

# Earnings Release

For the Fiscal Year Ended March 31, 2018

April 27, 2018  
[U.S. GAAP]

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)  
 Code No.: 9437  
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section  
 Representative: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer  
 Contact: Hideki Maeda, Senior Manager, General Affairs Department / TEL +81-3-5156-1111  
 Scheduled date for the general meeting of shareholders: June 19, 2018  
 Scheduled date for dividend payment: June 20, 2018  
 Scheduled date for filing of securities report: June 20, 2018  
 Supplemental material on annual results: Yes  
 Presentation on annual results: Yes (for institutional investors and analysts)

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

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

### (1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Income Before Income Taxes and Equity in Net Income (Losses) of Affiliates		Net Income Attributable to NTT DOCOMO, INC.	
Year ended March 31, 2018	4,769,409	4.0 %	973,264	3.0 %	1,096,625	15.5 %	744,542	14.1 %
Year ended March 31, 2017	4,584,552	1.3 %	944,738	20.7 %	949,563	22.0 %	652,538	19.0 %

(Percentages above represent changes compared to the corresponding period of the previous year)

(Note) Comprehensive income attributable to NTT DOCOMO, INC.: For the fiscal year ended March 31, 2018: 783,458 million yen 18.3 %  
 For the fiscal year ended March 31, 2017: 662,281 million yen 29.7 %

	Basic Earnings per Share Attributable to NTT DOCOMO, INC.	Diluted Earnings per Share Attributable to NTT DOCOMO, INC.	ROE	ROA	Operating Income Margin
Year ended March 31, 2018	201.73 (yen)	—	13.3 %	14.4 %	20.4 %
Year ended March 31, 2017	175.12 (yen)	—	12.0 %	12.9 %	20.6 %

(Note) Equity in net income (losses) of affiliates: For the fiscal year ended March 31, 2018: (12,229) million yen  
 For the fiscal year ended March 31, 2017: (11,273) million yen

### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Total Equity (Net Assets)	NTT DOCOMO, INC. Shareholders' Equity	Shareholders' Equity Ratio	NTT DOCOMO, INC. Shareholders' Equity per Share
March 31, 2018	7,748,290	5,712,144	5,680,409	73.3 %	1,580.88 (yen)
March 31, 2017	7,453,074	5,561,146	5,530,629	74.2 %	1,492.91 (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	1,511,540	(718,372)	(690,406)	392,749
Year ended March 31, 2017	1,312,418	(943,094)	(433,097)	289,610

## 2. Dividends

Date of Record	Cash Dividends per Share (yen)					Total Cash Dividends for the Year (Millions of yen)	Payout Ratio	Ratio of Dividends to NTT DOCOMO, INC. Shareholders' Equity
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year End	Total			
Year ended March 31, 2017		40.00		40.00		296,994	45.7 %	5.5 %
Year ended March 31, 2018		50.00		50.00		364,889	49.6 %	6.5 %
Year ending March 31, 2019 (Forecasts)		55.00		55.00			56.9 %	

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

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Income Before Income Taxes and Equity in Net Income (Losses) of Affiliates		Net Income Attributable to NTT DOCOMO, INC.		Basic Earnings per Share Attributable to NTT DOCOMO, INC.	
Year ending March 31, 2019	4,790,000	— %	990,000	— %	995,000	— %	695,000	— %	193.42 (yen)	

(Percentages above represent changes compared to the corresponding period of the previous year)

(Note) As we decided to adopt International Financial Reporting Standards (hereafter, "IFRS") from the year ending March 31, 2019, the above "forecast of consolidated financial results" contains forecast figures calculated in accordance with IFRS. As a result, no percentage changes are provided in comparison with actual figures for the year ended March 31, 2018, which were in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").

\* Notes:

(1) Changes in significant subsidiaries None

(Changes in significant subsidiaries for the fiscal year ended March 31, 2018 which resulted in changes in scope of consolidation)

(2) Changes in significant accounting policies

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

ii. Others: None

(Refer to "3.(5).ii. Change in Accounting Policies" on page 22.)

(3) Number of issued shares (common stock)

i. Number of issued shares (inclusive of treasury stock):

As of March 31, 2018:	3,782,299,000 shares
As of March 31, 2017:	3,899,563,000 shares

ii. Number of treasury stock:

As of March 31, 2018:	189,114,487 shares
As of March 31, 2017:	194,977,467 shares

iii. Number of weighted average common shares outstanding:

For the fiscal year ended March 31, 2018:	3,690,843,188 shares
For the fiscal year ended March 31, 2017:	3,726,266,553 shares

\* This earnings release is not subject to an audit. This document is an English translation of certain items that were disclosed in our Earnings Release for the fiscal year ended March 31, 2018, which we filed on April 27, 2018 with the Tokyo Stock Exchange of Japan.

\* Explanation for forecasts of operations and other notes:

Forecast of results

All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information available as of the filing date of this document. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. With regard to various known and unknown risks, uncertainties and other factors, please see our latest Annual reports on Form 20-F and Quarterly Securities Reports submitted to the U.S. Securities and Exchange Commission.

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## Earnings Release for the Fiscal Year Ended March 31, 2018

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### 1. Information on Consolidated Results

#### (1) Operating Results

##### i. Business Overview

In Japanese telecommunications market, competition has intensified due to the government's pro-competition policy, the spread of low-cost smartphone services by MNO\*<sup>1</sup> sub-brands and MVNOs, new entrants from other industries into the MNO market and other factors. MNOs are working to expand and strengthen their customer base by reinforcing non-telecommunications business through various initiatives such as providing loyalty point programs and payment platforms. Competition beyond the conventional boundaries of the telecommunications business is shifting into high gear, as players accelerate collaboration, investment and alliances with other industries in pursuit of future growth through the use of new technologies such as artificial intelligence (AI), IoT\*<sup>2</sup> and drones, with a view to the transition to 5G network.

Amid this market environment, we developed and unveiled our Medium-Term Strategy 2020 "Declaration beyond" in April 2017 to realize a richer future with 5G network. We positioned the fiscal year ended March 31, 2018 as a year to "Challenge to Evolve" by taking the first steps towards the realization of our Medium-Term Strategy 2020 "Declaration beyond." We made efforts for the creation and evolution of services, the evolution of our businesses through "+d" initiatives with partners to co-create new values, and the reinforcement and evolution of all our foundations.

As part of our efforts for the creation and evolution of services, we conducted a new sensory music live event that provides a new viewing experience. Also in order to enhance customer returns, we launched "Simple Plan," a billing option for customers with limited voice calling outside their family members, and "docomo with," targeting customers who use a single handset for an extended period of time. Furthermore, to improve on customer touch points, we commenced a customer support service via live chat on docomo Online Application.

For the evolution of our businesses through "+d" initiatives, we launched 5G network trial sites and the "docomo 5G Open Partner Program" to create scenarios for the use of 5G network and put them into practical application. We also introduced "AI Agent API" as an initiative using AI, and began offering "AI Taxi," which forecasts demand for taxi rides. Furthermore, as an effort toward the expansion of IoT, we began working to provide an IoT platform to increase the efficiency of work at construction sites through LANDLOG Ltd., which we established jointly with Komatsu Ltd. and others. As a result of our efforts, the number of "+d" partners increased to 468 at the end of this fiscal year.

