Annual Securities Report

(The 28th Fiscal Year)

NTT DOCOMO, INC.

This is an English translation of the Annual Securities Report of NTT DOCOMO, INC. and its subsidiaries ("DOCOMO," the "Company," "we," or "our Group"). This translation includes a translation of the audit report prepared by KPMG AZSA LLC, DOCOMO's Independent Auditor, of the financial statements included in the original Annual Securities Report in Japanese language. KPMG AZSA LLC has not audited and makes no warranty as to the accuracy or otherwise of the translation of the financial statements or other financial information included in this translation of the Annual Securities Report.

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[Company Name]	Kabushiki Kaisha NTT DOCOMO
[Company Name in English]	NTT DOCOMO, INC.
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Section 1 The Company Information

Item 1. Overview of the Company

1. Key Management Indicators and Other Data

(1) Consolidated Management Indicators

IFRS (Millions of yen, unless otherwise stated)

Fiscal year	Date of transition	27th	28th
Year ended	April 1, 2017	March 2018	March 2019
Operating revenues	–	4,762,269	4,840,849
Profit before taxes	–	1,141,690	1,002,635
Profit attributable to shareholders of NTT DOCOMO, INC.	–	790,830	663,629
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	–	802,460	656,026
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,490,685	5,665,107	5,371,853
Total assets	7,364,218	7,654,938	7,340,546
Equity attributable to shareholders of NTT DOCOMO, INC. per share (yen)	1,482.13	1,576.63	1,610.64
Basic earnings per share (yen)	–	214.27	187.79
Diluted earnings per share (yen)	–	–	–
Ratio of equity attributable to shareholders of NTT DOCOMO, INC. to total assets (%)	74.6	74.0	73.2
ROE (%)	–	14.2	12.0
Price earnings ratio (times)	–	12.7	13.1
Cash flows from operating activities	–	1,498,600	1,216,014
Cash flows from investing activities	–	(705,532)	(296,469)
Cash flows from financing activities	–	(690,768)	(1,090,052)
Cash and cash equivalents at end of year	287,910	390,468	219,963
Number of employees [Separately, average number of temporary employees] (persons)	26,734 [10,447]	27,464 [9,515]	26,564 [8,520]

Note:1. Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), starting from the 28th fiscal year.
2. Operating revenues do not include consumption taxes, etc.
3. Equity attributable to shareholders of NTT DOCOMO, INC. per share and basic earnings per share are calculated based on the number of issued shares less the number of treasury stock.
4. Diluted earnings per share are not stated, as there are no potential shares with dilutive effects.
5. The number of employees does not include seconded personnel from consolidated companies to other companies, but does include seconded personnel from other companies to consolidated companies.

U.S. GAAP (Millions of yen, unless otherwise stated)

Fiscal year	24th	25th	26th	27th
Year ended	March 2015	March 2016	March 2017	March 2018
Operating revenues	4,383,397	4,527,084	4,584,552	4,769,409
Income before income taxes and equity in net income (losses) of affiliates	643,883	778,021	949,563	1,096,625
Net income attributable to NTT DOCOMO, INC.	410,093	548,378	652,538	744,542
Comprehensive income attributable to NTT DOCOMO, INC.	453,102	510,667	662,281	783,458
NTT DOCOMO, INC. shareholders' equity	5,380,072	5,302,248	5,530,629	5,680,409
Total assets	7,146,340	7,214,114	7,453,074	7,748,290
NTT DOCOMO, INC. shareholders' equity per share (yen)	1,386.09	1,409.94	1,492.91	1,580.88
Basic earnings per share attributable to NTT DOCOMO, INC. (yen)	101.55	141.30	175.12	201.73
Diluted earnings per share attributable to NTT DOCOMO, INC. (yen)	–	–	–	–
Shareholders' equity ratio (%)	75.3	73.5	74.2	73.3
ROE (%)	7.4	10.3	12.0	13.3
Price earnings ratio (times)	20.5	18.1	14.8	13.5
Cash flows from operating activities	962,977	1,209,131	1,312,418	1,511,540
Cash flows from investing activities	(651,194)	(375,251)	(943,094)	(718,372)
Cash flows from financing activities	(734,257)	(583,608)	(433,097)	(690,406)
Cash and cash equivalents at end of year	105,553	354,437	289,610	392,749
Number of employees [Separately, average number of temporary employees] (persons)	25,680 [11,732]	26,129 [11,759]	26,734 [10,447]	27,464 [9,515]

Note:1. Notes: 1. Consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), by the 27th fiscal year.

2. Operating revenues do not include consumption taxes, etc.
3. NTT DOCOMO, INC. shareholders' equity per share and basic earnings per share attributable to NTT DOCOMO, INC. are calculated based on the number of issued shares less the number of treasury stock.
4. Diluted earnings per share attributable to NTT DOCOMO, INC. are not stated, as there are no potential shares with dilutive effects.
5. The number of employees does not include seconded personnel from consolidated companies to other companies, but does include seconded personnel from other companies to consolidated companies.

(2) Non-Consolidated Management Indicators and Other Data of NTT DOCOMO, INC.

Japanese GAAP (Millions of yen, unless otherwise stated)

Fiscal year	24th	25th	26th	27th	28th
Year ended	March 2015	March 2016	March 2017	March 2018	March 2019
Operating revenues	4,285,456	4,461,505	4,588,579	4,807,129	4,900,345
Recurring profit	608,186	750,261	937,816	969,966	986,280
Net income	359,339	461,006	629,165	848,155	680,080
Common stock	949,679	949,679	949,679	949,679	949,679
Total number of issued shares (shares)	4,085,772,000	3,958,543,000	3,899,563,000	3,782,299,000	3,335,231,094
Net assets	5,167,944	4,988,846	5,222,663	5,413,635	5,090,715
Total assets	6,664,791	6,595,645	6,829,897	7,140,451	6,867,028
Net assets per share (yen)	1,331.44	1,326.60	1,409.78	1,506.63	1,526.34
Dividends per share [Of the above, interim dividends per share] (yen)	65 [30]	70 [35]	80 [40]	100 [50]	110 [55]
Earnings per share (yen)	88.99	118.79	168.85	229.79	192.44
Diluted earnings per share (yen)	–	–	–	–	–
Equity ratio (%)	77.5	75.6	76.5	75.8	74.1
ROE (%)	6.8	9.1	12.3	15.9	12.9
Price earnings ratio (times)	23.4	21.5	15.4	11.8	12.7
Payout ratio (%)	73.0	58.9	47.4	43.5	57.2
Number of employees (persons)	7,344	7,616	7,609	7,767	7,884
Total shareholder return (%) [Benchmark: TOPIX Dividend included] (%)	132.1 [130.7]	165.1 [116.5]	172.5 [133.7]	186.2 [154.9]	176.7 [147.1]
Highest share price (yen)	2,252.5	2,888	2,946	2,907.5	3,095
Lowest share price (yen)	1,515	1,961	2,361	2,501.5	2,321

Note:1. Operating revenues do not include consumption taxes, etc.

2. Net assets per share and earnings per share are calculated based on the total number of issued shares less the number of treasury stock.
3. Diluted earnings per share is not stated, as no potential shares such as bonds with subscription rights to shares were issued.
4. The number of employees does not include seconded personnel from NTT DOCOMO, INC. to other companies, but does include seconded personnel from other companies to NTT DOCOMO, INC.
5. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange.
6. The accounting policies have been changed from the fiscal year ended March 31, 2019. The above key management indicators, etc. for the fiscal year ended March 31, 2018 have been restated to retrospectively reflect the change in accounting policies. For details, please refer to “2. Non-Consolidated Financial Statements (Changes in accounting policies)” under “Item 5. Financial Information.”

2. History

NTT DOCOMO, INC. (the “Company”) was established in August 1991 as NTT Mobile Communications Planning Co., Ltd., based on the government’s policy in March 1990 to split off the mobile communications business of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT). The primary changes in the Company and the NTT DOCOMO group (“DOCOMO”) that have occurred since then are as follows:

Date	History
August 1991	NTT Mobile Communications Planning Co., Ltd. was established through an investment by NTT.
November 1991	Regional Mobile Communications Planning Co., Ltd. companies (Hokkaido, Tohoku, Tokai, Hokuriku, Kansai, Chugoku, Shikoku, and Kyushu) were established (hereinafter, the “eight Regional Planning Companies”).
April 1992	Changed the corporate name to NTT Mobile Communications Network, Inc.
July 1992	Took over operations of the mobile telecommunications business (mobile phones, car phones, pagers, maritime telephones, and aircraft public phones) from NTT.
April 1993	The eight Regional Planning Companies changed their corporate names to Regional Mobile Communications Network, Inc. companies (hereinafter, the “eight Regional DOCOMO Companies”).
July 1993	Transferred operations of the mobile telecommunications business (mobile phones, car phones, and pagers) in each region to the eight Regional DOCOMO Companies.
October 1993	Merged with NTT Central Mobile Communications, Inc.; simultaneously, the eight Regional DOCOMO Companies merged with the regional Mobile Communications, Inc. companies.
October 1998	Listed on the First Section of the Tokyo Stock Exchange.
December 1998	Took over operations of the PHS business from NTT Central Personal Communications Network, Inc.; simultaneously, the eight Regional DOCOMO Companies took over operations of the PHS business of the regional Personal Communications Network, Inc. companies.
April 2000	Changed the corporate name to NTT DoCoMo, Inc.; the corporate names of the eight Regional DOCOMO Companies were changed accordingly.
March 2002	Listed on the London Stock Exchange and New York Stock Exchange.
July 2008	Merged with the eight Regional DOCOMO Companies.
October 2013	Changed the corporate name to NTT DOCOMO, INC.
March 2014	Delisted from the London Stock Exchange.
April 2018	Delisted from the New York Stock Exchange

3. Description of Business

(1) Business Outline

We primarily engage in mobile telecommunications services as a member of the NTT group, with NTT as the holding company.

The Company, its 102 subsidiaries and 23 affiliates constitute DOCOMO and operate its business.

Information regarding the segments of DOCOMO and the corporate position of each group company is as follows:

[Segment Information]

Name of business segment	Main business areas	Main affiliated companies
Telecommunications business	Mobile telecommunication services (LTE(Xi) services and FOMA services), optical-fiber broadband services, satellite mobile communications services, international services and the equipment sales related to those services, etc.	The Company DOCOMO CS, Inc. (9 companies in Japan) DOCOMO Support, Inc. DOCOMO Systems, Inc. DOCOMO Technology, Inc. DOCOMO PACIFIC, INC.
Smart life business	Distribution services for video, music and electronic books, etc., finance/payment services, online shopping service and other life-related services, etc.	The Company DOCOMO CS, Inc. (9 companies in Japan) DOCOMO Support, Inc. DOCOMO Systems, Inc. DOCOMO Technology, Inc. OAK LAWN MARKETING, INC. Tower Records Japan Inc. D2C Inc. DOCOMO ANIME STORE, INC. DOCOMO InsightMarketing, INC. docomo Healthcare, Inc. Nihon Ultmarc INC. MAGASeek Corporation
Other businesses	“Mobile Device Protection Service,” commissioned development/sales and maintenance of systems, etc.	The Company DOCOMO CS, Inc. (9 companies in Japan) DOCOMO Support, Inc. DOCOMO Systems, Inc. DOCOMO Technology, Inc. DOCOMO Datacom, Inc. DCM Reinsurance Company, Inc. DOCOMO Digital Limited DOCOMO Innovations, Inc.

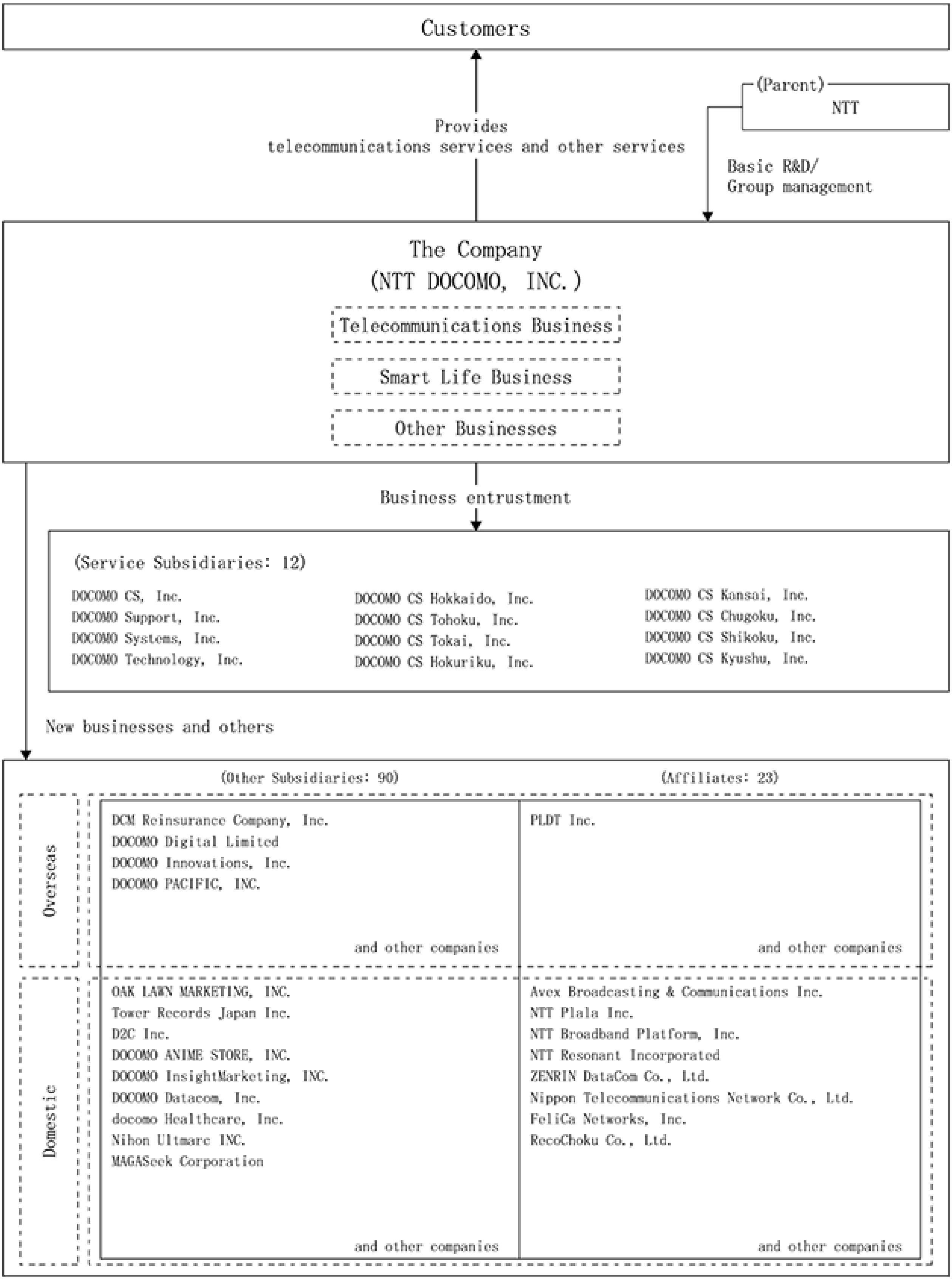
[Position of Each Company]

1) The Company engages in telecommunications business, smart life business and other businesses in Japan.

2) The 12 service subsidiaries are independently established as separate companies in the interest of efficiency and specialization of work, and undertake part of or provide support to the Company's operations.

3) The 90 other subsidiaries and 23 affiliates comprise companies whose purpose is to develop new businesses in Japan and overseas.

The following chart summarizes the description on the previous pages:



As of March 31, 2019

(2) Legal Provisions Pertaining to the Business

The Company is a telecommunications carrier that has obtained registration from the Minister for Internal Affairs and Communications, in accordance with the Telecommunications Business Act. It has also received approval for the right to use land, etc. pursuant to the Telecommunications Business Act, and licenses, etc. in accordance with the Radio Act, in order to conduct the business.

Furthermore, as a telecommunications carrier that installs Category II designated telecommunications facilities, the Company is subject to the application of the prohibited acts provisions set forth in the Telecommunications Business Act, and is required to notify and announce interconnection tariffs.

An overview of the legal provisions pertaining to the business is set forth below.

(a) Telecommunications Business Act

1) Any telecommunications carrier shall, when a natural disaster, accident or any other emergency occurs or is likely to occur, give priority to communications on matters that are necessary for disaster prevention or relief efforts, for the securing of transportation, communications or electric power supply, or for the maintenance of public order. The same shall apply to other communications that are specified by an Ordinance of the Ministry of Internal Affairs and Communications to be performed urgently for the public interest. (Article 8, Paragraph 1)
   Where any telecommunications carrier interconnects its telecommunications facilities with other telecommunications carriers' telecommunications facilities in order to cooperate with each other to ensure that the telecommunications set forth in Article 8, Paragraph 1 (hereinafter referred to as "essential communications") are smoothly conducted, it shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, take necessary measures, including the conclusion of an arrangement for preferential treatment of essential communications. (Article 8, Paragraph 3)
2) Any person who intends to operate a telecommunications business shall obtain registration from the Minister for Internal Affairs and Communications in cases where the scale of telecommunications circuit facilities installed by the person and the scope of areas where the telecommunications circuit facilities are installed exceed the standards specified by an Ordinance of the Ministry of Internal Affairs and Communications. (Article 9)
   The registration stipulated in Article 9 shall cease to be active if certain conditions specified in the Telecommunications Business Act occur and if such registration is not renewed. (Article 12-2, Paragraph 1)
3) When any person who has obtained registration as stipulated in 2) above intends to change the service areas or the outline of telecommunications facilities, the person shall obtain registration of the change from the Minister for Internal Affairs and Communications. (Article 13)
4) Where any person who has obtained registration falls under any of the following items, the Minister for Internal Affairs and Communications may revoke the registration. (Article 14)
   (i) If the person who has obtained the registration violates the Telecommunications Business Act or any order or disposition made under the Act, and is found to impair the public interest
   (ii) If the person has obtained registration or registration of a change through dishonest means
   (iii) If the person falls under any of the specified grounds for refusal of registration
5) In the event of a merger, etc. of a telecommunications carrier, the juridical person, etc. surviving after the merger shall succeed to the status of the telecommunications carrier. (Article 17, Paragraph 1)
6) When a telecommunications carrier suspends or abolishes its telecommunications business in whole or in part, it shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 18, Paragraph 1)
7) When any telecommunications carrier or any person entrusted with intermediation, etc. (an agency, etc. specified in Article 26 of the Telecommunications Business Act) intends to conclude a contract, or to conduct intermediation, etc. for concluding a contract for the provision of telecommunication services stipulated below, with a person who intends to receive telecommunication services (excluding a telecommunications carrier), they shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, explain to the person an outline of the charges and other terms and conditions for the provision of the telecommunication services.
   (i) Telecommunication services provided by using transmission-line facilities connected to mobile terminal facilities at one end or other telecommunications services, which the Minister for Internal Affairs and Communications designates as services that specifically require explanations to users in order to protect their interest, considering their contents, charges and other terms and conditions for the provision, scope of users and use conditions; and
   (ii) In addition to telecommunication services stipulated in (i) of 7) above, other telecommunication services that the Minister for Internal Affairs and Communications designates as services that have non-negligible effects on the interests of users, considering their contents, charges and other terms and conditions for the provision, the scope of users and other conditions;

   provided, however, that this shall not apply to the cases that are specified by an Ordinance of the Ministry of Internal Affairs and Communications as those in which, in consideration of the contents of the contract and other circumstances, it is found that even if the outline of the charges and other terms and conditions for service provision is not explained to the user, this does not compromise the protection of the interests of users. (Article 26, Paragraph 1)

