included in ARPU calculations.

<Old>

Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs) are not included in ARPU calculations.

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4. Operating Data

Number of Employees

	FY 2016				FY 2017				(Persons) FY 2018 (E)
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31	As of March 31 (Forecast)
NTT Consolidated ⁽¹⁾	248,650	248,650	280,600	274,850	280,850	283,400	286,350	282,550	304,800
Regional communications business	67,400	67,300	73,700	68,250	70,000	70,300	71,450	67,600	81,850
Long distance and international communications business	45,150	44,450	44,050	43,850	43,850	44,200	44,650	45,350	45,600
Mobile communications business	27,500	27,450	27,400	26,750	28,150	28,050	27,950	27,450	28,150
Data communications business	83,200	84,000	109,950	111,650	113,950	115,900	117,350	118,000	123,950
Other business	25,400	25,450	25,500	24,350	24,900	24,950	24,950	24,150	25,250
Core Group Companies ⁽¹⁾									
NTT (Holding Company)	2,800	2,800	2,750	2,700	2,750	2,700	2,700	2,650	2,600
NTT East	5,200	4,950	4,950	4,850	5,200	4,800	4,750	4,700	4,850
NTT West	4,600	4,450	4,450	4,400	4,550	4,000	4,000	3,950	4,050
NTT Communications	6,550	6,450	6,450	6,350	6,400	6,400	6,350	6,250	6,250
NTT DOCOMO (Consolidated)	27,500	27,450	27,400	26,750	28,150	28,050	27,950	27,450	28,150
NTT DATA (Consolidated)	83,200	84,000	109,950	111,650	113,950	115,900	117,350	118,000	123,950

Notes : (1) Starting from the nine-month period ended December 31, 2016, "Number of Employees" includes employees whose contracts were changed from fixed-term contracts to open-ended contracts.