Lastly, for the reinforcement and evolution of our foundations, we strived to boost the usage and enhance the convenience of "d POINTs" by trying to promote business management centered on the "d POINT CLUB" membership base. For example, the agreement of a business alliance with Matsumotokiyoshi Holdings Co., Ltd. to jointly provide new services among others. As a result, we achieved a total of 65.60 million "d POINT Club" members and 22.32 Million "d POINT CARD" registrants.\*<sup>3</sup>

For the fiscal year ended March 31, 2018, operating revenues increased by ¥184.9 billion from the previous fiscal year to ¥4,769.4 billion. This was mainly due to the increase in optical-fiber broadband service revenues as a result of the growth in the number of "docomo Hikari" users, the recovery of mobile telecommunications services revenues as a result of a decrease in the negative impact of the "Monthly Support" discount program, as well as the increase in equipment sales due to an increase in the number of smartphone handsets sold, despite the negative impact from our various billing initiatives implemented for the purpose of enhancing returns to our customers, due mainly to our provision of lower cost services.

Operating expenses increased by ¥156.3 billion from the previous fiscal year to ¥3,796.1 billion, due mainly to an increase in expenses associated with the expansion of "docomo Hikari" revenues, an increase in equipment cost due to an increase in number of smartphone handsets sold, an increase in expenses associated with point programs as a result of an increase in our provision of "d POINTs," as well as an increase in depreciation expenses.

As a result, operating income increased by ¥28.5 billion from the previous fiscal year to ¥973.3 billion.

Income before income taxes and equity in net income (losses) of affiliates increased by ¥147.1 billion from the same period of the previous fiscal year to ¥1,096.6 billion, due mainly to recognition of an arbitration award from Tata Sons Limited in "Other income," and net income attributable to NTT DOCOMO, INC. increased by ¥92.0 billion from the same period of the previous fiscal year to ¥744.5 billion for the fiscal year ended March 31, 2018.

\*1 Abbreviation for Mobile Network Operator. A mobile telecommunications service provider that provides mobile telecommunications services through wireless stations that it establishes or operates itself.

\*2 Abbreviation for Internet of Things. A concept that describes a world in which everything is connected to the Internet, enabling remote control and management of devices, etc.

\*3 The number of users who can earn and use “d POINTs” at participating stores by registering their personal information.

Consolidated results of operations for the fiscal years ended March 31, 2017 and 2018 were as follows:

<Results of operations>

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Operating revenues	¥ 4,584.6	¥ 4,769.4	¥ 184.9	4.0 %
Operating expenses	3,639.8	3,796.1	156.3	4.3
Operating income	944.7	973.3	28.5	3.0
Other income (expense)	4.8	123.4	118.5	–
Income before income taxes and equity in net income (losses) of affiliates	949.6	1,096.6	147.1	15.5
Income taxes	287.7	337.8	50.1	17.4
Income before equity in net income (losses) of affiliates	661.9	758.9	97.0	14.6
Equity in net income (losses) of affiliates	(11.3)	(12.2)	(1.0)	(8.5)
Net income	650.6	746.6	96.0	14.8
Less: Net (income) loss attributable to noncontrolling interests	1.9	(2.1)	(4.0)	–
Net income attributable to NTT DOCOMO, INC.	¥ 652.5	¥ 744.5	¥ 92.0	14.1
EBITDA margin*	31.9 %	31.7 %	(0.2) point	–
ROE*	12.0 %	13.3 %	1.3 point	–

\* EBITDA and EBITDA margin, as we use them in this earnings release, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definitions of EBITDA, EBITDA margin, ROE, see “4. Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures” on page 25.

<Operating revenues>

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Telecommunications services	¥ 2,985.1	¥ 3,137.9	¥ 152.8	5.1 %
Mobile communications services revenues	2,844.0	2,901.1	57.2	2.0
Voice revenues	875.2	951.7	76.5	8.7
Packet communications revenues	1,968.8	1,949.5	(19.3)	(1.0)
Optical-fiber broadband service and other telecommunications services revenues	141.1	236.7	95.6	67.7
Equipment sales	719.2	755.1	36.0	5.0
Other operating revenues	880.3	876.4	(3.9)	(0.4)
Total operating revenues	¥ 4,584.6	¥ 4,769.4	¥ 184.9	4.0 %

Note:

Voice revenues include data communications revenues through circuit switching systems.

<Operating expenses>

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Personnel expenses	¥ 291.8	¥ 289.1	¥ (2.6)	(0.9)%
Non-personnel expenses	2,432.1	2,512.1	80.0	3.3
Depreciation and amortization	452.3	485.5	33.2	7.3
Impairment losses	12.2	12.1	(0.1)	(1.0)
Loss on disposal of property, plant and equipment and intangible assets	79.6	66.8	(12.8)	(16.1)
Communication network charges	329.4	389.6	60.2	18.3
Taxes and public dues	42.4	40.9	(1.5)	(3.6)
Total operating expenses	¥ 3,639.8	¥ 3,796.1	¥ 156.3	4.3%

**ii. Segment Results**
**Telecommunications Business—**

&lt;Results of operations&gt;

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Operating revenues from telecommunications business	¥ 3,711.2	¥ 3,898.4	¥ 187.2	5.0 %
Operating income (loss) from telecommunications business	832.8	832.8	(0.0)	(0.0)

Operating revenues from telecommunications business for the fiscal year ended March 31, 2018 were ¥3,898.4 billion, an increase of ¥187.2 billion, or 5.0% from the previous fiscal year. This was mainly due to the increase in optical-fiber broadband service revenues as a result of the growth in the number of “docomo Hikari” users, the recovery of mobile telecommunications services revenues as a result of a decrease in the negative impact of the “Monthly Support” discount program, as well as the increase in equipment sales due to an increase in the number of smartphone handsets sold, despite the negative impact from our various billing initiatives implemented for the purpose of enhancing returns to our customers, due mainly to our provision of lower cost services.

Operating expenses from the telecommunications business increased by ¥187.3 billion or 6.5% from the previous fiscal year to ¥3,065.6 billion, owing primarily to an increase in expenses associated with the expansion of “docomo Hikari” revenues, an increase in equipment cost due to an increase in number of smartphone handsets sold, an increase in expenses associated with point programs as a result of an increase in our provision of “d POINTs,” as well as an increase in depreciation expenses.

Consequently, operating income from telecommunications business was ¥832.8 billion, the same amount as the same period of the previous fiscal year.

## &lt;&lt;Key Topics&gt;&gt;

## ● Enhanced Customer Returns

We continued working to strengthen returns to our customers and encourage use of smartphones, mainly by leveraging our “Kake-hodai & Pake-aeru” billing scheme in an effort to address their diverse needs.

In May 2017, we launched the “Simple Plan,” a billing plan for customers with limited voice calling outside their family members, and “Ultra Share Pack 30,” which is designed for customers with high data usage.

In June 2017, we introduced “docomo with,” a billing plan targeting customers who use a single handset for an extended period of time, and in December 2017, the number of subscriptions topped 1 million.

Furthermore, in March 2018, we launched the “Packet Pack Kaigai Option,” a service that enables subscribers to use data from their current data subscriptions overseas.

As a result of these undertakings, the total number of subscriptions for the “Kake-hodai & Pake-aeru” billing scheme as of March 31, 2018 reached 41.96 million, recording an increase of 4.9 million from March 31, 2017. In addition, the number of smartphone and tablet users as of March 31, 2018 was 38.30 million.