8)-1 When a telecommunications carrier effects a contract for provision of telecommunication services as listed in (i) and (ii) of 7) above, the telecommunications carrier shall prepare a document and deliver it to the user (excluding telecommunications carriers), without delay and pursuant to the provisions of an Ordinance of the Ministry of Internal Affairs and Communications; provided, however, that this shall not apply in the cases that are specified by an Ordinance of the Ministry of Internal Affairs and Communications as those in which, in consideration of the contents of the contract and other circumstances, it is found that even if the document is not delivered to the user, this does not compromise the protection of the interests of users. (Article 26-2, Paragraph 1)

8)-2 With the consent of the user and pursuant to the provisions of Cabinet Order, in lieu of delivering the document under the provisions of 8)-1 above, a telecommunications carrier may provide the user with the particulars that are required to be stated in that document by means of an electronic data processing system or by any other means of information and communications technology specified by an Ordinance of the Ministry of Internal Affairs and Communications. In doing this, the telecommunications carrier is deemed to have delivered the document. (Article 26-2, Paragraph 2)

8)-3 Information items required to be included in a document, provided by a method stipulated in 8)-2 above (excluding methods specified by an Ordinance of the Ministry of Internal Affairs and Communications) in lieu of the delivery of the document pursuant to 8)-1 above, shall be deemed to be delivered to a user when such information items are recorded in a file stored on a computer employed by such user. (Article 26-2, Paragraph 3)

9)-1 Except as otherwise specified by an Ordinance of the Ministry of Internal Affairs and Communications, a user that has concluded a contract with a telecommunications carrier for the provision of telecommunication services stipulated in (i) of 7) above may cancel such contract in writing, during the period of eight days since the day on which the user received the document set forth in 8)-1 above (or, if the provision of such telecommunication services (limited to telecommunication services provided by using transmission-line facilities connected to mobile terminal facilities at one end, stipulated in (i) of 7) above) commences after the receipt date of the document, the commencement date of such telecommunication services) (or, if the telecommunications carrier or the person entrusted with intermediation, etc. misrepresents information on cancellation of such contract pursuant to this paragraph, in breach of the provisions in (i) of 12) below, and as a result of such false explanation, the user does not cancel such contract within such period pursuant to this paragraph, misconstruing that such explanation is correct, within eight days from the date when such user receives a document delivered by such telecommunications carrier that includes information that the user may cancel such contract pursuant to this paragraph as specified by an Ordinance of the Ministry of Internal Affairs and Communications). (Article 26-3, Paragraph 1)

9)-2 The cancellation of a contract for the provision of telecommunication services pursuant to 9)-1 above shall take effect when a document indicating that the contract for the provision of telecommunication services is cancelled is issued. (Article 26-3, Paragraph 2)

9)-3 The telecommunications carrier may not demand to the user any compensation or penalty for the cancellation of such contract for the provision of telecommunication services pursuant to 9)-1 above or payment or delivery of any other monies (including money and other property; the same shall apply in 9)-4); provided, however, that this shall not apply to the amount of money specified by an Ordinance of the Ministry of Internal Affairs and Communications as the amount of money payable by the user for services received in the period until the cancellation of that contract, or other amount of money payable by the user with regard to that contract. (Article 26-3, Paragraph 3)

9)-4 If a contract for the provision of telecommunication services becomes subject to a cancellation under 9)-1 above, the telecommunications carrier shall promptly return any monies received from the user in connection with such contract; provided, however, that this shall not apply to the amount of money specified by an Ordinance of the Ministry of Internal Affairs and Communications stipulated in the proviso to 9)-3 above, out of money, etc. received in connection with such contract. (Article 26-3, Paragraph 4)

9)-5 Any special provision that is contrary to the provisions of 9)-1 to 9)-4 above and disadvantageous to a user is void. (Article 26-3, Paragraph 5)

10)-1 When a telecommunications carrier intends to suspend or abolish its telecommunications business in whole or in part, it shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, fully inform in advance the users of the telecommunications business to be suspended or abolished about the matters designated by an Ordinance of the Ministry of Internal Affairs and Communications as required to protect the interest of the users; provided, however, that this shall not apply to cases of suspension or abolition of a telecommunications business related to any telecommunications services that are specified by an Ordinance of the Ministry of Internal Affairs and Communications as having a comparatively small influence on the interests of its users. (Article 26-4)

10)-2 In the case set forth in 10)-1 above, with regard to cases of suspension or abolition of a telecommunications business related to any telecommunications services that are specified by an Ordinance of the Ministry of Internal Affairs and Communications as having a significant influence on the interests of its users, a telecommunications carrier shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, notify the Minister for Internal Affairs and Communications in advance of the matters designated by an Ordinary of the Ministry of Internal Affairs and Communications as stipulated in 10)-1 above. (Article 26-4, Paragraph 2)

11) Any telecommunications carrier shall, properly and promptly, process complaints and inquiries from users with regard to the telecommunications carrier's methods of conducting its business activities pertaining to the telecommunications services stipulated in (i) and (ii) of 7) above or with regard to the telecommunications services as set forth in (i) and (ii) of 7) above, which are provided by the telecommunications carrier. (Article 27)

12) Telecommunications carriers and persons entrusted with intermediation, etc. shall not engage in the following conducts: (Article 27-2)

(i) Intentionally fail to disclose or misrepresent material information about the contract for the provision of telecommunication services stipulated in (i) and (ii) of 7) above that would affect the decision of users; or

(ii) Continue to solicit a person (excluding telecommunications carriers) for a contract for the provision of telecommunication services stipulated in (i) and (ii) of 7) above after the person who receives such solicitation manifests the intention not to conclude such contract (and/or a refusal to receive such solicitation thereafter) (excluding solicitations specified by an Ordinance of the Ministry of Internal Affairs and Communications as not being likely to compromise the protection of the interests of users).

13) In cases where a telecommunications carrier entrusts a person to conduct intermediation, etc. for concluding a contract for the provision of telecommunication services or for any other associated operations, the telecommunications carrier shall, pursuant to an Ordinance of the Ministry of Internal Affairs and Communications, provide to the person entrusted with intermediation, etc. guidance pertaining to such entrustment and take other measures necessary for ensuring proper and secure provision/conducting related to such entrustment. (Article 27-3)

14) Where the Minister for Internal Affairs and Communications finds that the business activities of a telecommunications carrier or a person entrusted with intermediation, etc. fall under certain grounds specified in the Telecommunications Business Act, the Minister may order the telecommunications carrier or the person entrusted with intermediation, etc. to improve the methods of conducting its business activities or take other measures within the limits necessary for ensuring the interests of users or the public interest. (Article 29)

15) Telecommunications carriers who install Category II designated telecommunications facilities (telecommunications facilities specified by the Minister for Internal Affairs and Communications as telecommunications facilities that shall be ensured to be interconnected appropriately and smoothly with other telecommunications carriers' telecommunications facilities pursuant to Article 34, Paragraph 1 of the Telecommunications Business Act) specified by the Minister for Internal Affairs and Communications pursuant to Article 30, Paragraph 1 of the Act shall not conduct the following acts: (Article 30, Paragraph 3)

(i) Use or provide information related to any other telecommunications carrier and its users that is obtained through operations to connect to telecommunication facilities of such other telecommunications carriers for any other purpose than such operations; or

(ii) Apply unreasonable preferential treatment or provide benefit in connection with its telecommunication services to another telecommunications carrier that is designated by the Minister for Internal Affairs and Communications and is a juridical person having a specified relationship (parent company, sister company, subsidiary, etc. of the telecommunications carrier as defined in Article 12-2, Paragraph 4, Item 1) with such telecommunication carrier.

Where the Minister for Internal Affairs and Communications finds that an act committed by any telecommunications carrier who installs Category II designated telecommunications facilities specified by the Minister for Internal Affairs and Communications violates the above provisions, the Minister may order the telecommunications carrier to suspend or change the act. (Article 30, Paragraph 5)

16) Any telecommunications carrier who installs Category II designated telecommunications facilities specified by the Minister for Internal Affairs and Communications shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, keep accounts in accordance with the classification of accounts and other accounting procedures specified by an Ordinance of the Ministry of Internal Affairs and Communications, and announce the status of income and expenditure for its telecommunications services and other accounting matters specified by an Ordinance of the Ministry of Internal Affairs and Communications. (Article 30, Paragraph 6)

17) Any telecommunications carrier shall accept a request from another telecommunications carrier to interconnect the telecommunications facilities of the requesting telecommunications carrier with the telecommunications circuit facilities that the requested telecommunications carrier installs, except in the cases listed below: (Article 32)
   (i) Where the interconnection is likely to hinder telecommunications services from being smoothly provided
   (ii) Where the interconnection is likely to unreasonably harm the interests of the requested telecommunications carrier
   (iii) In addition to (i) and (ii) of 17) above, where there are justifiable grounds specified by an Ordinance of the Ministry of Internal Affairs and Communications
18) Any telecommunications carrier who installs Category II designated telecommunications facilities shall, with respect to the interconnection between the Category II designated telecommunications facilities and other telecommunications carriers' telecommunications facilities, establish interconnection tariffs concerning the amount of money that the telecommunications carrier who installs the Category II designated telecommunications facilities shall receive and the terms and conditions of interconnection, and shall file, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, a notification with the Minister for Internal Affairs and Communications prior to implementation of the interconnection tariffs. The same shall also apply when it intends to change such interconnection tariffs. (Article 34, Paragraph 2)
   Any telecommunications carrier who installs Category II designated telecommunications facilities shall announce the interconnection tariffs that it has notified. (Article 34, Paragraph 5)
19) Where the Minister for Internal Affairs and Communications finds that the interconnection tariffs notified by a telecommunications carrier who installs Category II designated telecommunications facilities fall under any of the following items, the Minister may order the telecommunications carrier who installs the Category II designated telecommunications facilities to change the interconnection tariff within a reasonable time limit designated by the Minister: (Article 34, Paragraph 3)
   (i) If technical conditions required at the standard interconnection points specified by an Ordinance of the Ministry of Internal Affairs and Communications are not specified properly and explicitly
   (ii) If the amount of money that the telecommunications carrier who installs Category II designated telecommunications facilities shall receive for respective function specified by an Ordinance of the Ministry of Internal Affairs and Communications is not specified properly and explicitly
   (iii) If matters related to the responsibilities of the telecommunications carrier who installs the Category II designated telecommunications facilities and of other telecommunications carriers who interconnect their telecommunications facilities with such facilities are not specified properly and explicitly
   (iv) If distinction of telecommunications carriers, according to which charges for telecommunications services are determined, is not specified properly and explicitly
   (v) In addition to (i) through (iv) of 19) above, if matters specified by an Ordinance of the Ministry of Internal Affairs and Communications as being necessary for smooth interconnection with Category II designated telecommunications facilities are not specified properly and explicitly
   (vi) If the amount of money that the telecommunications carrier who installs the Category II designated telecommunications facilities shall receive exceeds the amount of money calculated with the methods specified by an Ordinance of the Ministry of Internal Affairs and Communications as methods to calculate reasonable costs plus reasonable profits under efficient management
   (vii) If the terms and conditions of interconnection are disadvantageous in comparison with those applicable to cases where the telecommunications carrier interconnects its own telecommunications facilities with the Category II designated telecommunications facilities
   (viii) If the interconnection tariffs treat certain telecommunications carriers in an unfair and discriminatory manner
20) Any telecommunications carrier who installs Category II designated telecommunications facilities shall neither conclude nor amend an agreement with other telecommunications carriers on interconnection with the Category II designated telecommunications facilities that it installs, unless in accordance with the interconnection tariffs notified. (Article 34, Paragraph 4)
21) Any telecommunications carrier who installs Category II designated telecommunications facilities shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, keep accounts and announce status on income and expenditure concerning the interconnection based on the accounts and other matters specified by an Ordinance of the Ministry of Internal Affairs and Communications. (Article 34, Paragraph 6)
22) When a telecommunications carrier who installs Category II designated telecommunications facilities intends to suspend or abolish any functions related to the interconnection of Category II designated telecommunication facilities and designated by an Ordinance of the Ministry of Internal Affairs and Communications as stipulated in Article 33, it shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, fully inform other telecommunications carriers whose telecommunication facilities are interconnected to such Category II designated telecommunications facilities and who are users of such functions, to that effect in advance. (Article 34-2)

23) When a telecommunications carrier requests another telecommunications carrier to conclude an agreement on interconnection between the requested telecommunications carrier's telecommunications facilities and the requesting telecommunications carrier's telecommunications facilities, but the requested telecommunications carrier refuses to hold negotiations or such negotiations fail, with the result that the requesting telecommunications carrier files a petition, the Minister for Internal Affairs and Communications shall order the requested telecommunications carrier to start or restart such negotiations, except in cases where the Minister finds that such interconnection falls under the grounds listed in 17) above and other certain cases. (Article 35, Paragraph 1)

24) In addition to the cases set forth in 23) above, where a telecommunications carrier requests another telecommunications carrier to conclude an agreement on interconnection between the requested telecommunications carrier's telecommunications facilities and the requesting telecommunications carrier's telecommunications facilities, but the requested telecommunications carrier refuses to hold negotiations or such negotiations fail, with the result that the requesting telecommunications carrier files a petition, the Minister for Internal Affairs and Communications shall order the requested telecommunications carrier to start or restart such negotiations, if the Minister finds that such interconnection is particularly necessary and appropriate to promote the public interest, except in certain cases. (Article 35, Paragraph 2)

25) When negotiations between the parties on interconnection with the telecommunications facilities of a telecommunications carrier fail with regard to such agreement details as the amount of money to be received or paid by the parties and the terms and conditions of interconnection, the telecommunications carrier who installs telecommunications facilities to be interconnected with the telecommunications facilities may apply to the Minister for Internal Affairs and Communications for an award, except in certain cases. (Article 35, Paragraph 3)

26) In addition to the cases set forth in 25) above, when an order to start or restart negotiations has been issued by the Minister for Internal Affairs and Communications pursuant to the provision of 23) or 24) above and negotiations between the parties fail with regard to such agreement details as the amount of money to be received or paid by the parties and the terms and conditions of interconnection, the party (or parties) may apply to the Minister for Internal Affairs and Communication for an award. (Article 35, Paragraph 4)

27) When a telecommunications carrier who installs Category I or Category II designated telecommunications facilities commences the provision of wholesale telecommunication services by using such facilities, such telecommunications carrier shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, file a notification without delay to the Minister for Internal Affairs and Communications the commencement of such services and other information designated by an Ordinance of the Ministry of Internal Affairs and Communications. The same shall apply when making amendments to the notified information or abolishing the services. (Article 38-2)

28) When any telecommunications carrier intends to conclude, amend or abolish an agreement or contract on telecommunications activities, which includes important matters specified by an Ordinance of the Ministry of Internal Affairs and Communications, with foreign governments, or foreign nationals or foreign juridical persons, it shall obtain authorization from the Minister for Internal Affairs and Communications. (Article 40)

29) The support institution may, each fiscal year, collect contributions to be allocated to all or part of the cost required for the support activities from interconnecting telecommunications carriers, etc. Any interconnecting telecommunications carrier, etc. shall have the obligation to pay the contributions to the support institution. (Article 110, Paragraphs 1 and 4)

   * Support institution
     The Minister for Internal Affairs and Communications may, upon application, designate a general incorporated association or a general incorporated foundation, which is established to contribute to ensuring the provision of universal telecommunications services and which is found to conform to certain criteria with respect to the support activities, as the sole support institution in Japan. (Article 106)
   * Universal telecommunications services
     Universal telecommunications services refer to telecommunications services which are specified by an Ordinance of the Ministry of Internal Affairs and Communications as being indispensable to the lives of citizens and thereby shall be provided nationwide. (Article 7)
   * Eligible telecommunications carriers
     When the Minister for Internal Affairs and Communications has designated the support institution, the Minister may, upon application, designate a telecommunications carrier, who is providing universal telecommunications services and is found to conform to certain criteria, as an eligible telecommunications carrier. (Article 108, Paragraph 1)

* Interconnecting telecommunications carriers, etc.

Interconnecting telecommunications carriers, etc. refer to telecommunications carriers who interconnect with eligible telecommunications carriers or with telecommunications carriers who interconnect with eligible telecommunications carriers, or telecommunications carriers who receive wholesale telecommunications services from eligible telecommunications carriers or telecommunications carriers who interconnect with eligible telecommunications carriers, and whose scale of business exceeds the standards specified by a Cabinet Order. (Article 110, Paragraph 1)

The Company is an interconnecting telecommunications carrier who interconnects with NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (NTT EAST) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (NTT WEST), which are eligible telecommunications carriers.

30) When a telecommunications carrier who operates a telecommunications business of providing telecommunications services by installing telecommunications circuit facilities or a person who intends to operate the telecommunications business intends to establish eligibility under the provision providing for use of land, it may file an application to obtain approval from the Minister for Internal Affairs and Communications for the telecommunications business in whole or in part. (Article 117)

31) Any person who falls under any of the following items may not obtain approval stipulated in 30) above: (Article 118)

- (i) Any person who has been sentenced to a fine or severer punishment pursuant to the provisions of this Act, the Cable Telecommunications Act or the Radio Act, if within a period of two years from the date on which the enforcement of such punishment has been completed or has become inapplicable
- (ii) Any person whose approval lost its effect due to revocation of the registration of telecommunications business, if within a period of two years from the date on which the approval lost its effect, or any person whose approval was revoked pursuant to the provision of (i) of 35) below, if within a period of two years from the date of revocation
- (iii) Any juridical person or association any of whose officers fall under either (i) or (ii) of 31) above

32) When any approved telecommunications carrier intends to change the matters of the service areas or the outline of telecommunications facilities, it shall obtain approval from the Minister for Internal Affairs and Communications. (Article 122)

33)-1 When a juridical person as an approved telecommunications carrier has completed a merger, etc., the juridical person, etc. surviving after the merger, etc. may succeed to the status of approved telecommunications carrier with the authorization of the Minister for Internal Affairs and Communications. (Article 123, Paragraph 3)

33)-2 When an approved telecommunications carrier has assigned its approved telecommunications business in whole, the assignee of the approved telecommunications business in whole may succeed to the status of approved telecommunications carrier with the authorization of the Minister for Internal Affairs and Communications. (Article 123, Paragraph 4)

34) When an approved telecommunications carrier suspends or abolishes its approved telecommunications business in whole or in part, it shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 124)

35) The Minister for Internal Affairs and Communications may revoke the approval of an approved telecommunications carrier where it falls under any of the following items: (Article 126)

- (i) If the approved telecommunications carrier falls under (i) or (iii) of 31) above
- (ii) If the approved telecommunications carrier does not start its approved telecommunications business within the period designated pursuant to the provision providing for obligation to start business
- (iii) In addition to the cases stipulated in (i) and (ii) of 35) above, where the approved telecommunications carrier violates this Act, or any order or disposition made under this Act, and is found to impair the public interest

(b) Radio Act

1) Any person who wishes to establish a radio station shall obtain a license from the Minister for Internal Affairs and Communications. (Article 4)

There are certain foreign investment restrictions that are grounds for disqualification from obtaining a license. However, these are not applicable to radio stations established for the purpose of conducting telecommunications services.

2) Any person who wishes to obtain a radio station license shall submit an application to the Minister for Internal Affairs and Communications along with a document, on which the following matters are entered: (Article 6)

(i) Purpose
(ii) Necessity for establishing the radio station
(iii) Person(s) with whom radio communications are conducted and communications subjects
(iv) Location of radio equipment
(v) Type of radio waves, and desirable frequency range and antenna power
(vi) Desirable permitted operating hours
(vii) Construction type and scheduled completion date of the construction of the radio equipment
(viii) Expected date of commencement of operation
(ix) Where a contract is made with the licensee(s), etc. of (an)other radio station(s) on measures necessary to prevent disturbance including interference, the details of the contract

In addition, the following provisions are provided by Article 6, Paragraph 8.

Any application for a radio station that falls under any of the following items and uses a frequency for which the Minister for Internal Affairs and Communications issues a public notice, shall be submitted within the period specified by the public notice of the Minister for Internal Affairs and Communications.

(x) A mobile radio station established on land for the purpose of conducting telecommunications services
(xi) A fixed radio station established on land for the purpose of conducting telecommunications services, which communicates with the radio station listed in (x) of 2) above
(xii) An artificial satellite station established for the purpose of conducting telecommunications services
(xiii) A basic broadcasting station

These provisions are intended to avoid unregulated applications being made for radio station licenses provided to mobile communications businesses.

3) When receiving an application, the Minister for Internal Affairs and Communications shall examine without delay whether it conforms to all of the following items: (Article 7)

(i) The conformity of the construction type to the technical regulations prescribed in Chapter III of the Radio Act
(ii) The feasibility of frequency assignment
(iii) In addition, conformity to the essential standards for the establishment of radio stations specified by an Ordinance of the Ministry of Internal Affairs and Communications

In general, the Ministry of Internal Affairs and Communications consults with the Radio Regulatory Council in its deliberations concerning new business operators, frequency assignments to new systems, and other important matters, and grants licenses after obtaining the Council’s recommendations.

4) When changing the person with whom radio communications are conducted, communications subjects or location of the radio equipment, or intending to carry out construction work to change the radio equipment, a licensee shall obtain the permission of the Minister for Internal Affairs and Communications in advance. (Article 17)

5) To facilitate applications for licenses, etc., the Minister for Internal Affairs and Communications shall prepare and offer for public perusal a list of available frequencies (the “Frequency Assignment Plan”) and shall issue a public notice of the Frequency Assignment Plan. (Article 26)

With respect to frequencies, the frequency bands that can be used by mobile phone services (LTE (Xi) services and FOMA services) and satellite mobile communications services are respectively prescribed in the Radio Equipment Regulations, an Ordinance of the Ministry of Internal Affairs and Communications.

Note: The above details are based on the Telecommunications Business Act and the Radio Act as of March 31, 2019.

4. Status of Parent Company, Subsidiaries and Affiliates

As of March 31, 2019

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
(Parent company) NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Chiyoda-ku, Tokyo	937,950	Basic research and development Group management	64.10	Transactions related to basic research and development, and services for group management.
(Consolidated subsidiaries) DOCOMO CS, Inc.	Minato-ku, Tokyo	100	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 1 officer
DOCOMO Support, Inc.	Minato-ku, Tokyo	20	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of sales support. Concurrent appointments, etc.: 3 officers
DOCOMO Systems, Inc.	Minato-ku, Tokyo	11,382	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of system development. Concurrent appointments, etc.: 5 officers
DOCOMO Technology, Inc.	Minato-ku, Tokyo	100	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of research and development business. Concurrent appointments, etc.: 3 officers
DOCOMO CS Hokkaido, Inc.	Chuo-ku, Sapporo, Hokkaido Prefecture	20	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 5 officers
DOCOMO CS Tohoku, Inc.	Aoba-ku, Sendai, Miyagi Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 5 officers

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
DOCOMO CS Tokai, Inc.	Higashi-ku, Nagoya, Aichi Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 6 officers
DOCOMO CS Hokuriku, Inc.	Kanazawa, Ishikawa Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 5 officers
DOCOMO CS Kansai, Inc.	Kita-ku, Osaka, Osaka Prefecture	50	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 5 officers
DOCOMO CS Chugoku, Inc.	Naka-ku, Hiroshima, Hiroshima Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 6 officers
DOCOMO CS Shikoku, Inc.	Takamatsu, Kagawa Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 5 officers
DOCOMO CS Kyushu, Inc.	Chuo-ku, Fukuoka, Fukuoka Prefecture	30	Telecommunications business Smart life business Other businesses	100	Transactions including consignment of network construction and sales support. Concurrent appointments, etc.: 4 officers
OAK LAWN MARKETING, INC.	Higashi-ku, Nagoya, Aichi Prefecture	1,467	Smart life business	55.75	Engaged mainly in TV mail-order business in the Company’s Smart Life Business and Other Businesses. Concurrent appointments, etc.: 6 officers

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
Tower Records Japan Inc.	Shibuya-ku, Tokyo	100	Smart life business	50.61	Engaged mainly in sales of music software, video software, and music-related merchandise in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 3 officers
D2C Inc.	Chuo-ku, Tokyo	3,480	Smart life business	51.00	Engaged mainly in production and operation of advertising through mobile content websites in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 5 officers
DOCOMO ANIME STORE, INC.	Chiyoda-ku, Tokyo	1,000	Smart life business	60.00	Engaged mainly in provision of anime video distribution services in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 5 officers
DOCOMO InsightMarketing, INC.	Minato-ku, Tokyo	950	Smart life business	51.00	Engaged mainly in mobile research and marketing support in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 4 officers
DOCOMO Datacom, Inc.	Bunkyo-ku, Tokyo	70	Other businesses	66.24 (38.90)	Transactions including consignment of systems development. Concurrent appointments, etc.: 1 officer
docomo Healthcare, Inc.	Shibuya-ku, Tokyo	1,300	Smart life business	66.00	Engaged mainly in provision of platforms for managing, using and sharing health-related data in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 5 officers

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
Nihon Ultmarc INC.	Minato-ku, Tokyo	55	Smart life business	100	Engaged mainly in construction and sales of doctor and medical facility information database in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 7 officers
MAGASeek Corporation	Chiyoda-ku, Tokyo	1,156	Smart life business	75.00	Engaged mainly in fashion e-commerce business in the Company's Smart Life Business and Other Businesses. Concurrent appointments, etc.: 5 officers
DCM Reinsurance Company, Inc.	Honolulu, U.S.	700	Other businesses	100	Reinsurance operator in the Company's Smart Life Business and Other Businesses (overseas). Concurrent appointments, etc.: 3 officers
DOCOMO Digital Limited	London, U.K.	50 (thousand pounds)	Other businesses	100	Operator of platforms related to mobile content distribution and billing in the Company's Smart Life Business and Other Businesses (overseas). Concurrent appointments, etc.: 3 officers
DOCOMO Innovations, Inc.	Palo Alto, U.S.	110,378 (thousand US dollars)	Other businesses	100	Transactions including consignment of investment in and information-gathering on start-ups that develop promising technology in the Company's Smart Life Business and Other Businesses (overseas). Concurrent appointments, etc.: 2 officers
DOCOMO PACIFIC, INC.	Guam, U.S.	107,704 (thousand US dollars)	Telecommunications business	100 (100)	Operator of mobile telecommunications, cable TV and internet business in the Company's telecommunications business (overseas). Concurrent appointments, etc.: 2 officers
Other 77 subsidiaries	–	–	–	–	–

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
(Equity method affiliates)					
Avex Broadcasting & Communications Inc.	Minato-ku, Tokyo	3,500	Mobile video distribution business	30.00	Concurrent appointments, etc.: 3 officers
NTT Plala Inc.	Toshima-ku, Tokyo	12,321	Video distribution service business Internet connection service business	33.33	Concurrent appointments, etc.: 3 officers
NTT Broadband Platform, Inc.	Chiyoda-ku, Tokyo	100	Wi-Fi network business	22.00	Concurrent appointments, etc.: 2 officers
NTT Resonant Incorporated	Minato-ku, Tokyo	7,184	Communications business Portal business	33.33	Concurrent appointments, etc.: 2 officers
ZENRIN DataCom Co., Ltd.	Minato-ku, Tokyo	2,283	Map business for mobile phones Net navigation business	18.09	Concurrent appointments, etc.: 2 officers
Nippon Telecommunications Network Co., Ltd.	Chiyoda-ku, Tokyo	495	Network services business	37.43	Concurrent appointments, etc.: 2 officers
FeliCa Networks, Inc.	Shinagawa-ku, Tokyo	6,285	Development and licensing of Mobile FeliCa IC chip	34.00	Concurrent appointments, etc.: 4 officers
RecoChoku Co., Ltd.	Shibuya-ku, Tokyo	170	Music distribution business	34.17	Concurrent appointments, etc.: 3 officers
PLDT Inc.	Manila, Philippines	1,603 (million pesos)	Fixed and mobile telecommunications business in the Philippines	8.56 [3.45]	Concurrent appointments, etc.: 1 officer
Other 11 affiliates	–	–	–	–	–

Note:1. In the “Main Business” column, segment names are given for consolidated subsidiaries, and a description of main business is given for the parent company and equity method affiliates.

2. The figure in parentheses in the “Ratio of Voting Rights Holding/Held” column shows the ratio of the voting rights the Company indirectly holds, which are accounted for as the Company’s holding voting rights, and the figure in square brackets shows the ratio of the voting rights held by persons close to or who agree with the Company, which are not accounted for as the Company’s holding voting rights.

3. Of the above, one company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, submits an Annual Securities Report.

4. In addition to the above, there are three affiliates to which the equity method is not applied.

5. Employees

(1) Consolidated Companies

As of March 31, 2019

Segment name	Number of employees	
Telecommunications business Smart life business Other businesses	24,147	[8,122]
Corporate (common)	2,417	[398]
Total	26,564	[8,520]

Notes: 1. The number of employees include seconded personnel from other companies to consolidated companies (270 employees), but does not include seconded personnel from consolidated companies to other companies (130 employees).
The figure in square brackets indicates the average number of temporary employees per year, which is not included in the number of employees.
2. Segments are classified by "business" category, as various organizations at the Company and certain consolidated subsidiaries are involved in businesses in an integrated manner.
3. "Corporate (common)" includes the number of common staff employees in the General Affairs Group and Accounts and Finance Group, etc.

(2) NTT DOCOMO, INC.

As of March 31, 2019

Number of employees	Average age	Average years of service	Average annual salary (Thousands of yen)
7,884	40.2	17.2	8,720

Segment name	Number of employees
Telecommunications business Smart life business Other businesses	6,924
Corporate (common)	960
Total	7,884

Note:1. The number of employees include seconded personnel from other companies to the Company (675 employees), but does not include seconded personnel from the Company to other companies (5,998 employees).
2. In calculating the average years of service, for employees who transferred from NTT and NTT group companies, and employees accepted from NTT Central Personal Communications Network, Inc. and the eight Regional DOCOMO Companies, years of service includes years at each of these companies. In the calculation, seconded personnel from other companies to the Company (675 employees) are not included.
3. Average annual salary include bonuses and extra wages.
4. Segments are classified by "business" category, as various organizations at the Company are involved in businesses in an integrated manner.
5. "Corporate (common)" includes the number of common staff employees in the General Affairs Group and Accounts and Finance Group, etc.

(3) Labor Union

Labor-management relationships at DOCOMO are stable, and there are no significant matters to report.

Item 2. Overview of Business

1. Business Policy, Business Environment, Issues to Address, etc.

Guided by our corporate philosophy of “creating a new world of communications culture,” we are striving to enhance and reinforce our core businesses based on the widespread expansion of LTE (Xi) services, while also providing services that are useful for customers’ lives and businesses. In our endeavors to build a rich and vigorous society, the foundation of our management policy is the attainment of a high degree of trust and recognition from our shareholders and customers through the improvement of corporate value.

In the environment surrounding the Company, competition continues to intensify due to the enhanced government’s pro-competition policy, the spread of low-cost smartphone services by sub-brands and MVNOs, new entrants from other industries deciding to enter the market and other factors. All of these companies are pursuing various initiatives aimed at future growth in non-telecommunications businesses as well, with a focus on providing loyalty point programs and enhancing finance/payment businesses. In accordance with the expansion of business domains, competition beyond the conventional boundaries of the telecommunications business is shifting into high gear due to entry of the new competitors from different industries such as EC.

Amid this market environment, to realize a richer future with 5G network, in April 2017 we formulated our Medium-Term Strategy 2020 “Declaration beyond,” and in October 2018, we announced specific strategies and quantitative targets as our medium-term management strategy based on “Declaration beyond,” setting our new basic policy that takes a new direction focusing on “transformation into a business foundation centered on our membership base” and “5G rollout and business creation.”

Under this basic policy, while we will reinforce our customer base through new efforts to return to customers through our new rate plans in FY2019, we will leverage our customer base to create new revenue opportunities in business areas such as smart life business, enterprise business and 5G business by promoting digital marketing. We will also continue to improve cost efficiency to achieve sustained growth in the 2020s.

Through these measures, we plan to achieve ¥5 trillion in operating revenue in FY2021, and ¥990 billion in operating profit in FY2023, equivalent to the level of FY2017. Our shareholder return policy in this medium-term management strategy will be to accelerate shareholder returns through continuous dividend increases and our expeditious share purchase.

Medium-Term Strategy 2020 “Declaration beyond”

Looking ahead to the year 2020 and beyond, we will aim to amaze and inspire our customers and create new values hand-in-hand with our partners by exceeding customers’ expectations.
The word “beyond” reflects our will to transform ourselves to realize a richer future with 5G network.

For our customers, we will offer enhanced benefits and convenience as well as value and inspiration, such as enjoyment, surprise, satisfaction and peace of mind. For our partner, we will realize the co-creation of new values through “+d” initiatives such as making contributions to industries, solving social issues and expanding our partners’ businesses.
We formulated “Declaration beyond” as initiatives toward these goals. By delivering “Declaration beyond,” we will aim to reform our business structure, strengthen our business foundation by improving returns to our customers and investing in growth, and fuse and evolve various types of added value using 5G technology.

○ “Declaration beyond”

<Declaration 1: Market Leader>

We will aspire to become a market leader in delivering benefits and convenience through further convergence and evolution of services, billing plans and point programs.

<Declaration 2: Style Innovation>

Taking advantage of the distinctive properties of 5G, as well as technologies such as VR, AI and IoT, we will devise enjoyable and exciting new services that bring innovation to customers’ various usage styles.

To achieve this goal, we will pursue nine challenges under the company wide “empower+d challenge” project.

<Declaration 3: Peace-of-Mind and Comfort Support>

Toward the goal of realizing services that ensure the peace of mind and satisfaction of customers, we will continue to evolve our customer touchpoints through the adoption of AI.

<Declaration 4: Industry Creation>

Leveraging the 5G network that enables high-speed, large-capacity and low-latency transmission and simultaneous connections with a massive number of devices, we will strive to broaden the business opportunities of our partners and drive advancements across all industries in Japan.

<Declaration 5: Solution Co-creation>

Aiming to bring about growth and social abundance to Japan, we will further accelerate our "+d" initiatives to solve social issues.

<Declaration 6: Partner Business Expansion>

By further expanding and evolving the business platforms built upon DOCOMO's assets, we will support our partners' businesses and promote measures to grow the flow of transactions.

FY2019 Priority Initiatives

Our Group expressed in the medium-term management strategy its new basic policy that takes a new direction focusing on "transformation into a business foundation centered on our membership base" and "5G rollout and business creation," and positioned FY2019 as the "year to execute 'change' to propel further growth." In the fiscal year ending March 31, 2020, we will transform ourselves so that we can grow in the future. In order to respond to the dramatic changes in the competitive environment, such as the entry into the market of enterprises from other business fields, in June 2019, we will introduce new rate plans "Gigaho" and "Gigalight" and other measures aimed at reinforcing our customer base. This is expected to cause a temporary decline in profit, but we will conduct business management as outlined below by promoting digital marketing, with the aim of achieving sustained growth during the 2020s.

1) Enhancement of our competitive strengths to be continuously chosen by customers based on trust and persuasiveness

As a market leader, we will provide new rate plans as well as review and revise our handset sales methods. In conjunction with this, we will make sweeping changes to docomo shop operations and will halve about half of wait and attendance time compared with FY2018 to create comfortable experiences for customers. Furthermore, we will comprehensively propose a variety of services to match customer lifestyles, actively promote changeovers from 3G feature phones to smartphones, and reinforce our customer base.

2) Creation of new revenue opportunities through marketing model transformation

We will expand our customer touchpoints by growing our "membership base" and increasing the number of customers who regularly use "d POINTs." We will use optimized approaches for each customer to create new revenue opportunities and secure our customer base. We will also develop deep relationships with partners, combining our assets with theirs to create new businesses.

3) Further growth of smart life area and acceleration of preparations for 5G commercialization

In our smart life business, we will enhance our payment platforms and achieve further finance/payment business growth, particularly by expanding the number of places where d Payment and d POINTs, etc. can be used and by promoting their use. In our enterprise business, we will create new solutions and business opportunities through co-creation with partners, leveraging the "DOCOMO 5G Open Partner Program" and other resources. With regard to 5G, we will start offering preliminary services with the "Rugby World Cup 2019TM," which will be held in September 2019, and will accelerate our preparations for a smooth commercial rollout. In conjunction with this, we will also enhance our video services to expand new video businesses.

4) Process reforms and thorough cost efficiency improvement

In all activities, our Group will work as one to thoroughly improve cost efficiency. We will also focus efforts on business processes reform through digital transformation and transforming work styles through self-discipline and a challenging mindset.

Note: With regard to forward-looking statements in this section, please see also "Item 2. Overview of Business, 2. Risks Relating to Our Business."

2. Risks Relating to Our Business

Of the matters related to the status of business, accounting, and other information stated in this annual securities report, those matters that may have a material impact on decisions by investors are described below.

All statements in this annual securities report that are not historical facts, including forward-looking statements, are made solely on the basis of predictions, expectations, assumptions, plans, acknowledgements, estimates and the like, as of the filing date of this report based on information currently available to DOCOMO. In addition, some of the projected numbers are derived using certain assumptions (suppositions) that are indispensable for making such predictions, in addition to facts previously determined and recognized to be accurate. These statements, facts or assumptions (suppositions) may be objectively inaccurate or unrealized in the future due to factors including potential risks and uncertainties below. Any of these factors could adversely affect DOCOMO Group's business, financial results or financial position. Please note that potential risks and uncertainties are not limited to those listed below.