## ● Strengthened Customer Touchpoints

In an effort to enhance our support system for resolving customer problems, in September 2017, we introduced AI-based support for answering customer inquiries in the form of an automated voice response system of the docomo Information Center to shorten waiting times for customers who contact us. Additionally, in October 2017, we commenced a customer support service via live chat for docomo Online Application so that the troubled customers can utilize the system and the operator can address problems on the spot.

Furthermore, starting in January 2018, we enhanced the “docomo Smartphone classes” organized by docomo shops to dispel customers’ anxieties about smartphones and allow them to make full use of the devices. In addition to updating the curriculum, we increased the number of classes to make it easier for customers to participate.

- Actions to Expand Adoption of “docomo Hikari”

For customers who want to use data both at home and outside without worrying about data volume, in February 2018, we revised the “docomo Hikari bundle discount” that applies when smartphones and “docomo Hikari” are used as a set, and increased the amounts of the “docomo Hikari bundle discount” for the “Ultra Pack” options by a maximum of 500 yen per month.

In addition, we expanded the number of eligible partners under the “docomo Hikari Type C” rate plan, which allows subscribers to use the optical-fiber broadband and Internet access services offered by our partner cable TV operators as a set, to nine companies nationwide.

As a result of these initiatives and the various promotional campaigns we conducted, the total number of “docomo Hikari” subscriptions grew to 4.76 million as of March 31, 2018, posting a net increase of 1.36 million over the previous fiscal year.

- Actions for Reinforcement of Communication Network

In an effort to reinforce our networks, we expanded the coverage of our “PREMIUM 4G” service to 1,637 cities across Japan as of March 31, 2018. In addition, in September 2017, we commenced a communication service that offers Japan’s fastest maximum downlink speed of 788Mbps by further evolving transmission techniques. In October 2017, we launched a new carrier aggregation\*<sup>1</sup> using “4CA” that aggregates four carrier frequencies.

Through these measures, we have successfully created a high-speed communication environment that provides customers with comfortable network experience.

We conducted surveys of effective data speeds adhering to the “Guidelines for the Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers and Information Providing Method, etc. for Users” defined by the Ministry of Internal Affairs and Communications. The results indicated that we achieved improvements in our download over the previous year. Our download speed\*<sup>2</sup> was 182Mbps (up 64Mbps from the previous year) and our upload speed was 23Mbps (same as the previous year).

\*1 A technology that enhances the communication speed by aggregating multiple carrier frequencies

\*2 Median value (Android + iOS)

Number of subscriptions by services and other operating data are as follows:

<Number of subscriptions by services>

	Thousand subscriptions		Increase	
	March 31, 2017	March 31, 2018	(Decrease)	
Mobile telecommunication services	74,880	76,370	1,491	2.0%
Including: "Kake-hodai & Pake-aeru" billing plan	37,066	41,964	4,899	13.2
Mobile telecommunication services (LTE(Xi))	44,544	50,097	5,553	12.5
Mobile telecommunication services (FOMA)	30,336	26,273	(4,062)	(13.4)
"docomo Hikari" optical broadband service	3,404	4,762	1,358	39.9%

Notes:

Number of subscriptions to Mobile telecommunications services, Mobile telecommunications services (LTE(Xi)) and Mobile telecommunications services (FOMA) includes Communication Module services subscriptions.

< Number of units sold\*1>

	Thousand units		Increase	
	Year ended March 31, 2017	Year ended March 31, 2018	(Decrease)	
Number of handsets sold	27,482	25,460	(2,022)	(7.4)%
Mobile telecommunication services (LTE(Xi))				
New LTE(Xi) subscription*2	9,796	10,039	243	2.5
Change of subscription from FOMA	2,963	3,207	244	8.3
LTE(Xi) handset upgrade by LTE(Xi) subscribers	9,305	10,201	896	9.6
Mobile telecommunication services (FOMA)				
New FOMA subscription*2	3,162	1,190	(1,971)	(62.4)
Change of subscription from Xi	63	28	(35)	(55.9)
FOMA handset upgrade by FOMA subscribers	2,194	795	(1,399)	(63.8)
Churn rate*3	0.59%	0.65%	0.05 point	-
Handset churn rate*4	0.47%	0.51%	0.04 point	-

\*1 "Number of handsets sold" has been renamed to "Number of units sold" from the three months ended September 30, 2017.

\*2 New subscriptions include mobile line subscriptions of MVNOs and Communication Module subscriptions.

\*3 "Churn rate" is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.

\*4 Churn rate in Basic Plans (excluding Data Plans and Device Plus 500), Xi/FOMA Billing Plans and Type Limit Value / Type Limit for smartphones and feature phones etc.

## &lt;Trend of ARPU and MOU\*&gt;

	Yen			
	Year ended March 31, 2017	Year ended March 31, 2018		
Aggregate ARPU*	¥ 4,430	¥ <b>4,680</b>	¥ 250	5.6%
Voice ARPU	1,250	<b>1,370</b>	120	9.6
Data ARPU	3,180	<b>3,310</b>	130	4.1
Packet ARPU	2,990	<b>2,970</b>	(20)	(0.7)
“docomo Hikari” ARPU	190	<b>340</b>	150	78.9
MOU* (minutes)	137	<b>136</b>	(1)	(0.7)%

## Notes:

1. Definition of ARPU and MOU
  - a. ARPU (Average monthly Revenue Per Unit):  
Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users to our wireless services in the relevant periods, as shown below under “ARPU Calculation Method.” We believe that our ARPU figures provide useful information to analyze the average usage per user and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations.
  - b. MOU (Minutes of Use):  
Average monthly communication time per user
2. ARPU Calculation Methods  
Aggregate ARPU= Voice ARPU + Packet ARPU + “docomo Hikari” ARPU  
Data ARPU= Packet ARPU + “docomo Hikari” ARPU  
- Voice ARPU : Voice ARPU Related Revenues (basic monthly charges, voice communication charges)  
/ Number of active users  
- Packet ARPU : Packet ARPU Related Revenues (basic monthly charges, packet communication charges)  
/ Number of active users  
- “docomo Hikari” ARPU : “docomo Hikari” ARPU Related Revenues (basic monthly charges, voice communication charges)  
/ Number of active users
3. Active Users Calculation Method  
Sum of number of active users for each month ((number of users at the end of previous month + number of users at the end of current month) / 2) during the relevant period
4. The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:
  - a. Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunication services and interconnecting telecommunications facilities that are provided to 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

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 MVNOs are not included in the ARPU calculation.

**Smart life business—**

&lt;Results of operations&gt;

	Billions of yen		
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Operating revenues from smart life business	¥ 501.9	¥ 466.7	¥ (35.2) (7.0)%
Operating income (loss) from smart life business	57.9	62.9	5.0 8.6

Operating revenues from smart life business for the fiscal year ended March 31, 2018 were ¥466.7 billion, a decrease of ¥35.2 billion, or 7.0%, from the previous fiscal year. This was mainly due to a decrease in revenues from a subsidiary which began recording revenues on a net basis as a result of a change in its business model effective from April 1, 2017. This decrease in revenues was greater than increases in revenues from our finance/payment services and other services.

Operating expenses from smart life business were ¥403.8 billion, a decrease of ¥40.2 billion, or 9.0%, from the previous fiscal year, due mainly to a decrease in expenses attributable to a subsidiary as a result of the change in its business model as described above, as well as a decrease in expenses due to our increased efficiency in sales. This decrease in expenses was greater than an increase in expenses associated with various initiatives that we undertook towards future growth.

Consequently, operating income from smart life business was ¥62.9 billion, an increase of ¥5.0 billion, or 8.6%, from the previous fiscal year.

## &lt;&lt;Key Topics&gt;&gt;

## ● Improved Convenience of “d POINTs”

For the Smart life business segment, we improved the convenience of “d POINTs” by expanding the brands and websites where “d POINTs” can be earned and used.

In August 2017, we reached an agreement regarding a business alliance with Matsumotokiyoshi Holdings Co., Ltd. to jointly provide new services, with a view to improving convenience and services for customers of Matsumotokiyoshi Holdings Co., Ltd. and “d POINT Club.” As one of the measures based on the business alliance, “d Payment” became available at the Matsumoto Kiyoshi online store in February 2018. In June 2017, we also enabled the use of “d POINTs” at participating stores in Guam, as one of our efforts under the “docomo Smart Island Project.”

As a result of these efforts, as of March 31, 2018, the total number of “d POINT Club” members reached 65.60 million, the total number of “d POINT Card” registrants\*1 reached 22.32 million, and the total number of partners participating in the “d POINTs” program was 217.

## ● Initiatives to Expand Services Toward Realization of Smart Life

We worked to expand “dmarket” services to allow a wide range of customers to enjoy these services.

In August 2017, we started offering “d enjoypass,” which enables customers to receive special discounts on various services in categories including leisure, hot springs, beauty, lifestyle, accommodations, and gourmet. In September 2017, we introduced “d job,” which allows users to retrieve a range of job information via smartphone or other device. In November 2017, we launched “d car share,” through which customers can use a single “d account” to choose among various car-sharing businesses, rent-a-car businesses and privately owned cars, according to their purpose, location or date of use. In addition, in January 2018, we began providing “dTV channel,” a video service that offers easy, unlimited access to 31 specialty channels including movies, drama, animation, and hobbies on a smartphone or other devices. At the same time, we commenced sales of “docomo TV terminal,” a set-top box with which customers can view all our video services on a home television.

Furthermore, the number of subscriptions for the “DAZN for docomo” sports live streaming service topped 1 million in March 2018. In addition to various contents for “DAZN for docomo,” we set up “DAZN for docomo

SPORTS LOUNGE” for a limited of time, where visitors were able to experience our vision of sports entertainment of the future.

Additionally, we have changed the name of “Osusume Pack,” which enables subscribers to use our three services “Sugotoku-Contents,” “i-concier” and “Cloud Storage Option Plus 50GB” at discounted prices, to “Ichioshi Pack” from February 2018, and added benefits and expanded the service menu.

- Actions for Proliferation of “d CARD”

The total number of “d CARD GOLD” subscribers topped 3 million in September 2017, mainly due to a campaign for acquiring new subscribers in our credit card service “d CARD.”

The total number of “d CARD” subscribers\*<sup>2</sup> as of March 31, 2018 grew to 18.93 million, an increase of 1.26 million from March 31, 2017.

In addition, the total amount of transactions through our finance/payment services reached ¥3,171.9 billion for the fiscal year ended March 31, 2018, an increase of ¥564.5 billion from the previous fiscal year.

\*1 The number of users who can earn and use “d POINTs” at participating stores by registering their personal information

\*2 The combined members of “d CARD” and “d CARD mini”

**Other businesses—**

&lt;Results of operations&gt;

	Billions of yen					
	Year ended March 31, 2017		Year ended March 31, 2018		Increase (Decrease)	
Operating revenues from other businesses	¥	400.4	¥	436.5	¥	36.1 9.0%
Operating income (loss) from other businesses		54.0		77.6		23.6 43.6

Operating revenues from other businesses for the fiscal year ended March 31, 2018 amounted to ¥436.5 billion, an increase of ¥36.1 billion, or 9.0%, from the previous fiscal year, driven mainly by an increase in the number of subscriptions for our “Mobile Device Protection Service” and the growth of revenues relating to IoT businesses.

Operating expenses from other businesses were ¥358.9 billion, an increase of ¥12.5 billion, or 3.6%, from the previous fiscal year, as a result of rises in expenses associated with IoT businesses, despite a decrease in expenses as a result of pursuing further cost efficiency.

Consequently, operating income from other businesses was ¥77.6 billion, an increase of ¥23.6 billion, or 43.6%, from the previous fiscal year.

## &lt;&lt;Key Topics&gt;&gt;

## ● Expansion of IoT initiatives

In an effort to expand IoT, in October 2017, we began offering new billing schemes “IoT Plan” and “IoT Plan HS” to meet the various needs and usage patterns of customers. In addition, we began working to provide an IoT platform to increase the efficiency of work at construction sites through LANDLOG Ltd., which we established jointly with Komatsu Ltd. and others. We also introduced “LoRaWAN\*1,” an IoT network service using LPWA (Low Power Wide Area) telecommunications technology that enables long-range communications with multiple connections and low power consumption.

## ● Initiatives Using AI

We are actively pursuing practical applications of AI-based services. In April 2017, together with ZENRIN Co., Ltd. and our affiliated company ZENRIN DataCom Co., Ltd., we began offering a voice agent service for automobiles, “AI infotainment,” that takes advantage of various AI techniques such as “natural dialogue\*2,” “behavior prediction\*2” and “advanced information search\*2.” In February 2018, we launched “AI Taxi,” a service that forecasts future demand for taxi rides through the technology to forecast real-time travel demand\*2 using AI and mobile spatial statistics\*3.

## ● Program for Supporting Business Startups

We made investments in startup companies that have various technologies and expertise in areas including drones, security, home delivery and storage services, and e-book platform development, with the aim of supporting and strengthening collaboration with startups that possess innovative technologies and groundbreaking business models in a range of fields. For example, in November 2017, we invested in PRENAV, INC. (hereinafter, “PRENAV”), a U.S.-based developer of commercial-use drones for infrastructure inspection, and are using PRENAV’s drone solutions to inspect our wireless base stations and other facilities.

Furthermore, in October 2017, we established the DOCOMO Innovation Fund II, L.P. with NTT FINANCE CORPORATION, in order to strengthen support for and collaboration with startup companies with the aim of realizing our Medium-Term Strategy 2020 “Declaration beyond.”

## ● “Top Gun” initiatives

Through cooperation between the R&D Group and Corporate Sales and Marketing Group, we are implementing “Top Gun” initiatives to realize prompt sales activities, business verification and service creation.

As an example of the results, in October 2017, we started the provision of “Location Net” that enables users to monitor children and elderly people or to track the location of business equipment, by attaching a dedicated tag using short-range wireless technology (BLE) to persons and objects.

\*1 A wide-area network using “LoRa,” an LPWA standard

\*2 A constituent technology of “corevo,” NTT Group’s AI technologies, or systems that use this technology

\*3 Population statistics using information that indicates the sizes of groups of people by area or by attribute, without including any information that could identify specific customers

**iii. Trend of Capital Expenditures**

&lt;Capital expenditures&gt;

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Total capital expenditures	¥ 597.1	¥ 576.4	¥ (20.7)	(3.5)%
Telecommunications business	576.2	546.0	(30.2)	(5.2)
Smart life business	14.4	16.6	2.2	15.5
Other businesses	6.5	13.8	7.3	111.3

The principal capital expenditures made during the fiscal year ended March 31, 2018 are summarized below.