(1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, the development of appealing new handsets, new market entrants, mergers among other service providers and other factors, or the expansion of the areas of competition and an increase in mobile communications operators entering into and collaborating with other industries could limit the acquisition of new subscriptions and the retention of existing subscriptions by our corporate group, or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs, or an inability to optimize costs as expected.

Our corporate group is exposed to intensifying competition from other businesses in the telecommunications industry caused by Mobile Number Portability, the development of appealing new handsets, new market entrants, mergers among other service providers and other factors. For example, other mobile communications operators have introduced new products such as handsets that keep up with the needs and tastes of customers, including handsets that support high-speed mobile communications services and music/video playback functions, and new services such as music/video distribution services and flat-rate services for voice communications and email, as well as installment sales methods for mobile phone handsets and other devices. If other businesses provide services that are more convenient or handsets that are more appealing to customers in the future, we may not be able to respond in a timely and appropriate manner. If we are unable to build a network having a certain area and quality within the anticipated period of time, while other service providers build mobile communications networks with an area and quality that exceeds ours, customer satisfaction with our network may decline.

At the same time, competition is intensifying as a result of the introduction of other new services and technologies, especially low-priced and flat-rate services, such as fixed-line or mobile IP phone services (including services that use applications that run on our smartphones or tablets), high-speed broadband Internet service, digital broadcasting, public wireless LAN using Wi-Fi and other means, free or low-priced services offered by OTT[*1] service providers, the provision of SIM cards, or a combination of these services.

In addition to competition from other businesses and technologies in the telecommunications industry, there are other factors that can intensify competition, such as saturation in the Japanese mobile communications market, and changes to business and market structures and the environment due to the expansion of areas of competition arising from the entry of competitors into the market, including MVNOs and competitors from other industries. In particular, there is an upward trend in the number of users choosing low-cost services provided by MVNOs. With the use of open platform devices like smartphones and tablets becoming increasingly widespread, many businesses and others have entered the competition in service offerings on mobile phones. In addition, the wholesale optical-fiber access service offered by NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT EAST") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT WEST") enables a diverse group of market participants to provide services utilizing optical-fiber connections and bundle discounts for fixed-line and mobile telecommunications services, so it is possible that such businesses and others may eventually launch services that are more convenient for customers, and further intensify price competition. Furthermore, mobile communications operators are actively entering and collaborating in other industries such as projects that utilize IoT, big data and AI, and finance/payment businesses including FinTech[*2], and it is possible that the attractive services offered by our competitors will lead to a slump in customer satisfaction levels with us, and that price competition will intensify as mobile communications operators offer bundle discounts for packages that include services in other sectors.

In this market environment, the number of net new subscriptions we acquire may see accelerated decline in the future and may not reach the number we expect. Also, we may not be able to maintain existing subscriptions as customers migrate to other service providers due to increased competition. Furthermore, in order to capture new subscriptions and maintain existing subscriptions, there could be a greater-than-expected decline in ARPU and/or greater-than-expected costs. In order to provide highly diverse services and improve convenience for our customers in this challenging market environment, we have been revising various rate plans and discount services. Furthermore, in order to keep up with the rapidly changing competitive environment including new entrants into the market, in June 2019 we introduced new rate plans "Gigaho" and "Gigalight" in an effort to reinforce our customer base. Furthermore, in order to lessen the burden of customers who upgrade their handsets every two years, we began to offer the "Sumaho Okaeshi Program" to customers purchasing designated handsets in 36 instalments. Under the program, the customer will be exempted from making a maximum of 12 out of the 36 instalments, if the purchased handset is returned. However, we cannot be certain that these efforts will enable us to acquire new subscriptions and maintain existing subscriptions. It is also possible that the subscription ratios for various rate plans and discount services or the trend in migration to flat-rate services may not be in line with our group's expectations, and our ARPU may decrease more than projected.

Furthermore, if market growth slows or the market shrinks, our ARPU may decrease even more than our forecast, or we may not be able to acquire new subscriptions or maintain the existing number of subscriptions at the level we expect.

In addition, in order to reinforce our managerial structure, we are promoting increased efficiency related to our network, sales and services, research and development, and handsets. The push toward greater efficiency, however, may not proceed as expected, and costs may not be optimized as anticipated due to intense competition from other businesses and changes in the market environment.

These foregoing factors may have a material adverse effect on our financial condition and operating results.

*1 Abbreviation for Over The Top: A business that does not own the communications infrastructure required for delivering its services and provides content distribution services using the communication infrastructures of other companies.

*2 A compound word from Finance & Technology: The integrated business area of finance and IT.

(2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise, the financial condition of our corporate group could be affected and our growth could be limited.

Based on our basic policy that takes a new direction focusing on "transformation into a business foundation centered on our membership base" and "5G rollout and business creation," we look to achieve sustained growth during the 2020s by reinforcing our customer base through the execution of customer returns with the new rate plans in FY2019, while at the same time promoting digital marketing backed by this customer base and creating revenue opportunities for the smart life business, enterprise business and 5G business, etc. However, a number of uncertainties may arise to prevent the creation of such businesses and constrain our growth.

Furthermore, if market growth slows or the market shrinks, the services, forms of usage, and sales methods provided by us may not develop sufficiently which could affect our financial conditions and limit our growth.

In particular, we cannot be certain as to whether or not the following can be achieved:

- To develop the cooperative relationships as anticipated by our corporate group with the partners needed to provide the services and/or forms of usage that we offer, with the software vendors that provide the operating systems and applications necessary to promote the use of smartphone and other services, with handset manufacturers, and content providers;
- To provide planned new services and forms of usage as scheduled and keep costs needed for the deployment and expansion of such services within budget;
- The services, forms of usage, and installment sales and other methods that we offer and plan to offer will be attractive to current and potential subscribers and there will be sufficient demand for such services;
- Manufacturers and content providers will steadily create and offer products including smartphones and feature phones, handsets compatible with services we provide, software such as the operating systems and applications necessary to encourage the use of smartphone services, as well as content in a timely fashion and at appropriate prices;
- Our current and future services, including (i) ISP services such as "sp-mode" and "i-mode," (ii) rate plans and discounted services for use of voice and packet communications, (iii) artificial intelligent services like "my daiz," (iv) the storage services like "d photo," (v) the services on "dmarket" such as "dTV," "dhits" and "dmagazine," and (vi) "+d" initiatives, the convergence with various businesses, such as financial and payment services like "d CARD" and "docomo insurance," commerce businesses run by OAK LAWN MARKETING, INC. and MAGASeek Corporation and life-related services run by docomo Health Care, Inc. will be attractive to existing and potential subscribers and achieve continued or new growth;

- As per the foundation of our company’s strategy and services, the increase in the number of smartphone users and the larger customer base resulting from “d POINTs”, "d Payment" and “d ACCOUNT” will grow according to our business plans and result in reform of our marketing model;
- The services provided by our corporate group, based on an open platform system, will not be surpassed by more competitive and sought after services provided by other service providers; and
- To expand services with improved data transmission speeds enabled by LTE/LTE-Advanced, the 5th generation mobile communication system (“5G”) which we are aiming to begin offering in the year 2020 as well as with other technologies, as planned.

If the development of our corporate group’s new services, forms of usage or sales methods is limited or if development costs are more than anticipated, or alternatively if we cannot secure and train the necessary human resources and manage the labor force as required to operate our business as we expect or on schedule, it may have a material adverse effect on our financial condition and results of operations.

(3) The introduction or revision of various laws, regulations or systems inside and outside of Japan, or the application of such laws and regulations to our corporate group, could restrict our business operations, which may adversely affect our financial condition and results of operations.

The Japanese telecommunications industry has been undergoing regulatory reform in many areas, including price regulation. Because we operate on the radio spectrum allocated by the Japanese government, the mobile telecommunications industry in which we operate is particularly affected by the regulatory environment. Furthermore, in some cases, we are subject to special regulations that are not imposed on other providers. Various governmental bodies have been recommending or considering changes that could affect the mobile telecommunications industry, and there may be continued reforms, including the introduction or revision of laws, regulations, or systems that could have an adverse effect on our corporate group. These include:

- Regulations on the separation of usage fees and handset costs and correction of excessive measures for customer retention such as contracts binding customers for certain lengths of time;
- Regulations on correction of inappropriate business practices through the adoption of a third-party reseller notification system;
- Regulations to accelerate competition in the handset area, such as SIM unlocking regulations;
- Fair competition measures to promote the new entry of MVNOs and for them to provide lower-cost and more diverse services;
- Revision of the spectrum allocation system, such as the reallocation of the spectrum and the introduction of an auction system;
- Regulations on the use of personal data;
- Measures to open up some segments of telecommunication platform functions, such as authentication and billing, to other corporations;
- Regulations that could require us to open functions regarding our services, such as sp-mode and i-mode services, to platform providers, Internet service providers, content providers, and others;
- Regulations to prohibit or restrict certain content, transactions or mobile Internet services such as sp-mode or i-mode;
- Measures which would introduce new costs, such as the designation of mobile phone communication as a universal service and other changes to the current universal service fund system;
- Regulations on the sale, promotion, pricing and others for “docomo Hikari” and other optical-fiber services realized by the wholesale services of NTT EAST and NTT WEST;
- Regulations to newly promote competition based on a review of the designated telecommunications facilities system (dominant carrier regulation);
- Review of the structure of the NTT group, which includes our corporate group;
- Measures connected to amendments to and the clarification of the legal interpretation of the Civil Code and the Consumer Contract Act that would restrict matters that our corporate group intends to implement, such as changes to contractual terms or terms of use and amendments to or the cancellation of services; and
- Other measures to promote competition that would restrict our corporate group’s business operations in the telecommunications industry, including the revision of the interconnection rules between operators.

In addition to the above proposed changes that may impact the mobile communications business, we may be affected by a variety of laws, regulations and systems inside and outside of Japan. Our corporate group has implemented measures directed toward reducing greenhouse gas emissions, including the deployment of low-power consumption devices and efficient power generators. However, with the introduction of regulations and other measures aimed at reducing greenhouse gas emissions, our cost burdens may increase, and this may have an adverse effect on our financial condition and results of operations. Also, the financial condition and results of operations of our corporate group may be adversely affected by the increased expenses for maintaining and operating the facilities we require to provide our services on account of electricity rate increases due to high fuel prices.

Furthermore, our corporate group is pursuing "+d" initiatives to branch out into various businesses and areas of business through investments and collaborations. Therefore, we are vulnerable to the impact of laws, regulations and systems specific to new services, operations and areas of business, in addition to laws, regulations and systems applicable to the mobile communications business. If such laws, regulations or systems are implemented, they may work as constraints on our corporate group's business operations and this may have an adverse effect on our financial condition and results of operations.

It is difficult to predict with certainty if any proposed changes that may impact the mobile telecommunications business will be implemented or if any other relevant laws, regulations or systems will be drafted, and in case they are implemented or drafted, the extent to which our business will be affected. However, if any one or more of the above proposed changes that may impact the mobile telecommunications business occur, or if laws, regulations or systems are introduced, revised or become applicable to our corporate group, we may experience constraints on the provision of our mobile communication services, which may have an adverse effect on our financial condition and results of operations.

(4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.

One of the principal limitations on a mobile communication network's capacity is the available radio frequency spectrum we can use. There are limitations in the spectrum and facilities available to us to provide our services. As a result, in certain parts of metropolitan Tokyo and Osaka, such as areas near major train stations, our mobile communication network operates at or near the maximum capacity of its available spectrum during peak traffic* periods, which may cause reduced service quality.

Furthermore, with the number of subscriptions and traffic per subscriber increasing, our service quality may decline if we cannot obtain the necessary allocation of spectrum from the Japanese government for the smooth operation of our business.

Also, in order for us to establish specified base stations to use the radio frequencies allocated to us, it may require (i) measures for the acceleration of the transfer of existing radio stations of other business operators or (ii) discussion regarding agreements to share the same spectrum. If measures for the acceleration or discussion do not proceed as planned, our corporate group may not be able to establish the specified base stations according to our business plans, and consequently not be able to operate its mobile communication network smoothly. As a result, service quality may decline, and additional expenses may arise.

Although we are working to improve the efficiency of our spectrum use through technology such as LTE/LTE-Advanced, including migration to LTE and other measures and to acquire additional spectrum, we may be unable to avoid a reduced quality of services.

In addition, due to the limited processing capacity of our base stations, switching facilities, and other equipment necessary for providing services, the quality of the services we provide may also decrease during peak usage periods if our subscription base dramatically increases or the volume of content such as videos and music provided through our networks significantly expands. Also, in relation to our LTE (Xi) and FOMA services, the growth in the number of service subscribers and traffic per subscriber could significantly exceed our expectations due to the proliferation of smartphones and tablets as well as IoT and other devices. Furthermore, some of the software that runs on smartphones and tablets could result in the greater use of control signals (the signals exchanged between devices and the network) in order to establish and terminate communications, and could therefore put a greater-than-anticipated burden on our facilities. If it becomes impossible to process such traffic using our existing equipment, service quality may deteriorate, communication interruptions may arise and the cost of investing in equipment to address these issues could increase.

We are endeavoring to reinforce the network foundation in order to cope with future increases in smartphone traffic. If unforeseen circumstances should arise, such as communication interruptions due to a greater-than-anticipated increase in the number of subscribers and traffic volume and/or control signals per subscriber, and we are not able to address such problems sufficiently and in a timely manner, our ability to provide mobile communications services could be constrained or we could lose customers' trust, and as a result, we could lose subscribers to our competitors. At the same time, the cost of investing in equipment to address these issues could increase, and this could materially affect our financial condition and results of operations.

* The total volume of transmissions

(5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.

We are able to offer global roaming services on a worldwide basis on the condition that a sufficient number of other mobile service providers have adopted technologies and frequency bands that are compatible with those we use on our mobile communications systems. We expect that our overseas affiliates, strategic partners and many other mobile service providers will continue to use the technologies and the frequency bands that are compatible with ours, but there is no guarantee of this in the future.

If a sufficient number of mobile service providers do not adopt the technologies and the frequency bands that are compatible with ours, if mobile service providers switch to other technologies or frequency bands, or if there is a delay in the introduction and expansion of compatible technologies and frequency bands, we may not be able to offer international roaming or other services as expected, and we may not be able to offer our subscribers the convenience of overseas services.

Also, we cannot be sure that handset manufacturers or manufacturers of network equipment will be able to appropriately and promptly adjust their products if we need to change the handsets or network we currently use due to a change in the standard technology we adopt, resulting from the activities of standards organizations.

If such technologies and frequency bands compatible with those we have adopted do not develop as we expect and if we are not able to maintain or improve the quality of our overseas services, our financial condition and results of operations may be adversely affected.

(6) Our domestic and international investments, alliances and collaborations, as well as investments in new business fields, may not produce the returns or provide the opportunities we expect.

One of the major components of our strategy is "+d" initiatives to increase our corporate value through domestic and overseas investments, alliances and collaborations. We have entered into alliances and collaborations with other companies and organizations overseas which we believe can assist us in achieving this objective. We are also promoting this strategy by investing in, entering into alliances with, and collaborating with domestic companies and investing in the Smart Life Business and Other Businesses.

However, there can be no assurance that we will be able to maintain or enhance the value or performance of the past or future investments or joint ventures established, or that we will receive the returns or benefits we expect from these investments, alliances and collaborations. Anticipated synergies may not be realized due to uncertain and unforeseeable ancillary factors, and such factors may have an impact on our strategy. Furthermore, losses may arise due to the dissolution or divestiture of investments, alliances and collaborations.

In recent years, the companies in which we have invested have experienced a variety of negative impacts, including severe competition, increased debt burdens, significant change in share prices and financial difficulties. To the extent that these investments are accounted for by the equity method and to the extent that the investee companies have net losses, our financial results will be adversely affected by our pro rata portion of these losses. If there is a loss in the value of our investment in any investee company and it is not regarded as a temporary decline, our corporate group may be required to adjust the book value and recognize an impairment loss for such investment. Also, a business combination or other similar transaction involving any of our investee companies could require us to realize impairment loss for any decline in the value of investment in such investee company. In either event, our financial condition or results of operations may be adversely affected.

(7) Malfunctions, defects or imperfections in our products and services or those of other parties may give rise to problems.

Various functions are mounted on the mobile handsets we provide. Additionally, a large number of vendors, including our partners and other companies, provide services via the mobile handsets that we provide. If any problems arise due to the imperfection in a product or service provided by our corporate group or by another vendor such as technological problems in the handsets provided by us or by outside vendors or in software including applications or systems, or if any other failures, defects, or losses arise, such problems could diminish our credibility or corporate image, lead to an increase in cancellation of subscriptions, or result in an increase in expenses for indemnity payments to subscribers, and our financial condition or results of operations may be adversely affected. Furthermore, we are pursuing initiatives in the Smart Life Business and Other Businesses. Should problems arise due to imperfections in products or services we offer through the Smart Life Business and Other Businesses, such problems could diminish our credibility or corporate image and our financial condition or results of operations may be adversely affected. Certain events may lead to a decrease in our credibility and corporate image, an increase in cancellation of subscription or increased costs. The following are possible examples of such events:

- Malfunctions, defects or breakdowns in any of the various functions built into our handsets;
- Malfunctions, defects or failures in the software and systems necessary for the services we provide;
- Malfunctions, defects or failures in handsets or services originating from imperfection in the services of other parties;
- Leaks or losses of information, e-money, reward points, or content due to malfunctions, defects or failures in handsets, software, or systems or imperfection in the services of other parties;
- Improper use of information, e-money, credit functions and reward points by third parties due to a loss or theft of handsets;
- Improper access to or misuse of customer information/data stored on handsets or servers, such as usage histories and balances, by a third party;
- Inadequate and inappropriate management of e-money, credit functions, reward points, or other data by companies with which we make alliances or collaborate;
- Harm or losses to customers due to defects in our products or services offered through an e-commerce business such as a home shopping service, or products and services offered on one of our platforms, such as “dmenu” or “dmarket.”

(8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.

We may face an increase in cancellation of subscriber contracts and difficulty in acquiring new subscriptions due to the decreased credibility of our products and services and damaged corporate image caused by the inappropriate use of our products and services by subscribers.

For example, there are cases of unsolicited bulk e-mails being sent through our e-mail services, including docomo mail, sp-mode mail, i-mode mail, + message (Plus message) and SMS. Despite our extensive efforts to address this issue caused by unsolicited bulk e-mails, including providing unsolicited bulk e-mail filtering functions with our handsets, notifying our subscribers via various means and suspending our services to companies which distribute large number of such unsolicited bulk e-mails, the problem has not yet been rooted out. If our subscribers receive a large number of unsolicited e-mails, it may cause a decrease in customer satisfaction and may damage our corporate image, leading to a reduction in the number of sp-mode or i-mode subscriptions.