- Expansion of Telecommunications Facilities

As a result of our aggressive roll-out of “PREMIUM 4G” service in the high-traffic areas in urban centers to construct a network that can offer “greater comfort of access” to our customers, the total number of “PREMIUM 4G”-compatible base stations increased from previously 69,700 stations as of March 31, 2017 to 108,300 stations as of March 31, 2018.

In addition, in pursuit of further coverage improvement of our LTE service, we increased the total number of LTE base stations from 161,900 as of March 31, 2017 to 185,000 as of March 31, 2018.

- Measures for More Efficient Use of Capital Expenditures

Toward the goal of further strengthening our managerial structure, we continued to pursue more efficient use of capital expenditures through reduction of equipment procurement and other costs, and further improvement of the efficiency of telecommunications facilities construction. We also aggressively promoted the integration and/or capacity expansion of our facilities with the introduction of high-performance equipment for the purpose of reducing our future network operation costs.

As a result of the above measures, the total capital expenditures for the fiscal year ended March 31, 2018 decreased by 3.5% from the previous fiscal year to ¥576.4 billion.

**iv Prospects for the Fiscal Year Ending March 31, 2019**

The environment surrounding our business has changed significantly.

In Japanese telecommunications market, competition has intensified due to the government's pro-competition policy, the rise of low-cost smartphones offered by Mobile Virtual Network Operators (MVNOs) and other factors. In addition, we have seen technical advancements in areas such as artificial intelligence (AI), IoT and drones, as well as an expansion of customer touchpoints by various service providers leveraging loyalty point programs and other means. These changes have accelerated competition that transcends the boundaries of the telecommunications business.

We position the fiscal year ending March 31, 2019 as the year to "innovate and take action." We initiate a transformation to a business foundation centered on our membership base, as well as delivering our "Medium-Term Strategy 2020: Declaration beyond" in a stream. Through these endeavors, we expect forecasts for the fiscal year ending March 31, 2019 below.

Operating revenues for the fiscal year ending March 31, 2019 are estimated to be ¥4,790.0 billion, driven by the projected expansion of "docomo Hikari" users, the growth of smart life business and other businesses, and other factors.

Operating expenses are expected to be ¥3,800.0 billion, mainly due to an increase in expenses associated with the growth of revenues from "docomo Hikari."

Accordingly, operating income for the fiscal year ending March 31, 2019 is estimated to be ¥990.0 billion.

These forecasts estimated based on IFRS, not U.S. GAAP.

	Billions of yen
	<b>Year ending March 31, 2019 (Forecasts)</b>
Operating revenues	¥ 4,790.0
Operating income	990.0
Income before income taxes and equity in net income (losses) of affiliates	995.0
Net income attributable to NTT DOCOMO, INC.	695.0
Capital expenditures	570.0
Adjusted free cash flows excluding changes in investments for cash management purposes*	630.0
EBITDA*	1,530.0
EBITDA margin*	31.9%

\* EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definition of adjusted free cash flows excluding changes in investments for cash management purposes, EBITDA, EBITDA margin, and ROE, see "4. Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures" on page 25.

**Notes:**

Japanese telecommunications sector is characterized by rapid changes in the market environment due to technical innovations, market entry by new competitors and other factors. To respond to such changes, our corporate group may introduce new billing plans or other measures that could potentially have a significant impact on our revenues and income. The timing of introduction of such measures will be decided after comprehensively taking into consideration our operational circumstances and the actions of our competitors, and therefore, is not necessarily decided beforehand. Such measures, depending on the timing of implementation, may significantly affect our results forecasts to be made at the time of our first-half results announcement. Providing such prospects on a half-year basis, therefore, may not be adequate or useful as information to be disclosed to investors. Accordingly, we will provide prospects for the full year only, and report progress vis-à-vis the projected full-year forecasts by disclosing actual results on a quarterly basis.

**(2) Financial Review**
**i. Financial Position**

	Billions of yen			
	March 31, 2017	March 31, 2018	Increase (Decrease)	
Total assets	¥ 7,453.1	¥ 7,748.3	¥ 295.2	4.0 %
Total NTT DOCOMO, INC. shareholders' equity	5,530.6	5,680.4	149.8	2.7
Total liabilities	1,869.0	2,012.7	143.7	7.7
Including: Interest bearing liabilities	221.9	161.6	(60.2)	(27.2)

**ii. Cash Flow Conditions**

	Billions of yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	
Net cash provided by operating activities	¥ 1,312.4	¥ 1,511.5	¥ 199.1	15.2 %
Net cash used in investing activities	(943.1)	(718.4)	224.7	23.8
Net cash provided by (used in) financing activities	(433.1)	(690.4)	(257.3)	(59.4)
Free cash flows (1)	369.3	793.2	423.8	114.8
Free cash flows excluding changes in investments for cash management purposes (2)*	664.5	862.5	198.0	29.8

Notes:

(1) Free cash flows = Net cash provided by operating activities + Net cash used in investing activities

(2) Changes in investments for cash management purposes = Changes by purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months

\* See "4.Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures" on page 25.

For the fiscal year ended March 31, 2018, net cash provided by operating activities was ¥1,511.5 billion, an increase of ¥199.1 billion, or 15.2%, from the previous fiscal year. This was due mainly to the receipt of the arbitration award from Tata Sons Limited.

Net cash used in investing activities was ¥718.4 billion, a decrease of ¥224.7 billion, or 23.8%, from the previous fiscal year. This was mainly because an increase in cash inflows for proceeds from redemption of short-term bailment for consumption to a related party is greater than an increase in cash outflows for short-term bailment for consumption to a related party.

Net cash used in financing activities was ¥690.4 billion, an increase of ¥257.3 billion, or 59.4%, from the previous fiscal year. This was due mainly to an increase in cash outflows for payments to acquire treasury stock as well as increase in cash outflow for dividends paid.

As a result of the foregoing, the balance of cash and cash equivalents was ¥392.7 billion as of March 31, 2018, an increase of ¥103.1 billion, or 35.6%, from the previous fiscal year end.

**iii. Cash Flow and Other Indicators**

	Billions of yen				
	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Shareholders' equity ratio (1)	75.2%	75.3%	73.5%	74.2%	<b>73.3%</b>
Market equity ratio (2)*	89.9%	113.3%	133.1%	128.9%	<b>126.0%</b>
Debt to Equity ratio (3) (multiple)	0.041	0.041	0.042	0.040	<b>0.028</b>
Liabilities to cash flow ratio (4)	23.0%	23.1%	18.4%	16.9%	<b>10.7%</b>
Interest coverage ratio (5)	634.1	1,099.3	3,022.8	28,530.8	<b>20,993.6</b>

**Notes:**

(1) Shareholders' equity ratio = NTT DOCOMO, INC. shareholders' equity / Total assets

(2) Market equity ratio = Market value of total share capital\*\* / Total assets

(3) Debt to Equity ratio = Interest bearing liabilities / NTT DOCOMO, INC. shareholders' equity

(4) Liabilities to cash flow ratio = Interest bearing liabilities / Net cash provided by operating activities

(5) Interest coverage ratio = Net cash provided by operating activities (excluding irregular factors and effect of transfer of receivables) / Interest paid\*\*\*

\* See "4.Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures" on page 25.