The mobile phones used in connection with crimes such as billing fraud are most often rental mobile phones. To combat these misuses of our services, we have introduced various measures such as refusing to provide services to unscrupulous mobile phone rental companies that violate the Mobile Phone Improper Use Prevention Act, such as by not confirming the identity of the individual at the time of rental. However, in the event that criminal usage increases, mobile phones may be regarded as a societal problem, which may lead to an increase in cancellation of contracts. In addition, problems have arisen from the fact that subscribers were charged fees for packet communication at higher levels than they anticipated as a result of using mobile phones without fully recognizing the increased volume and frequency of the use of packet communications as our handsets and services became more sophisticated. There have also been problems with high charges due to the excessive use of paid content services, and problems due to an increasing amount of trouble and number of accidents caused by the use of smartphones or other mobile devices while driving, riding a bicycle or walking. Furthermore, there are currently a variety of discussions concerning such issues as the pros and cons of elementary and junior high schools students having mobile phones, the sufficiency and accuracy of our access restriction service to screen harmful web sites (“filtering service”), which applies generally to subscribers under 18 years of age in accordance with the Act on Establishment of Enhanced Environment for Youth’s Safe and Secure Internet Use, and the increase in harm caused by the use of SNS by young people, as they increasingly have access to the Internet from their mobile phones. These issues may similarly damage our corporate image.

We believe that we have properly addressed the social issues involving mobile phones by offering various services, such as a filtering service, access restriction services with user age authentication and a “function that prevents smartphone-distracted walking,” and providing mobile phones specifically designed for young people. However, it is uncertain whether we will be able to continue to respond appropriately to those issues in the future. Should we fail to do so, we may experience an increase in cancellation of existing subscriber contracts or fail to acquire new subscribers as expected, and this may adversely affect our financial condition and results of operations.

(9) Inadequate handling of confidential business information including personal information by our corporate group, contractors and others, may adversely affect our credibility or corporate image.

We possess confidential information on numerous subscribers in the telecommunications business and the Smart Life Business and Other Businesses, and to appropriately and promptly address the Law Concerning the Protection of Personal Information, we have put in place comprehensive company-wide security management that includes the thorough management of confidential information such as personal information, employee education, the supervision of subcontractors and business partners, and the strengthening of technological security.

However, in the event an information leak occurs or information is handled inappropriately despite these security measures, our credibility and corporate image may be significantly damaged and we may experience an increase in cancellation of subscriber contracts, an increase in indemnity costs and slower increase in additional subscriptions, and our financial condition and results of operations may be adversely affected.

(10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.

For us and our business partners to carry out our business, it is necessary to obtain licenses and other rights to use the intellectual property rights of third parties. Currently, we are obtaining licenses from the holders of the rights concerned by concluding license agreements. We will obtain the licenses from the holders of the rights concerned if others have the rights to intellectual property necessary for us to operate our business in the future. However, if we cannot come to an agreement with the holders of the rights concerned or a mutual agreement concerning the granted rights cannot be maintained afterwards, there is a possibility that we or our business partners might not be able to provide our specific technologies, products or services. Also, if we receive claims of the violation of intellectual property rights from others, we may be required to expend considerable time and expense to reach a resolution. If such claims are acknowledged, we may lose revenue in the business related to the rights concerned, or be liable to pay damages for the infringement of those rights, which may adversely affect our financial condition and results of operations.

Furthermore, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.

(11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, the proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, hacking, unauthorized access, cyberattacks, equipment misconfiguration and other problems could cause failure in our networks, distribution channels, and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers, and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.

We have built a nationwide network, including base stations, antennas, switching centers and transmission lines, and provide mobile communication service using this network. In order to operate our network systems necessary to provide our services in a safe and stable manner, we have various measures in place, such as duplicative systems. However, despite these measures, our system could fail for various reasons, including the malfunctioning of system hardware and software, natural disasters such as earthquakes, tsunamis, typhoons and floods, the paralysis of social infrastructure such as power shortages, terrorism and similar events and incidents, and the inability to sufficiently operate and maintain network facilities due to, for example, the proliferation of harmful substances or the spread of an epidemic. These system failures can require an extended time for repair and, as a result, may lead to decreased revenues and significant cost burdens, and our financial condition and results of operations may be adversely affected.

There have been instances in which tens of millions of computers worldwide were infected by viruses through fixed-line Internet connections. As smartphones become more widespread, a growing number of viruses are also targeting mobile handsets. Similar incidents could occur on our networks, handsets, or other equipment. If such a virus entered our network or handsets or other equipment through such means as hacking, unauthorized access, or otherwise, or if there was a cyber-attack, our system could fail, the services we provide could become unusable, service quality could be impacted and/or confidential information could be leaked. In such an instance, the credibility of our network, handsets and other equipment and customer satisfaction could decrease significantly. Although we have enhanced security measures including systems to block unauthorized access, remote downloading for mobile phones, and the provision of "Anshin Net Security," an antivirus solution for smartphones in order to provide for unexpected events, such precautions may not make our system fully prepared for every contingency. Moreover, software bugs, incorrect equipment settings, and human errors that are not the result of malfeasance could also result in system failures, diminished service quality, or leaks of confidential information.

In addition, events or incidents caused by natural disasters, social infrastructure paralysis, the proliferation of harmful substances, the spread of an epidemic, or any other event could force our offices or partners, including sales agencies, to suffer constraints on business operations or to temporarily close their offices or stores. In such a case, we would lose the opportunity to sell or provide goods and services and also may not be able to respond appropriately to subscription applications and requests from subscribers, such as after-sales service requests.

If we are unable to properly respond to any such events, our credibility or corporate image may decrease, and we may experience a decrease in revenues as well as significant cost burdens, and if market growth slows or the market shrinks due to any such event, ARPU may decrease below our forecast, or we may not be able to gain new subscriptions or maintain the existing number of subscriptions at the level we expect. All of these factors may adversely affect our financial condition and results of operations.

(12) Concerns about adverse health effects arising from wireless telecommunications may spread and consequently adversely affect our financial condition and results of operations.

Through various media sources and the internet, information has been disseminated indicating that there is concern about whether radio wave emissions from mobile handsets and other wireless telecommunications devices may adversely affect people’s health or may interfere with electronic medical devices including hearing aids and cardiac pacemakers. Such concerns about the possible risks associated with wireless telecommunication devices could adversely affect our corporate image, financial condition, and results of operations through increased cancellation by existing mobile telecommunications services subscribers, reduced new subscriptions, reduced usage per subscriber, and the introduction of new regulations or restrictions or litigation. The radio emissions from our mobile phones and base stations comply with the electromagnetic safety guidelines established by the Japanese government, which are equivalent to the international guidelines of the International Commission on Non-Ionizing Radiation Protection, which are endorsed by the World Health Organization (WHO). The WHO has also stated that if the level of the radio emissions from mobile devices is lower than the international guidelines, it will not affect the health of their users and others. Research and studies on the effect of radio wave emissions on people’s health are being conducted by foreign research institutes such as the WHO and the Ministry of Internal Affairs and Communications (MIC). While no evidence of an adverse effect on people’s health has been found as of yet, there can be no assurance that, going forward a link between radio wave emissions and health problems will not be identified in the results of future research or studies.

Furthermore, the MIC and the Electromagnetic Compatibility Conference Japan have confirmed that electronic medical devices such as cardiac pacemakers can be affected by electromagnetic interference from mobile phones and other wireless equipment, and has created guidelines on safe usage to provide information to the general public. We are working to provide information to ensure that our subscribers are sufficiently aware of these precautions when using mobile phones. There is a possibility that modifications to regulations and new regulations or restrictions could limit our ability to expand our market or our subscription base or otherwise adversely affect us.

(13) Our parent company, NTT, could exercise influence that may not be in the interests of our other shareholders.

As of March 31, 2019, NTT owned 64.10% of the voting rights of the Company. While being subject to the conditions for fair competition established by the Ministry of Posts and Telecommunications (currently the MIC) in April 1992, NTT retains the right to control our management as a majority shareholder, including the right to appoint directors. Currently, although we conduct our day-to-day operations independently of NTT and its other subsidiaries, certain important matters are discussed with, or reported to, NTT. As such, NTT could take actions that are in its best interests but may not be in the interests of our other shareholders.

3. Management's Analysis on the Company's Financial Condition, Results of Operations and Cash Flow Conditions

You should read the following discussions and analysis of our financial conditions, results of operations and cash flow conditions together with other information included in this securities report.

The discussions and analyses contain forward-looking statements that involve risks, uncertainties and assumptions. Descriptions pertaining to the future were made based on our judgement as of the day of submission of this annual securities report, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "2. Business Conditions (2) Risk Factors" and elsewhere in this report.

We analyze the following matters in the discussion under this item:

(1) Operating Results
- 1) Market Trends
- 2) Business Overview and Trends
- 3) Operating Results for the fiscal year ended March 31, 2019
- 4) Segment Information
- 5) Operating Trends and Prospects for the fiscal year ending March 31, 2020
- 6) Non-Consolidated Statement of Income for Mobile Communications Services of the Company
- 7) Conditions of Production, Order Received and Sales
- 8) Actions toward Realization of a Sustainable Society

(2) Liquidity and Cash Flow Conditions
- 1) Cash Requirements
- 2) Cash Flow Conditions

(3) Significant Accounting Policies and Estimates

(1) Operating Results

1) Market Trends

We primarily engage in the telecommunications business, wherein we provide mobile communications services, sell handset equipment for mobile communications services, as well as offer optical fiber broadband, satellite communications and international services.

To make "Smart Life" a reality, we are engaged in the distribution of video, music and electronic books, finance/payment services, shopping services and various other services that aimed to support our customers' daily lives.

In other businesses, we provide "Mobile Device Protection Service," development, sales and maintenance of IT systems and others.

In the section below, Japan's telecommunications sector is analyzed from the viewpoint of trends of society and market, technical developments/services and regulatory environment.

Society and Market

According to an announcement by the Telecommunications Carriers Association, the mobile communications market in Japan saw a 6.92 million net increase in cellular subscriptions for the fiscal year ended March 31, 2019. The total number of cellular subscriptions in Japan grew to 175.36 million as of March 31, 2019, which represented a market penetration rate of approximately 139%. The growth prospect of new subscriptions to voice-enabled devices is expected to be limited given the rise in the penetration rate and decrease in future population. The recent increase in new subscriptions was driven mainly by an increase in subscriptions achieved through the stimulation of demand for secondary devices such as tablets and mobile Wi-Fi routers, the development of new markets such as embedded communication modules, and an increase in corporate subscriptions. The annual growth rate of cellular subscriptions was 3.5% and 4.1% for the years ended March 31, 2018 and 2019, respectively.

In Japan's mobile phone market, data usage has been increasing owing to the expanded uptake of smartphones, the availability of various rate plans for packet access tailored to customers' diverse requirements and the proliferation of high-speed data services. Furthermore, new markets in areas such as content and applications for smartphones have expanded. The competition among mobile communications service providers has intensified due to the expanded uptake of low-cost smartphone services offered by Mobile Virtual Network Operators (MVNOs) as a result of the Ministry of Internal Affairs and Communications' pro-competition policies, the deployment of sub-brands by other Mobile Network Operators (MNOs), the new entry in the MNO market by a player from a different industry and other factors. In addition, MNOs have employed various measures to reinforce their non-telecommunications business, such as offering a common point program or new payment platforms, in an effort to expand and strengthen their customer base. Therefore, the competition in Japan's mobile communications market is expected to remain fierce in the future.

In the domestic fixed-line communications market, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (NTT East) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (NTT West) started the wholesale of fiber-optic services in February 2015. This enabled not only telecommunication carriers but also a wide range of other players to provide services using optical-fiber connections. Consequently, competition intensified even further transcending the traditional boundaries of the fixed-line telecommunications market.

Players have accelerated collaboration, investment or alliance with other industries in pursuit of future growth through the use of new technologies such as Artificial Intelligence (AI), IoT and drones, with a view to the transition to 5G. We therefore expect to see in the future full-blown competition in new markets that transcend the conventional boundaries of telecommunications market.

Technical Developments/Services

The traffic and subscriptions carried by mobile communications networks has increased year after year in line with the expansion in the adoption of smartphones, tablets and devices for IoT or other services as well as the enrichment of content.

Each MNO has worked to reinforced its network infrastructure by building up communications facilities and expanding network capacity.

Toward the goal of launching 5G services in the year 2020, each MNO, including us, has been promoting the development of new services and content to take advantage of the unique properties of 5G network. These properties include high-speed and large-capacity transmission, low latency and massive device connectivity. The promotion is being done in collaboration with a broad range of partners from not only the telecommunications industry but also other industries.

Regulatory Environment

We and other MNOs in Japan receive the allocation of radio spectrum from government entities and are subject to regulations under the Japanese Telecommunications Business Act, Radio Act and other applicable laws. Japan's mobile communications industry, in recent years, has seen significant progress in deregulation on many fronts. The diet passed an amendment to the Telecommunications Business Act passed in its ordinary session in May 2019, which was promulgated with immediate effect. The revised Telecommunications Business Act sets forth, among other things, complete unbundling of communications tariffs from handset costs, rectification of excessive retention measures such as time-binding contracts and correction of inadequate sales practices by introducing a registration system for agent resellers.

Further changes in the regulatory environment could significantly affect the revenue structures and business models of players in the mobile communications industry including us.

2) Business Overview and Trends

An overview of our business and an analysis on recent trends are provided in the section below. We report our business results in the three different business segments of telecommunications business, smart life business and other businesses.

(i) Telecommunications business

Customers

The telecommunications business segment includes mobile phone services and related equipment sales, optical-fiber broadband service, satellite mobile communications services and international services. We are the largest cellular network operator in Japan with a total subscription of 78.45 million, which represented 44.7% of all cellular subscriptions in Japan as of March 31, 2019. Our primary customers are the users of mobile phones, including both residential users and corporate accounts. We provide telecommunications services as an MNO and through two formats of MVNOs of either a wholesale telecommunications service arrangement or interconnection between operators.

Facilities that serve as the foundation of business

We have rolled out our telecommunications network comprising switches, antennas, base stations and other equipment across Japan by purchasing telecommunications facilities primarily from telecommunications equipment manufacturers and installing base station facilities after obtaining the approval from land owners. For optical-fiber broadband service, we procure the optical-fiber circuits in a wholesale arrangement from NTT East and West and offer services based on a subscription contract concluded directly with subscribers. We pay communication network charges for the use of circuits to both NTT East and West.

Sales Method

We have established a sales channel comprising over 2,300 docomo shops across Japan. Many of the docomo shops are operated by agent resellers that have entered into a contract with us. We purchase mobile phones and other communication equipment from equipment manufacturers and sell them primarily to agent resellers. The agent sellers then sell these handsets to subscribers assuming the inventory risk, for which we pay commissions to agent resellers.

When the handsets are sold, agent resellers may offer the subscriber the option to pay in installments. If a subscriber chooses to pay in installments, we conclude an installment payment agreement directly with the subscriber, under which we acquire the installment receivables from the agent resellers and collect the cash payments of the installments over a period of 12-36 months. Subscribers can also purchase handsets directly from our website. In such case, the purchased handsets are delivered to the subscriber through postal mail.

The docomo shops operated by agent resellers provides customers with various services including explanation on our diverse rate plans, processing of contracts, initial set-up of handsets and guidance concerning the operation of handsets, which usually take a long time and result in prolong customer wait time and increased burden of shop staff. To solve these issues, we have implemented a number of initiatives including the simplification of our rate structure, expansion of the number of shop visit reservation slots and stepped up handset sale through our web channel.

Operating revenues structure

Our mobile phone service subscribers pay fees for the telecommunications and other services they receive every month. The monthly fees consist of fixed charges and fees that are charged based actual usage. We offer a wide array of rate plans which are priced differently based on the volume of communication allowances and number of devices that can be covered, so that subscribers can choose the plan most suited for their own usage style. We also make available various discount programs that offer discounts based on the length of service use or subscription by family groups.

We use the average monthly revenue per unit or ARPU as a performance indicator to measure average monthly revenues per subscription of each service. We believe that our ARPU figures provide certain level of useful information to analyze the trend of monthly average usage of our subscribers over time and the impact of changes in our billing arrangements. ARPU consists of the two components of Mobile ARPU and “docomo Hikari ARPU (optical fiber broadband).

Challenges and Initiative for Growth

Japan's mobile communications market has matured and the growth prospect of new subscriptions to voice-enabled devices is expected to be limited given the rise in the penetration rate and decrease in future population. With a new player slated to enter the market, securing our subscriber base is considered an important issue for our business management. We thus attach a significant focus on net additions/losses of subscriptions (calculated by subtracting the number of churns from total new subscriptions) and churn rate as in important performance indicator for subscriptions. Discount programs for long-term subscribers and subscription by family groups as well as bundled packages combining optical-fiber broadband offerings have turned out to be effective for curbing churns.

We started offering our "docomo Hikari" optical-fiber broadband service in March 2015while concurrently offering the "docomo Hikari Pack" bundled discount program. As a result of offering various new value-added services such as video services integrating mobile and fixed-line communications along with affordable rate options when subscribed together with mobile phone service, the total number of "docomo Hikari" subscriptions grew to 5.76 million as of March 31, 2019.

Meanwhile, the demand for more diversified communications services and devices, such as smartphones, tablets, wearable devices and Wi-Fi routers and for higher transmission speeds have been mounting. Perceiving these market requirements as an opportunity, we have actively worked to promote the sales of smartphones compatible with our high-speed LTE (Xi) service while expanding the coverage of our LTE network. In addition, we plan to make a cumulative investment of ¥1 trillion in the period between April 2019 and March 2024 for the construction of the fifth-generation (5G) network, with the view to commence its pre-commercial service in September 2019 and full commercial service in the spring of 2020.

Actions to Reinforce Competitiveness

In June 2014, amid intensifying price competition in the mobile communications market, to deliver diverse range of advanced services and to improve the convenience of our subscribers, we began offering to our subscribers a billing scheme, "Kake-hodai & Pake-aeru," which allowed users to make unlimited domestic voice calling with a flat monthly fee and share data allowances among family members. For data communications, we created the "Packet Pack" tiered rate plan, which offers data bucket of different sizes and monthly rates to allow customers to choose a plan most suited for their data usage.

In order to beef up our competitiveness and maintain and expand our customer base by providing returns to customers, we launched the "Basic Share Pack" and "Basic Pack" that are designed for customers with limited data usage in May 2018, the "Zutto DOCOMO Wari Plus" service for heavy data users, and the "Welcome Sumaho Wari" discount program for first-time smartphone users in November 2018.

Over the years, however, we have received opinions that our rate plans are "complicated and difficult to understand" and "it is difficult to perceive value or savings" in our offers. To continue to be chosen as customers' true provider of choice, in April 2019, we decided to carry out a drastic review on our conventional rate structure, and launched in June 2019 new rate plans, "Gigaho" and "Gigalight," which are simpler and offer greater value and benefits to customers compared to our conventional plans. In conjunction with the introduction of the new rate plans in June 2019, we started what is called "Sumaho Okaeshi Program " for customers who upgrade their handsets every two years to alleviate their financial burden. Under this program, if a customer trades in their old smartphone upon the purchase of an eligible model splitting the handset cost payment in 36 installments, the customer can receive a waiver of payments worth up to 12 installments.

(ii) Smart life business

In our Smart life business, we offer to mobile subscribers and other non-subscriber members a wide array of services such as video, music or book distribution services, finance/payment services, electronic shopping and other life-related services.

Some of these services are provided directly by us, while others are provided from our various partner companies under a business collaboration agreement. In many cases, we provide the platform for the sale of goods and services. For example, we operate a content marketplace dubbed "dmarket" through which we offer and sell a rich assortment of digital content including video, music and electronic books, as well as groceries, everyday items and other commodities on the cloud.

In recent years, we have focused on the expansion of our finance/payment solutions, and the primary services under this category are our credit card and "d Payment" services.

In our credit card service, we operate "d CARD" and "iD" brand. Our "d CARD" is compatible with international brands, e.g., Visa and Mastercard, so it can be used for payments both at merchants supporting our own brand "iD" as well as the international brand chosen by customers when they joined our credit card service. The primary revenue sources of our credit card service include the issuer's share of the total commissions paid by the credit card merchants for the purchase made by customer, the interest and commissions payable by members for the use of revolving/installment payments or cashing services and the annual membership fee from members.

We also provide "d Payment" service, a payment service that enables users to pay for the purchases made at online shopping sites or physical stores together with their monthly telephone bill. The primary source of revenue for "d Payment" is the commission payable by the merchants to us for customers' use of payment service.

In these finance/payment services, it is important that we increase the number of locations handling each payment method to improve the convenience offered to users. We will tackle the expansion of our merchant network considering this a major challenge for the expansion of this business.

(iii) Other businesses

In Other businesses, we provide “Mobile Device Protection Service” to our mobile subscribers and system development/sales/maintenance services to corporate clients including those for IoT-related business. “Mobile Device Protection Service” is a service that covers handset issues such as loss and water exposure and delivers a replacement handset of the same model and color as the original one directly to the customer with a simple telephone call. This service also covers handset repair costs and is available for a monthly fee prescribed for each handset model. These services are mainly provided directly by us, but we occasionally outsource some of the operations to our partners in delivering these services.

For corporate customers, we provide services and solutions related to IoT, and we are working towards commercialization jointly with our partners who are active in various industries for application of IoT in a wide variety of business fields including manufacturing, mobility, construction, medical care and education. We are also working to create enterprise solutions that take advantage of the 5G's high-speed, large-capacity transmission, low latency, and massive device connectivity.

Common Initiative for all businesses (Reinforcement of customer base and relationship)

As an initiative to not only enhance the competitiveness of our telecommunications business but also strengthen and further evolve the foundation of our overall businesses, we have been promoting business management pivoted on our “d POINT CLUB” membership base, setting usage expansion and convenience improvement of “d POINTs” program as one of our key managerial targets. We have also started offering services that support users’ everyday lives in cooperation with various external partners as part of our service creation/evolution efforts.

“d POINTs” is a point program that can be joined without any enrollment or annual membership fee. Under this program, members can earn points based on the use of “d POINTs-eligible services” or by participating in various campaigns, etc. The accrued “d POINTs” can be used for purchase of merchandise or services at our partner stores or for the payment of monthly communication charges.

The award of “d POINTs” will result in a decrease in our revenues or increase in expenses compared to the case of not granting any “d POINTs.” There are also cases where “d POINTs” are awarded to members by our partners or participating stores, in which case we sell “d POINTs” to the applicable partner or store and receive payment for the sale of points.

After obtaining the consent of each member and in accordance with the agreement in place with partners, we accumulate various data pertaining to the grant or usage of “d POINTs” including how and for what the user consumed the points. This allows us to conduct bespoke marketing for each member with the potential of inducing incremental purchases using “d POINTs.”

We believe we can continuously expand the membership base of “d POINT CLUB” as we can acquire and retain members to this point program without requiring a mobile phone subscription. The total membership base of “d POINT CLUB” reached 70.15 million as of March 31, 2019, posting an increase of 4.55 million or 6.9% from the number as of March 31, 2018.

We aim to achieve further growth by pursing a transition from a customer base centered on mobile phone subscriptions into a service delivery foundation pivoted on “d POINT CLUB” members who are not affected by the presence or absence of mobile phone subscriptions.

3) Operating Results for the Fiscal Year ended March 31, 2019

The following discussion provides an analysis of our operating results for the fiscal year ended March 31, 2019. The tables below describe selected data from our consolidated statements of income for the fiscal years ended March 31, 2019 and 2018.

<Results of operations>

	Billions of yen						
	Year ended March 31, 2018		**Year ended March 31, 2019**		Increase (Decrease)		
Operating revenues	¥	4,762.3	**¥**	**4,840.8**	¥	78.6	1.7 %
Operating expenses		3,775.3		**3,827.2**		51.9	1.4
Operating profit		987.0		**1,013.6**		26.7	2.7
Finance income		9.2		**7.5**		(1.7)	(18.3)
Finance costs		(6.6)		**(6.5)**		(0.1)	(0.8)
Income from arbitration award		147.6		−		(147.6)	−
Share of profits (losses) on equity method investments		4.4		**(12.0)**		(16.5)	−
Profit before taxes		1,141.7		**1,002.6**		(139.1)	(12.2)
Income taxes		349.2		**337.8**		(11.5)	(3.3)
Profit		792.5		**664.9**		(127.6)	(16.1)
Shareholders of NTT DOCOMO, INC.		790.8		**663.6**		(127.2)	(16.1)
Noncontrolling interests	¥	1.6	**¥**	**1.2**	¥	(0.4)	(24.8)

Analysis of operating results for the fiscal year ended March 31, 2019 and comparison with the prior fiscal year

An analysis of the results of each business segment is provided under "(1) Operating results 4) Segment Information." The operating revenues and expenses of the overall business represent the amounts after eliminating intersegment transactions. Accordingly, the operating revenues and expense of each segment represent the amounts before eliminating intersegment transactions. The elimination of intersegment transactions does not cause any impact on the operating profits of the Company’s overall business or each segment.

Operating revenues

Operating revenues for the fiscal year ended March 31, 2019 recorded an increase of ¥78.6 billion or 1.7% from the previous fiscal year to ¥4,840.8 billion, due mainly to the expansion of operating revenues from “telecommunications business” of ¥82.7 billion, or 2.1% year-on-year, driven by the expanded adoption of “docomo Hikari” optical-fiber broadband service and other factors.

Operating revenues from “smart life business” dropped by ¥2.0 billion or 0.4%, while the operating revenues from “other businesses” grew by ¥0.9 billion or 0.2% compared to the previous fiscal year.

Operating expenses

Operating expenses posted a year-on-year increase of ¥51.9 billion or 1.4% to ¥3,827.2 billion. The main drivers behind this growth include the rise in operating expenses of “telecommunications business” of ¥70.6 billion or 2.3% caused by the increase in communication network charges resulting from the expansion of “docomo Hikari” subscriptions and other factors.

Operating expenses from “smart life business” and “other businesses” recorded a decline of ¥9.8 billion or 2.5% and ¥5.9 billion or 1.6% year-on-year, respectively.

Operating profit

Operating profit grew by ¥26.7 billion or 2.7% over the previous fiscal year to ¥1,013.6 billion.

The key factors that contributed to this growth were the expansion of operating profits from “telecommunications business,” “smart life business” and “other businesses” of ¥12.1 billion or 1.4%, ¥7.8 billion or 12.8% and ¥6.8 billion or 9.4%, respectively.

Operating profit margin for the fiscal year ended March 31, 2019 improved to 20.9% compared to 20.7% for the previous fiscal year. This was mainly attributable to the margin improvement of “smart life business” to 15.2% from 13.4% for the previous fiscal year and “other businesses” to 18.0% from 16.5% for the previous fiscal year, despite the deterioration of operating profit margin of “telecommunications business” to 21.8% compared to 21.9% for the previous fiscal year.

Reference (historical changes in conditions of segment profit and losses and composition)

The table below summarizes the historical changes of the operating profit breakdown by each segment. The contributions from “smart life business” and “other businesses” to our total operating profit have been rising in recent years.

<Operating profit>

(Billions of yen)

Fiscal Year	25th	26th	27th		28th
Year Ended	March 2016	March 2017	March 2018	March 2018	March 2019
Accounting standard	U.S GAAP			IFRS	
Telecommunications Business	708.9	832.8	832.8	854.2	866.3
Smart Life Business and Other Businesses	74.2	111.9	140.5	132.7	147.3
Smart Life Business	46.5	57.9	62.9	60.3	68.1
Other Businesses	27.7	54.0	77.6	72.4	79.2
Total	783.0	944.7	973.3	987.0	1,013.6

<Operating profit margin>

Fiscal Year	25th	26th	27th		28th
Year Ended	March 2016	March 2017	March 2018	March 2018	March 2019
Accounting standard	U.S GAAP			IFRS	
Telecommunications Business	19.2%	22.4%	21.4%	21.9%	21.8%
Smart Life Business and Other Businesses	8.6%	12.4%	15.6%	14.9%	16.6%
Smart Life Business	9.2%	11.5%	13.5%	13.4%	15.2%
Other Businesses	7.7%	13.5%	17.8%	16.5%	18.0%
Total	17.3%	20.6%	20.4%	20.7%	20.9%

<Composition of operating profit>

Fiscal Year	25th	26th	27th		28th
Year Ended	March 2016	March 2017	March 2018	March 2018	March 2019
Accounting standard	U.S GAAP			IFRS	
Telecommunications Business	90.5%	88.2%	85.6%	86.6%	85.5%
Smart Life Business and Other Businesses	9.5%	11.8%	14.4%	13.4%	14.5%
Smart Life Business	5.9%	6.1%	6.5%	6.1%	6.7%
Other Businesses	3.5%	5.7%	8.0%	7.3%	7.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Income from arbitration award

In the previous fiscal year, we received payment of an arbitration award of ¥147.6 billion from Tata Sons Limited of India.

Share of profit (losses) on equity method investments

We recorded losses of ¥12.0 billion as share in investments accounted for using the equity method due mainly to the losses incurred by our affiliate overseas telecommunications carrier.

Profit before taxes

As a result of the foregoing, profit before taxes decreased by ¥139.1 billion or 12.2% from the previous fiscal year to ¥1,002.6 billion yen.

Income taxes

Income taxes decreased by ¥11.5 billion or 3.3% from the previous fiscal year ¥337.8 billion, due primarily to a decline in profit before taxes.

As a consequence, profit attributable to shareholders of NTT DOCOMO, INC. decreased by ¥127.2 billion or 16.1% from the previous fiscal year to ¥663.6 billion.

Key Financial Consolidated Indicators and Operational Data

The underlying operational data for the above-mentioned financial results for the fiscal years ended March 31, 2019 and 2018 are provided below:

(EBITDA and EBITDA margin)

EBITDA: Operating income + depreciation and amortization + loss on disposal of property, plant and equipment + impairment loss

Billions of yen	Year ended March 31, 2018	**Year ended March 31, 2019**
EBITDA	1,525.1	**1,559.0**
Depreciation and amortization	(486.6)	**(470.9)**
Loss on sale or disposal of property, plant and equipment	(39.7)	**(41.6)**
Impairment loss	(11.8)	**(32.8)**
Operating profit	987.0	**1,013.6**
a. Profit attributable to NTT DOCOMO, INC.	790.8	**663.6**
b. Operating revenues	4,762.3	**4,840.8**
Net profit margin (=a/b)	16.6%	**13.7%**

Operating free cash flow

We have set "Operating free cash flow," which is calculated by subtracting capital expenditures from EBITDA, as one of the key performance indicators to track our business operations.

For the fiscal year ended March 31, 2019, our EBITDA recorded an increase of ¥33.9 billion or 2.2% to ¥1559.0 billion compared to ¥1,525.1 billion for the previous fiscal year while capital expenditures grew by ¥16.7 billion or 2.9% to ¥593.7 billion compared to ¥577.0 billion for the previous fiscal year. Consequently, operating free cash flow for the fiscal year ended March 3, 2019 amounted to ¥965.2 billion.

Billions of yen	Year ended March 31, 2018	**Year ended March 31, 2019**
a. Profit attributable to shareholders of NTT DOCOMO, INC.	790.8	**663.6**
b. Equity attributable to shareholders of NTT DOCOMO, INC.	5,577.9	**5,518.5**
ROE(=a/b)	14.2%	**12.0%**

Note: Equity attributable to shareholders of NTT DOCOMO, INC. = Two period ends average of equity attributable to shareholders of NTT DOCOMO, INC.

4) Segment Results

(i) Telecommunications Business—

<Results of operations>

	Billions of yen			
	Year ended March 31, 2018	**Year ended March 31, 2019**	Increase (Decrease)	
Operating revenues from telecommunications business	¥ 3,894.4	¥ **3,977.1**	¥ 82.7	2.1%
Operating expenses from telecommunications business	3,040.2	**3,110.8**	70.6	2.3
Operating profit (loss) from telecommunications business	854.2	**866.3**	12.1	1.4

Overview

Operating revenues from the telecommunications business for the fiscal year ended March 31, 2019 increased by ¥82.7 billion, or 2.1%, from the previous fiscal year.

Operating expenses from the telecommunications business increased by ¥70.6 billion, or 2.3%, from the previous fiscal year. As a result, operating profit from telecommunications increased by ¥12.1 billion, or 1.4%, from the previous fiscal year.

The profit from telecommunications business segment is derived mainly from telecommunications services revenues, which basically consist of the following components.

Mobile telecommunications services revenues = No. of users x Mobile ARPU
Optical-fiber broadband services revenues = No. of users x "docomo Hikari" ARPU

Operating revenues

Operating revenues from the telecommunications business for the fiscal year ended March 31, 2019 increased due mainly to the moderation of negative impacts from the termination of "Monthly Support" discount program and an increase in optical-fiber broadband service revenues due to growth in the number of "docomo Hikari" user as well as an increase in equipment sales. The increase in revenues due to these factors exceeded the decrease in mobile communications services revenues due to expansion of customer returns to reinforce competitiveness.

Operating expenses

Operating expenses increased due to an increase in communication network charges and equipment costs associated to an increase in revenues, although there were a temporary decrease in depreciation expenses associated to the previous fiscal year and a decrease in expenses resulting from ongoing cost-efficiency improvement efforts.

As a result of the above factors, both operating revenues and operating profit increased as an increase in operating revenues outweighed an increase in operating expenses.

Detailed factors that have affected operating revenues and expenses, including the above, is as follows:

Factors that positively affected operating revenues:

・Moderated impact from “Monthly Support”* discount package (increase in Mobile ARPU);
・Growth of optical-fiber broadband service revenues (increase in "docomo Hikari"ARPU), etc., resulting from expansion of “docomo Hikari” subscriptions (increase in subscriptions);
・Increase in equipment sales revenues due to the rise in the percentage of high-end smartphones to total handsets sold amid a reduction in handset sales commissions payable subtracted from equipment sales revenues.
・Expansion of smartphone usage (increase in Mobile ARPU);

*: “Monthly Support” is a program that provides up to 24 months of discounts from monthly service charges, in fixed amounts depending on device purchased, to subscribers using devices such as smartphones and tablets whose subscriptions satisfy certain conditions. The levels of discounts provided under the “Monthly Support” program had been decided taking into consideration the balance of revenue-boosting effects from subscriber acquisition and retention and the negative revenue impact of the program. We stopped accepting new applications for “Monthly Support” effective June 2019 in conjunction with the introduction of our new rate plans.

Factors that negatively affected operating revenues:

- Increased uptake of "Simple Plan," "Ultra Share Pack," "Ultra Pack," "Basic Share Pack," "Basic Pack," "docomo with" program and other packages that have been introduced to improve customer returns and reinforce our competitiveness (decrease in ARPU).

Factors that caused an increase in operating expenses

- Increase in communication network charges associated with the growth of "docomo Hikari" revenues; and
- Increase in cost of equipment sold owing to a rise in the percentage of smartphones carrying higher unit cost of procurement to the total number of handsets sold.

Factors that caused a decline in operating expenses:

- Ongoing cost efficiency improvement efforts; and
- Decrease in depreciation expenses due to the effect of recognized temporary depreciation on relatively old facilities in the previous fiscal year, despite the increase in depreciation resulting from past investments made to accommodate traffic growth and to expand the coverage of "PREMIUM 4G" service.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	Year ended March 31, 2018	**Year ended March 31, 2019**	Increase (Decrease)	
Mobile telecommunication services	76,370	**78,453**	2,083	2.7%
Including: "Kake-hodai & Pake-aeru" billing plan	41,964	**45,793**	3,829	9.1
Mobile telecommunication services (LTE (Xi))	50,097	**55,872**	5,775	11.5
Mobile telecommunication services (FOMA)	26,273	**22,581**	(3,692)	(14.1)
"docomo Hikari" optical broadband service	4,762	**5,759**	996	20.9%

Note: 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>

	Thousand units			
	Year ended March 31, 2018	**Year ended March 31, 2019**	Increase (Decrease)	
Number of handsets sold	25,460	**24,429**	(1,031)	(4.1)%
Mobile telecommunication services (LTE (Xi))				
New LTE (Xi) subscription*1	10,039	**9,930**	(109)	(1.1)
Change of subscription from FOMA	3,207	**3,021**	(186)	(5.8)
LTE (Xi) handset upgrade by LTE (Xi) subscribers	10,201	**10,082**	(119)	(1.2)
Mobile telecommunication services (FOMA)				
New FOMA subscription*1	1,190	**924**	(266)	(22.4)
Change of subscription from LTE (Xi)	28	**28**	1	2.5
FOMA handset upgrade by FOMA subscribers	795	**444**	(351)	(44.2)
Churn rate*2	0.65 %	**0.57 %**	(0.08) point	–
Handset churn rate*3	0.51 %	**0.47 %**	(0.04) point	–

*1: New subscriptions include mobile line subscriptions of MVNOs and Communication Module subscriptions.
*2: "Churn rate" is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.
*3: 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.

<Trend of ARPU and MOU>

	Yen			
	Year ended March 31, 2018	**Year ended March 31, 2019**	Increase (Decrease)	
Aggregate ARPU	¥ 4,710	**¥ 4,800**	¥ 90	1.9 %
Mobile ARPU	4,370	**4,360**	(10)	(0.2)
"docomo Hikari" ARPU	340	**440**	100	29.4
MOU (minutes)	136	**134**	(2)	(1.5)%

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 the 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 of 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.
   b. MOU (Minutes of Use):
   Average monthly communication time per user

2. ARPU Calculation Methods
   Aggregate ARPU= Mobile ARPU + "docomo Hikari" ARPU

   - Mobile ARPU : Mobile ARPU Related Revenues {Voice related revenues (basic monthly charges, voice communication)
   + Packet 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 changes)
   /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 telecommunications 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," wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs, and revenues related to "d POINTs" are not included in the ARPU calculation.

<<Key Topics>>

● Enhanced Customer Returns and Encouraging Switch to Smartphones

We continued working to enhance returns to our customers and encourage the switch to smartphones, mainly by leveraging our “Basic Share Pack,” “Basic Pack” and “Zutto DOCOMO Wari Plus” rate plans in an effort to address their diverse needs through “Rate Plan Consultation Fair” and more.

The number of subscriptions for “docomo with,” a rate plan targeting customers who use a single handset for an extended period of time, topped 5 million in March 2019, mainly as a result of expanding the number of eligible models. In addition, the number of smartphone and tablet users was 40.53 million, due to providing services such as “Welcome Sumaho Wari” and “DOCOMO Smartphone program for over 60.”