\*\* Market value of total share capital = Closing share price multiplied by the number of outstanding shares (excluding treasury stock) as of the end of the fiscal period

\*\*\* Interest paid is disclosed on "Supplemental disclosures of cash flow information" in "3. (4) Consolidated Statements of Cash Flows" on page 21.

## 2. Basic Approach to the Selection of Accounting Standards

With the goal of improving the international comparability of its financial information in the capital markets, among other reasons, we decided to adopt IFRS in place of U.S. GAAP, beginning 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)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 289,610	¥ 392,749	¥ 103,139
Short-term investments	301,070	370,627	69,557
Accounts receivable	239,137	243,684	4,547
Receivables held for sale	936,748	901,483	(35,265)
Credit card receivables	347,557	432,082	84,525
Other receivables	398,842	408,400	9,558
Allowance for doubtful accounts	(19,517)	(24,899)	(5,382)
Inventories	153,388	187,402	34,014
Deferred tax assets	81,025	-	(81,025)
Prepaid expenses and other current assets	108,412	125,618	17,206
<b>Total current assets</b>	<b>2,836,272</b>	<b>3,037,146</b>	<b>200,874</b>
<b>Property, plant and equipment:</b>			
Wireless telecommunications equipment	5,084,923	5,133,128	48,205
Buildings and structures	906,177	917,216	11,039
Tools, furniture and fixtures	441,513	448,760	7,247
Land	198,980	199,202	222
Construction in progress	204,413	202,963	(1,450)
Accumulated depreciation and amortization	(4,295,111)	(4,305,239)	(10,128)
<b>Total property, plant and equipment, net</b>	<b>2,540,895</b>	<b>2,596,030</b>	<b>55,135</b>
<b>Non-current investments and other assets:</b>			
Investments in affiliates	373,758	384,890	11,132
Marketable securities and other investments	198,650	199,478	828
Intangible assets, net	608,776	599,147	(9,629)
Goodwill	230,971	224,264	(6,707)
Other assets	434,312	478,503	44,191
Deferred tax assets	229,440	228,832	(608)
<b>Total non-current investments and other assets</b>	<b>2,075,907</b>	<b>2,115,114</b>	<b>39,207</b>
<b>Total assets</b>	<b>¥ 7,453,074</b>	<b>¥ 7,748,290</b>	<b>¥ 295,216</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	¥ 60,217	¥ 110,000	¥ 49,783
Short-term borrowings	1,623	1,632	9
Accounts payable, trade	853,538	888,722	35,184
Accrued payroll	59,187	60,574	1,387
Accrued income taxes	105,997	155,037	49,040
Other current liabilities	194,494	278,193	83,699
<b>Total current liabilities</b>	<b>1,275,056</b>	<b>1,494,158</b>	<b>219,102</b>
<b>Long-term liabilities:</b>			
Long-term debt (exclusive of current portion)	160,040	50,000	(110,040)
Accrued liabilities for point programs	94,639	99,305	4,666
Liability for employees' retirement benefits	193,985	202,663	8,678
Other long-term liabilities	145,266	166,584	21,318
<b>Total long-term liabilities</b>	<b>593,930</b>	<b>518,552</b>	<b>(75,378)</b>
<b>Total liabilities</b>	<b>1,868,986</b>	<b>2,012,710</b>	<b>143,724</b>
<b>Redeemable noncontrolling interest</b>	<b>22,942</b>	<b>23,436</b>	<b>494</b>
<b>Equity:</b>			
NTT DOCOMO, INC. shareholders' equity			
Common stock	949,680	949,680	-
Additional paid-in capital	326,621	326,356	(265)
Retained earnings	4,656,139	4,789,229	133,090
Accumulated other comprehensive income (loss)	24,631	63,547	38,916
Treasury stock	(426,442)	(448,403)	(21,961)
<b>Total NTT DOCOMO, INC. shareholders' equity</b>	<b>5,530,629</b>	<b>5,680,409</b>	<b>149,780</b>
Noncontrolling interests	30,517	31,735	1,218
<b>Total equity</b>	<b>5,561,146</b>	<b>5,712,144</b>	<b>150,998</b>
<b>Total liabilities and equity</b>	<b>¥ 7,453,074</b>	<b>¥ 7,748,290</b>	<b>¥ 295,216</b>

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

	Millions of yen		
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
<b>Operating revenues:</b>			
Telecommunications services	¥ 2,985,094	¥ 3,137,870	¥ 152,776
Equipment sales	719,161	755,138	35,977
Other operating revenues	880,297	876,401	(3,896)
<b>Total operating revenues</b>	<b>4,584,552</b>	<b>4,769,409</b>	<b>184,857</b>
<b>Operating expenses:</b>			
Cost of services (exclusive of items shown separately below)	1,335,457	1,348,100	12,643
Cost of equipment sold (exclusive of items shown separately below)	792,145	833,714	41,569
Depreciation and amortization	452,341	485,502	33,161
Impairment loss	12,205	12,088	(117)
Selling, general and administrative	1,047,666	1,116,741	69,075
<b>Total operating expenses</b>	<b>3,639,814</b>	<b>3,796,145</b>	<b>156,331</b>
<b>Operating income</b>	<b>944,738</b>	<b>973,264</b>	<b>28,526</b>
<b>Other income (expense):</b>			
Interest expense	(277)	(63)	214
Interest income	608	499	(109)
Income from arbitration award	-	147,646	147,646
Other, net	4,494	(24,721)	(29,215)
<b>Total other income (expense)</b>	<b>4,825</b>	<b>123,361</b>	<b>118,536</b>
<b>Income before income taxes and equity in net income (losses) of affiliates</b>	<b>949,563</b>	<b>1,096,625</b>	<b>147,062</b>
<b>Income taxes:</b>			
Current	238,172	282,055	43,883
Deferred	49,507	55,720	6,213
<b>Total income taxes</b>	<b>287,679</b>	<b>337,775</b>	<b>50,096</b>
<b>Income before equity in net income (losses) of affiliates</b>	<b>661,884</b>	<b>758,850</b>	<b>96,966</b>
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(11,273)	(12,229)	(956)
<b>Net income</b>	<b>650,611</b>	<b>746,621</b>	<b>96,010</b>
Less: Net (income) loss attributable to noncontrolling interests	1,927	(2,079)	(4,006)
<b>Net income attributable to NTT DOCOMO, INC.</b>	<b>¥ 652,538</b>	<b>¥ 744,542</b>	<b>¥ 92,004</b>
<b>Per share data</b>			
Weighted average common shares outstanding – Basic and Diluted	3,726,266,553	3,690,843,188	(35,423,365)
Basic and Diluted earnings per share attributable to NTT DOCOMO, INC.	¥ 175.12	¥ 201.73	¥ 26.61