Launch Date	Principal Initiatives
May 2018	“Basic Share Pack” and “Basic Pack” with rate plans applied according to usage
May 2018	“Zutto DOCOMO Wari Plus” which allows customers to choose a billing discount or provision of “d POINTs” depending on their “d POINT CLUB” stage
September 2018	“docomo Hikari Renewal Loyalty Points” which provide “d POINTs” to customers who use “docomo Hikari” for an extended period of time
November 2018	“Welcome Sumaho Wari” which discounts charges when customers first switch from a feature phone to a smartphone
December 2018	“docomo Student Discount” which discounts smartphone charges for under 25 years old customers
March 2019	“DOCOMO Smartphone program for over 60” a discount service that can be used by over 60 years old customers

● Evolved Customer Touchpoints

In an effort to shorten waiting times and response times, we provided the “Otasuke Robot,” a chatbot* that can consult about customer problems with smartphones or “docomo Hikari,” during the hours when docomo shops or docomo Information Center are congested or closed, and also expanded available shops for visit reservation.

We also organized “docomo Smartphone classes” at docomo shops to enable customers to use smartphones safely and conveniently, and reinforced the support system for all customer touchpoints.

* A program or service that provides automated response to inquiries named after “chat” and “robot.”

● Reinforcement of Communication Network

In order to provide customers with comfortable network experience in a high-speed communication environment, we expanded the coverage of our “PREMIUM 4G” service to 1,684 cities across Japan as of March 31, 2019. In March 2019, we launched a communication service that offers Japan’s fastest maximum download speed*2 of 1,288Mbps by extending the carrier frequency ranges aggregated by CA*1. Additionally, in November 2018, we commenced a communication service that offers maximum upload speed of 131.3Mbps through new introduction of CA.

As a result of these efforts, we achieved improvements in our download and upload speeds over the previous year. Our download speed was 191Mbps (up 5% from the previous year) and our upload speed was 31Mbps (up 35% from the previous year), based on the “Guidelines for the Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers and Information Providing Method, etc. for Users”*3 defined by the Ministry of Internal Affairs and Communications.

*1 CA (carrier aggregation): A technology that aggregates multiple carrier frequency ranges
*2 As of March 31, 2019 (according to DOCOMO research)
*3 Median value (Android + iOS)

(ii) Smart life business—

<Results of operations>

	Billions of yen					
	Year ended March 31, 2018		**Year ended March 31, 2019**		Increase (Decrease)	
Operating revenues from smart life business	¥	450.8	¥ **448.8**	¥	(2.0)	(0.4)%
Operating expenses from smart life business		390.5	**380.7**		(9.8)	(2.5)
Operating profit (loss) from smart life business		60.3	**68.1**		7.8	12.8

Operating revenues from the smart life business for the fiscal year ended March 31, 2019 decreased by ¥2.0 billion, or 0.4%, from the previous fiscal year. This was mainly due to a decrease in revenues, driven by the sale of "Radish Boya" which had been a subsidiary of NTT DOCOMO in the previous fiscal year and was sold in February 2018, exceeded the increase in revenues from our finance/payment services and other services.

Operating expenses from the smart life business decreased by ¥9.8 billion, or 2.5%, from the previous fiscal year. This was mainly due to a decrease in expenses attributable to the sale of "Radish Boya" in February 2018, as well as a decrease in expenses associated with contents service revenues. This decrease in expense was greater than an increase in expenses associated with the increase in revenues from our finance/payment services.

As a result, operating profit from the smart life business increased in ¥7.8 billion, or 12.8%, from the previous fiscal year.

<<Key Topics>>

● Improved Convenience of "d POINTs"

For the smart life business segment, we worked to encourage the use and improve the convenience of "d POINTs" by continuing to make "d POINTs" available at more locations, including "Matsumoto Kiyoshi" stores operated by Matsumotokiyoshi Holdings Co., Ltd. and "BIG ECHO" operated by DAIICHIKOSHO CO., LTD. in order to accelerate "transformation into a business foundation centered on our membership base."

We also made efforts to expand the number of stores that handle "d POINTs" overseas, and newly enabled the use of "d POINTs" at some stores in New York and Hawaii.

As a result of these efforts, as of March 31, 2019, the total number of partners participating in the "d POINTs" program was 418 at approximately 99,100 stores.

● Expansion of Services Toward Realization of Smart Life

We provided new entertainment experiences and services aimed at offering our customers value and excitement. Additionally, in February 2019 we decided to make NTT Plala Inc. a subsidiary in order to increase the added value of 5G contents and to diversify video viewing styles*.

Launch Date	Principal Initiatives
May 2018	"my daiz" AI agent service that makes timely proposals of information and services needed in everyday life
September 2018	"Hikari TV for docomo" which lets customers enjoy specialty channels, video on demand, as well as terrestrial and BS digital broadcasting on their home television, smartphone or tablet using fiber optic lines
January 2019	"Shintaikan Live" service that allows customers to view live music streaming on smartphones or other devices from multiple angles
March 2019	"Disney DELUXE," Disney's official entertainment service

*NTT Plala Inc. will become a subsidiary of the Company in July 2019.

● Initiatives for Growth of Finance/Payment Businesses

We provided new finance/payment services that let customers experience ease, convenience, benefit and safety, using our payment, points, authentication and credit base, along with AI, IoT and other devices, through co-creation with our partners. In April 2018, we launched “d Payment,” a new smartphone payment service using QR codes and barcodes, and the number of downloads of the “d Payment app” topped 3.8 million in the fiscal year ended March 31, 2019 . “d Payment” became available for use at stores including “Lawson” local stores operated by Lawson, Inc., “FamilyMart” local stores operated by FamilyMart Co., Ltd., “Amazon.co.jp,” the general online store operated by Amazon Japan, G.K. and so on.

Moreover, the total number of “d CARD” subscribers* as of March 31, 2019 grew to 19.95 million, an increase of 1.03 million from March 31, 2018, and the total number of “d CARD GOLD” subscribers topped 5.0million in January 2019. In addition, the total amount of transactions through our finance/payment services reached ¥3,911.4 billion for the fiscal year ended March 31, 2019, an increase of ¥739.5 billion from the previous fiscal year.

Launch Date	Principal Initiatives
April 2018	“d Payment,” a payment service that lets customers pay bills from local stores together with their monthly mobile phone bill while collecting and using “d POINTs”
May 2018	“Point Investment,” a service that allows customers to experience investment using “d POINTs”
May 2018	Offering of “THEO + docomo,” a service provided by Money Design Co., Ltd. that lets customers automatically manage assets starting from small amounts through use of robot advisers

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

(iii) Other businesses—

<Results of operations>

	Billions of yen						
	Year ended March 31, 2018		**Year ended March 31, 2019**		Increase (Decrease)		
Operating revenues from other businesses	¥	439.8	¥	**440.7**	¥	0.9	0.2 %
Operating expenses from other businesses		367.4		**361.5**		(5.9)	(1.6)
Operating profit (loss) from other businesses		72.4		**79.2**		6.8	9.4

Operating revenues from the other businesses for the fiscal year ended March 31, 2019 increased by ¥0.9 billion, or 0.2%, from the previous fiscal year. This was mainly due to an increase in revenues from IoT services and other services for corporate customer as well as increase in revenues from our "Mobile Device Protection Service" driven by an increase in the proportion of advanced smartphones in the number of subscriptions to our "Mobile Device Protection Service." The increase in revenues due to these factors exceeded the decrease in revenue from overseas mobile content distribution business.

Operating expenses from the other businesses decreased by ¥5.9 billion, or 1.6%, from the previous fiscal year. This was mainly due to a decrease in expenses resulting from cost efficiencies that exceeded an increase in expenses such as impairment loss incurred in the overseas mobile content distribution business.

As a result, operating profit from the other businesses increased by ¥6.8 billion, or 9.4%, from the previous fiscal year.

<<Key Topics>>

● "Top Gun" Initiatives

Through cooperation between the R&D unit and Corporate Sales and Marketing team, we have been implementing "Top Gun" initiatives to realize prompt sales activities, business verification and service creation since October 2017. During the fiscal year ended March 31, 2019, we provided services such as "TANA SCAN-AI" that can confirm the state of product displays on shelves through AI image recognition.

● Initiatives for Proliferation of IoT

We worked to increase productivity and added value for our corporate customers through various solutions as the spread and use of IoT becomes increasingly advanced and the global IoT market expands further with the approach of the 5G era.

We entered into a collaboration agreement with Valeo Group for the development and provision of next-generation connected cars and mobility services in April 2018. Valeo Group, a supplier of automotive components and systems, is engaged in the development of three core technologies that drive the automotive revolution that is currently taking place in the auto industry, i.e. electrification, autonomous driving and digital mobility. We have started the development of next-generation mobility services combining the technologies and the solutions owned by our two companies.

In addition, we began offering "Globiot" global IoT solutions that provide one-stop connectivity, operational support and consulting services in various countries for corporations that are deploying IoT services globally in July 2018.

Furthermore, in October 2018, we developed and launched "LTE-M," a service that allows corporate customers to reduce the price and power consumption of IoT devices.

● Supporting Program for Business Startups

We made investments in various startup companies to accelerate innovation in services, technologies and processes. For example, we invested in Locix, Inc., a company that develops wireless technologies with low power consumption in July 2018. Combining our image recognition engine with the low power consumption wireless camera developed and provided by Locix, Inc., we carried out demonstration tests to detect the status of pest occurrence from remote sites for the agriculture industry.

In addition, in February 2019, we invested in Hatch Entertainment Ltd., a provider of mobile game streaming services, with a view to offering new entertainment for the 5G era.

5) Operating Trends and Prospects for the fiscal year ending March 31, 2020

The environment surrounding our businesses has changed significantly.

In Japanese telecommunications market, competition has intensified due to the penetration of Mobile Virtual Network Operators (MVNOs) and sub-brands of major Mobile Network Operators (MNOs) in addition to the competitions among major MNOs. In addition, the market is expected to become more active in the fiscal year ending March 31, 2020 due to an entry by new MNO.

Based on this market environment, we consider the fiscal year ending March 31, 2020 as the "year to execute "change" to propel further growth" and introduce new rate plans, "Gigaho" and "Gigalight", to enhance competitiveness ahead of changing market conditions. In the first year of the introduction of the new rate plans, we expect to see a decline in profits due to the early shift of customers that are given a cost advantage by new rate plans. We will enhance our customer base by strengthening our relationship with customers by attractive new rate plans and proposing each customer optimal products and services.

In addition, for medium-term growth, we will steadily grow the smart life business and other businesses, particularly the finance/payment services and corporate solutions services. We will also implement measures related to 5G and achieve cost efficiency improvements of ¥130 billion which will be beyond the result for the fiscal year ended March 31, 2019. We promote these initiatives through the "Digital marketing based on membership" and expect forecasts for the fiscal year ending March 31, 2020 below.

	Billions of yen						
	Year ended March 31, 2019		Year ending March 31, 2020 (Forecasts)		Increase (Decrease)		
Operating revenues	¥	4,840.8	¥	4,580.0	¥	(260.8)	(5.4)
Operating profit		1,013.6		830.0		(183.6)	(18.1)
Profit before taxes		1,002.6		838.0		(164.6)	(16.4)
Profit attributable to shareholders of NTT DOCOMO, INC.		663.6		575.0		(88.6)	(13.4)
Capital expenditures		593.7		570.0		(23.7)	(4.0)
Adjusted free cash flows excluding changes in investments for cash management purposes*		619.4		630.0		10.6	1.7
Adjusted free cash flows excluding changes in investments for cash management purposes and estimated impact of IFRS16*		619.4		530.0		(89.4)	(14.4)
EBITDA		1,559.0		1,440.0		(119.0)	(7.6)
EBITDA excluding estimated impact of IFRS16*		1,559.0		1,340.0		(219.0)	(14.0)

*This figure excludes the impact of IFRS16 while the presentation of expenses related to leases changes from "cost of equipment sold and services, and other expenses" to "depreciation and amortization" as a result of adoption of IFRS 16.

Operating revenues

Operating revenues for the fiscal year ending March 31, 2020 are projected to decline by ¥260.8 billion or 5.4% compared to the fiscal year ended March 31, 2019 due mainly to the following factors: a decline in mobile communications services revenues caused by the switch to new rate plans, "Gigaho" and "Gigalight," first by customers who will benefit by the migration (such as customers who have already finished receiving "Monthly Support" discounts) and the projected decline in equipment sales revenues due to a drop in the number of handsets sold, which are not likely to make up for the positive impacts from the expansion of smart life business and "docomo Hikari" services and the moderation of the negative impact on future revenues from the termination of "Monthly Support" discount program upon the introduction of new rate plans.*

*We introduced in June 2019 new rate plans, "Gigaho" and "Gigalight," which totally separate communication service charges from handset costs. The "Monthly Support" discounts that had been offered in the past will not be applied to the "Gigaho" and "Gigalight" plans.

Operating profit

Operating profit for the fiscal year ending March 31, 2020 is expected to decrease by ¥183.6 billion or 18.1% from the fiscal year ended March 31, 2019 due mainly to a projected drop in operating revenues. Operating expenses are estimated to decrease by ¥77.2 billion or 2.0% year-on-year, due to a reduction of commissions payable to agent resellers in association with the introduction of the new rate plans that unbundle communication tariffs from handset costs and cost efficiency initiatives.

Profit before taxes

Profit before taxes for the fiscal year ending March 31, 2020 is expected to decrease by ¥164.6 billion or 16.4% compared to the fiscal year ended March 31, 2019 owing primarily to the decrease in operating profit. The profits (losses) from financial service and our share in profits (losses) on equity method investments are both expected to improve over the prior fiscal year.

Profit attributable to shareholders of NTT DOCOMO, INC.

Due to the factors described above, profit attributable to shareholders of NTT DOCOMO, INC. for the fiscal year ending March 31, 2020 is projected to drop by ¥88.6 billion or 13.4% compared to the fiscal year ended March 31, 2019.

Free cash flows

Free cash flows (excluding changes in investments for cash management purposes and estimated impact of IFRS16) for the fiscal year ending March 31, 2020 are expected to decrease by ¥89.4 billion or 14.4% year-on-year. The main reasons behind this include the projected decline in profit before taxes and decrease in cash owing to new investments and other activities, which are expected to outweigh the projected cash increase provided from the sale of long-term investments including our equity stake in Sumitomo Mitsui Card Company Limited.

All statements of the above that are not historical facts, including forward-looking statements (including operating trends and prospects for the fiscal year ending March 31, 2020) are made solely on the basis of predictions, expectations, assumptions, plans, acknowledgements, estimates and the like, as of the filing date of this report based on information currently available to DOCOMO. In addition, some of the projected numbers are derived using certain assumptions (suppositions) that are indispensable for making such predictions, in addition to facts previously determined and recognized to be accurate. These statements, facts or assumptions (suppositions) may be objectively inaccurate or unrealized in the future due to factors including potential risks and uncertainties. Any of these factors could adversely affect DOCOMO Group's business, financial results or financial position and our actual financial results and the like may differ materially from those anticipated as a result of certain factors, including, but not limited to, those set forth under "2. Business Conditions (2) Risk Factors" and elsewhere in this report.

6) Non-Consolidated Statement of Income for the Mobile Communications Services of the Company

The non-consolidated statement of income for the Company's mobile communications services for the 28th fiscal term ended March 31, 2019 is provided below in compliance with Article 5 of Telecommunications Business Accounting Rules, Articles 2 and 3 of its supplementary provisions and other accounting procedures specified by Ordinance No. 232 of the Ministry of Internal Affairs and Communication of 2004.

Because the income statement of mobile communications services is based on non-consolidated accounts of the Company, the numbers there in do not match with the segment results contained in "(1) Operating Results 4) Segment Information."

1. Non-consolidated Statement of Income for Mobile Communications Services (From April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

<table>
<tr><th colspan="3">Type of service</th><th>Operating revenues</th><th>Operating expenses</th><th>Operating income</th></tr>
<tr><td rowspan="7">Mobile communications services</td><td rowspan="3">Voice transmission service</td><td>Mobile phone</td><td>989,664</td><td>665,365</td><td>324,299</td></tr>
<tr><td>Other mobile communication</td><td>4,216</td><td>3,359</td><td>856</td></tr>
<tr><td>Subtotal</td><td>993,881</td><td>668,724</td><td>325,156</td></tr>
<tr><td rowspan="3">Data transmission service</td><td>Mobile phone</td><td>2,009,985</td><td>1,466,266</td><td>543,719</td></tr>
<tr><td>Other mobile communication</td><td>5,797</td><td>2,249</td><td>3,547</td></tr>
<tr><td>Subtotal</td><td>2,015,783</td><td>1,468,516</td><td>547,266</td></tr>
<tr><td colspan="2">Subtotal</td><td>3,009,664</td><td>2,137,241</td><td>872,423</td></tr>
<tr><td colspan="3">Telecommunications services other than mobile communications services</td><td>315,553</td><td>276,440</td><td>39,113</td></tr>
<tr><td colspan="3">Total</td><td>3,325,218</td><td>2,413,681</td><td>911,536</td></tr>
</table>

Notes:

1. Basis of preparation of income statement for mobile communications services

The income statement for mobile communications services herein is prepared in accordance with the Telecommunications Business Accounting Rules of 1985 (Ordinance No. 26 of former Ministry of Posts and Telecommunications). The income statement for mobile communications services is created for submission to the Minister of Internal Affairs and Communications.

2. Allocation criteria of revenue and expenses relating to telecommunications services

The revenue and expenses relating to telecommunications services has been allocated in compliance with the criteria specified in Table 2 attached to Article 15 of Telecommunications Business Accounting Rules and other appropriate criteria in accordance with the procedures for submission to the Minister of Internal Affairs and Communications as set forth under the Telecommunications Business Accounting Rules and Article 3 of its supplementary provisions.

3. Change in accounting relating to liabilities for employees' retirement benefits

NTT DOCOMO, INC. previously accounted for the contribution to the Special Accounting Fund for the NTT CDBP (formally Special Accounting Fund for NTT Employees' Welfare Pension) as an expense, given that the plan is a social welfare pension plan which is considered as a multi-employer defined benefit plan for accounting purposes. Since the fiscal year ended March 31, 2019, however, sufficient information has become available to use defined benefit accounting for the plan and DOCOMO, INC. has applied a new accounting treatment that a provision for the plan is recognized as a liability. The provision is measured based on the present value of the benefits attributed to current and prior years.

7) Conditions of Production, Orders Received and Sales

As we operate telecommunications business and other businesses that are difficult to be described under the categorization of production and orders received, we do not present the size of production or orders received for each segment in monetary amounts or quantity. Accordingly, the conditions of production, order received and sales are presented in association with the segment results under “(1) Operating Results 4) Segment Information.”

8) Activities Toward Sustained Social Development

We are promoting ESG[*1] management and contributing to sustained social development through our twin pillars: (i) “Innovative docomo” to solve various social issues through the provision of “new value”, and (ii) “Responsible docomo” to create a corporate constitution that satisfies our corporate social responsibility and earns the trust of customers.