**Consolidated Statements of Comprehensive Income**

	Millions of yen		
	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
<b>Net income</b>	¥ 650,611	¥ 746,621	¥ 96,010
<b>Other comprehensive income (loss):</b>			
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	11,739	11,319	(420)
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	85	(36)	(121)
Foreign currency translation adjustment, net of applicable taxes	(12,975)	25,455	38,430
Pension liability adjustment, net of applicable taxes	10,709	2,309	(8,400)
<b>Total other comprehensive income (loss)</b>	<b>9,558</b>	<b>39,047</b>	<b>29,489</b>
<b>Comprehensive income</b>	<b>660,169</b>	<b>785,668</b>	<b>125,499</b>
Less: Comprehensive (income) loss attributable to noncontrolling interests	2,112	(2,210)	(4,322)
<b>Comprehensive income attributable to NTT DOCOMO, INC.</b>	<b>¥ 662,281</b>	<b>¥ 783,458</b>	<b>¥ 121,177</b>

**(3) Consolidated Statements of Changes in Equity**

	Millions of yen							
	NTT DOCOMO, INC. shareholders' equity					Total NTT DOCOMO, INC. shareholders' equity	Noncontrolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			
Balance as of March 31, 2016	¥ 949,680	¥ 330,482	¥ 4,413,030	¥ 14,888	¥ (405,832)	¥ 5,302,248	¥ 40,857	¥ 5,343,105
Purchase of treasury stock					(149,607)	(149,607)		(149,607)
Retirement of treasury stock			(128,997)		128,997	-		-
Cash dividends declared to NTT DOCOMO, INC. shareholders			(280,432)			(280,432)		(280,432)
Cash distributions to noncontrolling interests						-	(3,500)	(3,500)
Acquisition of new subsidiaries						-	49	49
Changes in interest in subsidiaries		(3,861)				(3,861)	(4,095)	(7,956)
Net income			652,538			652,538	(2,610)	649,928
Other comprehensive income (loss)				9,743		9,743	(184)	9,559
Balance as of March 31, 2017	¥ 949,680	¥ 326,621	¥ 4,656,139	¥ 24,631	¥ (426,442)	¥ 5,530,629	¥ 30,517	¥ 5,561,146
Purchase of treasury stock					(300,000)	(300,000)		(300,000)
Retirement of treasury stock			(278,039)		278,039	-		-
Cash dividends declared to NTT DOCOMO, INC. shareholders			(333,413)			(333,413)		(333,413)
Cash distributions to noncontrolling interests						-	(119)	(119)
Acquisition of new subsidiaries						-	2	2
Changes in interest in subsidiaries		(265)				(265)	(15)	(280)
Net income			744,542			744,542	1,219	745,761
Other comprehensive income (loss)				38,916		38,916	131	39,047
Balance as of March 31, 2018	¥ 949,680	¥ 326,356	¥ 4,789,229	¥ 63,547	¥ (448,403)	¥ 5,680,409	¥ 31,735	¥ 5,712,144

\* Changes in the redeemable noncontrolling interest are not included in the table.

**(4) Consolidated Statements of Cash Flows**

	Millions of yen			
	Year ended March 31, 2017		Year ended March 31, 2018	
<b>Cash flows from operating activities:</b>				
Net income	¥	650,611	¥	746,621
Adjustments to reconcile net income to net cash provided by operating activities–				
Depreciation and amortization		452,341		485,502
Deferred taxes		49,507		55,720
Loss on sale or disposal of property, plant and equipment		54,160		39,085
Inventory write-downs		11,043		5,699
Impairment loss		12,205		12,088
Loss on transfer of investment in an affiliate		-		29,841
Impairment loss on marketable securities and other investments		2,305		3,385
Equity in net (income) losses of affiliates (including impairment charges of investments in affiliates)		11,273		12,229
Dividends from affiliates		10,401		10,943
Changes in assets and liabilities:				
(Increase) / decrease in accounts receivable		(2,690)		(5,772)
(Increase) / decrease in receivables held for sale		36,103		35,265
(Increase) / decrease in credit card receivables		(34,410)		(36,024)
(Increase) / decrease in other receivables		(17,735)		(9,588)
Increase / (decrease) in allowance for doubtful accounts		7,240		5,241
(Increase) / decrease in inventories		(10,565)		(40,005)
(Increase) / decrease in prepaid expenses and other current assets		(767)		(12,800)
(Increase) / decrease in non-current receivables held for sale		57,626		(21,582)
Increase / (decrease) in accounts payable, trade		58,680		16,280
Increase / (decrease) in accrued income taxes		(59,290)		49,042
Increase / (decrease) in other current liabilities		(11,925)		76,445
Increase / (decrease) in accrued liabilities for point programs		19,457		4,666
Increase / (decrease) in liability for employees' retirement benefits		(7,608)		9,039
Increase / (decrease) in other long-term liabilities		9,804		22,623
Other, net		14,652		17,597
Net cash provided by operating activities		1,312,418		1,511,540
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment		(450,826)		(421,250)
Purchases of intangible and other assets		(192,625)		(201,998)
Purchases of non-current investments		(2,155)		(14,533)
Proceeds from sale of non-current investments		6,452		1,591
Purchases of short-term investments		(156,779)		(161,459)
Redemption of short-term investments		121,572		202,124
Short-term bailment for consumption to a related party		(380,000)		(730,000)
Proceeds from redemption of short-term bailment for consumption to a related party		120,000		620,000
Other, net		(8,733)		(12,847)
Net cash used in investing activities		(943,094)		(718,372)
<b>Cash flows from financing activities:</b>				
Repayment of long-term debt		(200)		(60,257)
Proceeds from short-term borrowings		25,094		21,254
Repayment of short-term borrowings		(25,214)		(21,254)
Principal payments under capital lease obligations		(1,167)		(1,152)
Payments to acquire treasury stock		(149,607)		(300,000)
Dividends paid		(280,527)		(333,506)
Cash distributions to noncontrolling interests		(3,500)		(119)
Other, net		2,024		4,628
Net cash provided by (used in) financing activities		(433,097)		(690,406)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(1,054)		377
<b>Net increase (decrease) in cash and cash equivalents</b>		(64,827)		103,139
<b>Cash and cash equivalents at beginning of year</b>		354,437		289,610
<b>Cash and cash equivalents at end of year</b>	¥	289,610	¥	392,749
<b>Supplemental disclosures of cash flow information:</b>				
<b>Cash received during the fiscal year for:</b>				
Income tax refunds	¥	758	¥	222
<b>Cash paid during the fiscal year for:</b>				
Interest, net of amount capitalized		46		72
Income taxes		297,765		232,997
<b>Non-cash investing and financing activities:</b>				
Assets acquired through capital lease obligations		1,138		961
Assets of wireless telecommunications equipment acquired through exchanges of similar equipment		6,581		-
Retirement of treasury stock		128,997		278,039

**(5) Notes to Consolidated Financial Statements**
**i. Note to Going Concern Assumption**

There is no corresponding item.

**ii. Change in Accounting Policies**

Balance sheet classification of deferred taxes

On November 20, 2015, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2015-17 “Balance Sheet Classification of Deferred Taxes.” Effective April 1, 2017, DOCOMO adopted prospectively ASU 2015-17 “Balance Sheet Classification of Deferred Taxes.” This ASU requires that all deferred tax assets and liabilities be classified as noncurrent on the consolidated balance sheet.

**iii. Equity**

Share Repurchases and Share Retirements

On October 26, 2017, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 120 million outstanding shares of its common stock for an amount in total not exceeding ¥300,000 million during the period from October 27, 2017 through March 31, 2018.

On December 11, 2017, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 93,248,787 outstanding shares of its common stock by way of tender offer at an amount in total not exceeding ¥250,000 million from December 12, 2017 through January 15, 2018 and repurchased 75,678,037 shares of its common stock at ¥202,893 million. The aggregate number of shares acquired from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 74,599,000 shares and the amount in total was ¥200,000 million for the fiscal year ended March 31, 2018. In addition, NTT DOCOMO, INC. acquired 35,722,900 shares of its common stock at ¥97,107 million by way of repurchases on the market.

NTT DOCOMO, INC. also carried out compulsory acquisition of less-than-one-unit shares upon request.

Aggregate number and price of shares repurchased for the fiscal year ended March 31, 2018 were as follows:

<b>Year ended March 31,</b>	<b>Shares</b>	<b>Millions of yen</b>
<b>2018</b>	<b>111,401,020</b>	<b>300,000</b>

NTT DOCOMO, INC. retired its own shares held as treasury stock as shown in the following table for the fiscal year ended March 31 2018. The share retirement resulted in a decrease of “Retained earnings” by ¥278,039 million in the same amount as the aggregate purchase price. There were no changes in the number of authorized shares.

<b>Date of the resolution of the Board of Directors</b>	<b>Shares</b>	<b>Millions of yen</b>
<b>March 26, 2018 (written resolution in lieu of a Board of Directors meeting)</b>	<b>117,264,000</b>	<b>278,039</b>

**iv. Segment Information**

DOCOMO's chief operating decision maker ("CODM") is its Board of Directors. The CODM evaluates the performance and makes resource allocations of its segments based on the information provided by DOCOMO's internal management reports.

DOCOMO has three operating segments, which consist of telecommunications business, smart life business, and other businesses.

The telecommunications business includes mobile phone services (LTE(Xi) services and FOMA services), optical-fiber broadband service, satellite mobile communications services, international services and the equipment sales related to these services. The smart life business includes video and music distribution, electronic books and other services offered through DOCOMO's "dmarket" portal, as well as finance/payment services, shopping services and various other services to support our customers' daily lives. The other businesses primarily includes "Mobile Device Protection Service," as well as development, sales and maintenance of IT systems.

Accounting policies used to determine segment operating revenues and operating income (loss) are consistent with those used to prepare the consolidated financial statements in accordance with U.S. GAAP.

**Segment operating revenues:**

	<b>Millions of yen</b>	
	Year ended March 31, 2017	Year ended March 31, 2018
Telecommunications business-		
External customers .....	¥ 3,709,947	¥ 3,896,839
Intersegment .....	1,209	1,548
Subtotal .....	3,711,156	3,898,387
Smart life business-		
External customers .....	486,547	448,645
Intersegment .....	15,371	18,092
Subtotal .....	501,918	466,737
Other businesses-		
External customers .....	388,058	423,925
Intersegment .....	12,342	12,570
Subtotal .....	400,400	436,495
Segment total .....	4,613,474	4,801,619
Elimination .....	(28,922)	(32,210)
Consolidated .....	¥ 4,584,552	¥ 4,769,409

**Segment operating income (loss):**

	Millions of yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Telecommunications business .....	¥ 832,798	¥ 832,768
Smart life business.....	57,919	62,912
Other businesses .....	54,021	77,584
Consolidated .....	¥ 944,738	¥ 973,264

Segment operating income (loss) is segment operating revenues less segment operating expenses.

DOCOMO does not disclose geographical information since the amounts of operating revenues generated outside Japan are immaterial.

**4. Appendix**
**Reconciliations of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures**

The reconciliations for the year ending March 31, 2019 (Forecasts) are provided to the extent available without unreasonable efforts.

The figures for the year ending March 31, 2019 (Forecasts) are provided based on IFRS.

**i. EBITDA and EBITDA margin**

	Billions of yen		
	Year ending March 31, 2019 (Forecasts)	Year ended March 31, 2017	Year ended March 31, 2018
a. EBITDA	¥ 1,530.0	¥ 1,463.4	¥ 1,509.9
Depreciation and amortization	(468.0)	(452.3)	(485.5)
Loss on sale or disposal of property, plant and equipment	(72.0)	(54.2)	(39.1)
Impairment loss	-	(12.2)	(12.1)
Operating income	990.0	944.7	973.3
Other income (expense)	5.0	4.8	123.4
Income taxes	(313.0)	(287.7)	(337.8)
Equity in net income (losses) of affiliates	15.0	(11.3)	(12.2)
Less: Net (income) loss attributable to noncontrolling interests	(2.0)	1.9	(2.1)
b. Net income attributable to NTT DOCOMO, INC.	695.0	652.5	744.5
c. Operating revenues	4,790.0	4,584.6	4,769.4
EBITDA margin (=a/c)	31.9%	31.9%	31.7%
Net income margin (=b/c)	14.5%	14.2%	15.6%

Note: EBITDA and EBITDA margin for the year ended March 31, 2017 and 2018, as we use them, are different from EBITDA as used in Item 10(c) of regulation S-K and may not be comparable to similarly titled measures used by other companies.

**ii. ROE**

	Billions of yen		
	Year ending March 31, 2019 (Forecasts)	Year ended March 31, 2017	Year ended March 31, 2018
a. Net income attributable to NTT DOCOMO, INC.	-	¥ 652.5	¥ 744.5
b. Shareholders' equity	-	5,416.4	5,605.5
ROE (=a/b)	-	12.0%	13.3%

Note: Shareholders' equity = Two period ends average of NTT DOCOMO, INC. shareholders' equity  
ROE for the year ending March 31, 2019 is not forecasted due to difficulties in estimating the ROE based on IFRS.

**iii. Free cash flows excluding changes in investments for cash management purposes**

	Billions of yen		
	Year ending March 31, 2019 (Forecasts)	Year ended March 31, 2017	Year ended March 31, 2018
Net cash provided by operating activities	¥ 1,200.0	¥ 1,312.4	¥ 1,511.5
Net cash used in investing activities	(570.0)	(943.1)	(718.4)
Free cash flows	630.0	369.3	793.2
Changes in investments for cash management purposes	-	(295.2)	(69.3)
Free cash flows excluding changes in investments for cash management purposes	630.0	664.5	862.5

Notes: Changes in investments for cash management purposes were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

Net cash used in investing activities includes changes in investments for cash management purposes for the year ended March 31, 2017 and 2018.

The effect of changes in investments for cash management purposes is not taken into account when we forecasted net cash used in investing activities for the year ending March 31, 2019 due to the difficulties in forecasting such effect.

**iv. Market equity ratio**

	Billions of yen		
	Year ending March 31, 2019 (Forecasts)	Year ended March 31, 2017	Year ended March 31, 2018
a. NTT DOCOMO, INC. shareholders' equity	-	¥ 5,530.6	¥ 5,680.4
b. Market value of total share capital	-	9,604.1	9,760.9
c. Total assets	-	7,453.1	7,748.3
Shareholders' equity ratio (=a/c)	-	74.2%	73.3%
Market equity ratio (=b/c)	-	128.9%	126.0%

Notes: Market value of total share capital = Closing share price multiplied by the number of outstanding shares (excluding treasury stock) as of the end of the fiscal period.

Market equity ratio for the year ending March 31, 2019 is not forecasted due to difficulties in estimating the market value of total share capital based on IFRS.