We have set the CSR Medium-Term Target as the goals toward FY2020 in order to realize “a society in which people can live with security, safety, comfort and affluence,” a goal stated in DOCOMO’s CSR policy. We identify eight sustainability focuses that we should pursue in order to fulfill our social responsibility, and set out specific medium-term goals and KPIs for each focus.

As a result of the above and other efforts, DOCOMO was selected as a component of the Dow Jones Sustainability Indices (DJSI) World Index of the DJSI, which are global indices for ESG investment, and four indices[*2] adopted for ESG investment by the Government Pension

Investment Fund (GPIF). In addition, DOCOMO was ranked the first place for consecutive two years in the “Toyo Keizai CSR Corporate Ranking”, and rated five stars in the “NIKKEI Smart Work survey”, which is the top rated category.

*1 Factors used to analyze companies in non-financial terms, standing for “Environment,” “Social” and “Governance”

*2 “FTSE Blossom Japan Index,” “MSCI Japan ESG Select Leaders Index,” “S&P/JPX Carbon Efficient Index” and “MSCI Japan Empowering Women Index”

<<Innovative docomo>>

● Launch of “IoT × 5G × SDGs Partner Co-Creation Project”

In December 2018, we launched the “IoT × 5G × SDGs Partner Co-Creation Project.” This project investigates new business creation, and is targeted at partner companies and organizations participating in the “DOCOMO 5G Open Partner Program”, especially those that can collaborate in the creation of solutions and the achievement of SDGs in the IoT field.

● Start of Provision of “Mieru Denwa”

In March 2019, we began offering “Mieru Denwa,” a service for customers with hearing difficulties that automatically converts and displays a caller’s spoken words into text. This service was proposed and developed based on the experiences of an employee with hearing difficulties.

<<Responsible docomo>>

● Disaster Response and Preparedness Activities and Disaster Area Support Activities during the “Torrential Rains of July 2018,” “Typhoon No. 21 of 2018,” “The Hokkaido

Eastern Iburi Earthquake of 2018” and “Typhoon No. 24 of 2018,” we did our utmost to minimize the impact of these disasters on communications services by deploying mobile base station vehicles and portable power supply vehicles to disaster areas and lending mobile phones to local governments and other entities, in addition to our usual disaster response and prevention activities such as ensuring uninterrupted power and 24 hours of battery power to critical base stations. Furthermore, following “the Hokkaido Eastern Iburi Earthquake of 2018”, we operated large zone base stations for the first time in some parts of Kushiro City.

We also implemented support activities for customers in the areas specified under the Disaster Relief Act, such as providing free battery chargers and reducing repair charges. We set up a charity website that enabled users to donate using their docomo kouza (account) or “d POINTs,” and raised donations.

Given the possibility of simultaneous, large-scale disasters, we implemented disaster countermeasures, including placing storage batteries in approximately 1,100 docomo shops as part of our plan to place storage batteries in all docomo shops in preparation for large-scale, protracted power outages, and achieving the quick provision of a recovery area map as an enhancement of disaster area support activities

● Participation in the Tokyo 2020 Medal Project

We have participated in the “Tokyo 2020 Medal Project: Towards an Innovative Future for All,” a project to create medals for the Tokyo 2020 Olympic and Paralympic games from used mobile phones and other compact home appliances, sponsored by the Tokyo Organizing Committee of the Olympic and Paralympic Games. In October 2018, for the first time, we delivered metal for recycle we had collected to the Committee.

● Continued Efforts in “Smartphone and Mobile Phone Safety Class” and “DOCOMO Hearty class”

We held sessions of “Smartphone and Mobile Phone Safety Class,” in which participants can learn the rules and manners of using smartphones and mobile phones, as well as how to respond to troubles that may arise with their use, and sessions of “DOCOMO Hearty class,” which introduces convenient features and usage tips for smartphones to people with disabilities.

Name of session	Number of sessions held in FY2018	Number of participants in FY2018
Smartphone and Mobile Phone Safety Class	Approx. 7,600 sessions	Approx.1.39 million people (a cumulative participation of approx. 12.11 million people since 2004)
DOCOMO Hearty class	Approx.100 sessions	Approx.1,000 people

● Activities of NPO, Mobile Communication Fund (MCF)

In the fiscal year ended March 31, 2019, the MCF, which is established by DOCOMO, supported research activities relating to mobile communications technologies, provided support to international students and social assistance recipients to help them take advantage of educational opportunities, as well as provided subsidies to civic groups.

Major activities	Total amount
“DOCOMO Mobile Science Award”: One Award of Excellence in each of Advanced Technology Division and Basic Science Division, and two Incentive Awards in Social Science Division	¥18.00 million
Scholarships for international students from Asia and social assistance recipients (41 recipients)	¥54.24 million
Subsidies to 46 different civic activities undertaken for the health and development of children and for the support of child poverty	¥34.68 million

(2) Liquidity and Cash Flow Conditions

1. Cash Requirements

Our cash requirements for the fiscal year ending March 31, 2020 include cash needed to pay agent resellers to provide funds under the installment payment scheme, to expand our network, to invest in other facilities, to make repayments for interest bearing liabilities and other contractual obligations and to pay for strategic investments, acquisitions, joint ventures or other investments aimed at capturing business opportunities. We believe that cash generated from our operating activities, future borrowings from banks and other financial institutions or future offerings of debt or equity securities in the capital markets will provide sufficient financial resources to meet our currently anticipated capital and other expenditure requirements and to satisfy our debt service requirements. We believe we have enough financing ability supported by our high creditworthiness resulting from our stable financial performance and strong financial standing. Also, our management is of the opinion that the working capital is sufficient for our present requirements. When we determine the necessity for external financing, we take into consideration the amount of cash demand, timing of payments, available reserves of cash and cash equivalents, and expected cash flows from operations. If we determine that demand for cash exceeds the amount of available reserves of cash and cash equivalents and expected cash flows from operations, we plan on obtaining external financing through borrowing or the issuance of debt or equity securities or other means. Additional debt, equity or other financing may be required if we underestimate our capital or other expenditure requirements, or overestimate our future cash flows.

(a) Capital Expenditures

The telecommunications industry in general is highly capital intensive because significant capital expenditures are required for the construction of the telecommunications network. Our capital requirements for our networks are determined by the nature of facility or equipment, the timing of its installation, the nature and the area of coverage desired, the number of subscribers served in the area and the expected volume of traffic. They are also influenced by the number of base stations required in the service area, the number of radio channels in the base stations and the switching equipment required. Capital expenditures are also required for information technology and servers for internet-related services. In recent years, the volume of traffic generated by smartphone users has shown a constant increase due to enrichment of content, invention and provision of new services and other factors. Accordingly, we are required to respond to the growth in demand for higher transmission speeds and a surge of traffic.

For details concerning the key items of capital expenditures made during the fiscal year ended March 31, 2019 and the planned capital expenditures for the fiscal year ending March 31, 2020, please see “Item 3. Status of Equipment”.

(b) Long-term debt and other Contractual Obligations

As of March 31, 2019, we had ¥50.0 billion in outstanding long-term debt, compared to ¥160.0 billion including the current portion as of March 31, 2018. We repaid ¥110.0 billion and ¥60.3 billion in long-term debt in the years ended March 31, 2019 and 2018, respectively. The long-term debt outstanding as of March 31, 2019 of ¥50.0 billion was in bonds due in the fiscal year ending March 31, 2024 with a coupon rate of 0.7% per annum.

As of March 31, 2018, our long-term debt obligations and we were rated by rating agencies as shown in the table below. Such ratings were issued by the rating agencies upon our request. Rating agencies are able to upgrade, downgrade, reserve or withdraw their credit ratings on us anytime at their discretion. The rating is not a market rating or recommendation to buy, hold or sell our shares or any financial obligations of us.

Rating agencies	**Type of rating**	**Rating**	**Outlook**
Moody’s	**Long-Term Obligation Rating**	Aa3	**Stable**
Standard & Poor’s	**Long-Term Obligation Rating**	AA-	**Stable**
Japan Credit Rating Agency, Ltd.	**Long-Term Obligation Rating**	AAA	**Stable**
Rating and Investment Information, Inc.	**Issuer Rating**	AA+	**Stable**

None of our debt obligations include a clause in which a downgrade of our credit rating could lead to a change in a payment term of such an obligation such as an acceleration of its maturity.

The following table summarizes our long-term debt, interest payments on long-term debt, lease obligations and other contractual obligations (including current portion) over the next several years.

	Payments Due by Period (Billions of yen)				
	Total	**1 year or less**	**1-3 year**	**3-5 years**	**After 5 years**
Long-Term Debt					
Bonds	50.0	–	–	50.0	–
Interest Payments on Long-Term Debt	1.6	0.4	0.7	0.5	–
Total	51.6	0.4	0.7	50.5	–

A description on our lease obligations and other contractual obligations is provided in "Item 5. Financial Information, 1. Consolidated Financial Statements, Note 31. Leases and Note 32. Commitments."

2. Cash Flow Conditions

The following table sets forth certain information about our cash flows during the years ended March 31, 2019 and 2018.

(Billions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase (Decrease)	Increase (Decrease) (%)
Net cash provided by operating activities	1,498.6	1,216.0	(282.6)	(18.9)
Net cash used in investing activities	(705.5)	(296.5)	409.1	58.0
Net cash used in financing activities	(690.8)	(1,090.1)	(399.3)	(57.8)
Net increase (decrease) in cash and cash equivalents	102.6	(170.5)	(273.1)	–
Cash and cash equivalents at beginning of year	287.9	390.5	102.6	35.6
Cash and cash equivalents at end of year	390.5	220.0	(170.5)	(43.7)

Analysis of cash flows for the fiscal year ended March 31, 2018 and comparison with the prior fiscal year

For the year ended March 31, 2019, net cash provided by operating activities was ¥1,216.0 billion, a decrease of ¥282.6 billion, or 18.9%, from the previous fiscal year. The main reason for this is that DOCOMO received payment of an arbitration award from Tata Sons Limited in the previous fiscal year and an increase in cash outflows for income taxes.

Net cash used in investing activities was ¥296.5 billion, a decrease of ¥409.1 billion, or 58.0%, from the previous fiscal year. This was mainly due to a decrease in cash outflows for purchases of short-term investments.

Net cash used in financing activities was ¥1,090.1 billion, an increase of ¥399.3 billion, or 57.8%, from the previous fiscal year. This was mainly due to an increase in cash outflows for purchase of treasury stock, payments of long-term debt and dividends paid.

As a result of the foregoing, the balance of cash and cash equivalents was ¥220.0 billion as of March 31, 2019, a decrease of ¥170.5 billion, or 43.7%, from the previous fiscal year end.

(3) Significant Accounting Policies and Estimates

Our significant accounting policies are explained under “Item 5. Financial Information, 1. Consolidated Financial Statements Note 3. Significant accounting policies.”

4. Material Contracts for Management of the Company

○ Agreements regarding basic research and development and group management conducted by NTT

The Company and NTT have concluded agreements on the content of services and benefits provided by NTT to the Company, and compensation for such services and benefits, with respect to basic research and development and group management conducted by NTT.

○ Agreements for billing and collection operations of charges including for telecommunications service with NTT FINANCE CORPORATION

We have entered into a basic agreement for billing and collection operations of charges including for telecommunications service, as well as a receivables assignment agreement pursuant to that agreement, with NTT FINANCE CORPORATION ("NTT Finance"). Under these agreements, we have assigned the receivables associated with our communications services to NTT Finance.

5. Research and Development Activities

In order to provide the 5G network and develop businesses such as AI and IoT, etc., we have been working on R&D for communication networks, devices and services, as well as proactively working on open innovation to create new value.

<<Technology Developments to be Implemented>>

○ Initiatives Toward Implementing 5G Network in 2020 and Creating Usage Scenes with Our Partners

・Initiatives toward creating usage scenes with our partners

We have opened four places of "DOCOMO 5G Open Lab" in Japan and abroad since April 2018. These labs are permanent 5G technology verification environments for use by companies and organizations participating in the DOCOMO 5G Open Partner Program. We have built the "DOCOMO Open Innovation Cloud" as a technology verification environment that connects the DOCOMO 5G Open Lab to a cloud platform. We carried out measures for creating new 5G usage scenes together with diverse partners. Since October 2018, we have collaborated with 26 partners, including municipal governments, companies and universities, in various verification tests using 5G conducted as part of the "Comprehensive Verification Tests Aimed at Creating New Markets through the Realization of 5G" led by the Ministry of Internal Affairs and Communications. One of the results was the verification of Japan's first advanced emergency transport solution using 5G in the medical field, which confirmed that high-level information integration between ambulances, "Doctor car (Mobile medical car)," and emergency hospitals contributed to greater survival rates.

・New sensory experience events

Since 2017, we have been carrying out the "FUTURE-EXPERIMENT" project, which uses cutting-edge communications technologies to provide people with unprecedented experiences. In December 2018, we implemented a new collaborative project with Japanese girl group Perfume, which leveraged the high speeds, high capacity and low latency of 5G, to create new, shared experiences.

○ Initiatives Related to AI

・Use of AI-based prediction technology

We worked with Saizeriya Co., Ltd. (hereinafter, "Saizeriya") and started a verification experiment in November 2018, aimed at improving efficiency in the operation of Saizeriya's restaurants. In this verification experiment, the "real-time prediction technique[*2]" for predicting a sales amount for each restaurant was developed by using our AI experience and knowledge and based on our "near-future traffic projection[*1]" technology and actual sales and other data from individual restaurants held by Saizeriya. In addition, in November 2018, we started a verification experiment aimed at optimizing bicycle redeployment plans utilizing the "Shared transportation demand forecasting technology[*3]" that used our AI, based on our "near-future traffic projection" technology and usage data from our Group's bicycle sharing service. Trials using our AI-based forecasting technologies including these examples are expanding in various fields.

*1 Real-time version of mobile spatial statistics (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)

*2, 3 A constituent technology of "corevo," NTT Group's AI technologies

○ Initiative Toward Creating New Value

・DOCOMO Open House 2018

In December 2018, we held "DOCOMO Open House 2018" at Tokyo International Exhibition Center (Tokyo Big Sight) to publicize co-creation initiatives we were taking in conjunction with our diverse partners. There were over 200 exhibits and lectures regarding the latest technologies, such as 5G, AI and the IoT, and business solutions using these technologies. The Open House was visited by roughly 14,000 people. Specifically, we exhibited our main initiatives, including the remote operation of humanoid robot "T-HR3,"which leverages 5G's low latency, and a glass antenna, which realizes the world's first[*] "conversion of a window into a base station" that can be installed without interfering with the view.

* According to research by DOCOMO and AGC Inc.

As a result of the above, total research and development costs for the fiscal year ended March 31, 2019 increased by 1.6% from the previous fiscal year to ¥91.0 billion.

DOCOMO's research and development activities include activities conducted across multiple segments, and are not shown in relation to each segment.

Item 3. Status of Equipment

1. Overview of Capital Expenditures, etc.

The principal capital expenditures implemented during the fiscal year ended March 31, 2019 are summarized below. Capital expenditures include investments related to the acquisition of intangible assets.

○ 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 108,300 stations as of March 31, 2018 to 145,600 stations as of March 31, 2019. In addition, in pursuit of further coverage improvement of our LTE service, we increased the total number of LTE base stations from 185,000 as of March 31, 2018 to 208,500 as of March 31, 2019.

○ 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 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.

○ Proactive Investment for the 5G Era

We made further investment in 5G to accelerate the development and building of networks for the start of pre-service in September 2019.

As a result of the above measures, the total capital expenditures for the fiscal year ended March 31, 2019 increased by 2.9% from the previous fiscal year to ¥593.7 billion.

Capital expenditures by segment are as follows:

(Billions of yen)

Segment name	Details of capital expenditures	**Year ended March 31, 2019**
Telecommunications business	● Expansion and improvement of LTE facilities and transmission line facilities, etc. ● Maintenance and improvement of information systems, etc.	**562.7**
Smart life business	● Expansion and improvement of “dmarket,” finance/payment and life-related services, etc.	**16.9**
Other businesses	● Expansion and improvement of services for corporate customers, etc.	**14.2**
Total	–	**593.7**

Notes: 1. Capital expenditures include investments related to the acquisition of intangible assets.
2. The above amounts do not include consumption taxes, etc.

2. Major Facilities

NTT DOCOMO, INC. (As of March 31, 2019)

(Millions of yen, unless otherwise stated)

Office (Location)	Segment name	Land		Building	Machinery and equipment	Antenna facilities	Tele-communications line facilities
		Area (m^2)	Value				
Headquarters (Chiyoda-ku, Tokyo)	Telecommunications business Smart life business Other businesses	(1,762,800) 649,265 [4,645]	100,267	131,014	494,022	130,034	5,153
Hokkaido Regional Office (Chuo-ku, Sapporo, Hokkaido Prefecture)	Same as the above	(1,683,113) 444,462 [11,004]	4,703	11,768	52,565	33,666	2,556
Tohoku Regional Office (Aoba-ku, Sendai, Miyagi Prefecture)	Same as the above	(1,652,489) 527,816 [1,601]	14,688	20,524	76,624	67,884	3,660
Tokai Regional Office (Higashi-ku, Nagoya, Aichi Prefecture)	Same as the above	(983,291) 109,717 [2,445]	7,000	16,835	128,030	67,051	1,892
Hokuriku Regional Office (Kanazawa, Ishikawa Prefecture)	Same as the above	(104,263) 86,829 [2,097]	5,679	6,457	23,600	13,948	999
Kansai Regional Office (Kita-ku, Osaka, Osaka Prefecture)	Same as the above	(1,110,935) 409,248 [4,306]	16,589	32,334	176,182	69,181	1,900
Chugoku Regional Office (Naka-ku, Hiroshima, Hiroshima Prefecture)	Same as the above	(827,754) 598,940 [902]	11,734	14,896	63,136	46,930	1,999
Shikoku Regional Office (Takamatsu, Kagawa Prefecture)	Same as the above	(418,957) 288,990 [657]	9,337	11,841	33,365	20,433	1,389
Kyushu Regional Office (Chuo-ku, Fukuoka, Fukuoka Prefecture)	Same as the above	(1,088,590) 664,527 [825]	26,260	25,622	120,394	97,012	11,741
Total		(9,632,195) 3,779,797 [28,486]	196,262	271,295	1,167,923	546,143	31,294

(Millions of yen, unless otherwise stated)

Office (Location)	Pipe and hand holes	Structures	Other machinery and equipment	Vehicles	Tools, furniture and fixtures	Lease assets	Intangible assets	Total invested capital	Number of employees (Persons)
Headquarters (Chiyoda-ku, Tokyo)	3,452	15,865	3,508	134	68,318	453	505,989	1,458,214	5,916
Hokkaido Regional Office (Chuo-ku, Sapporo, Hokkaido Prefecture)	1,354	1,443	33	0	128	87	1,645	109,952	182
Tohoku Regional Office (Aoba-ku, Sendai, Miyagi Prefecture)	1,209	16,512	4	0	178	12	9,141	210,443	194
Tokai Regional Office (Higashi-ku, Nagoya, Aichi Prefecture)	980	5,871	67	73	330	18	4,962	233,113	273
Hokuriku Regional Office (Kanazawa, Ishikawa Prefecture)	220	736	45	47	59	15	1,753	53,564	121
Kansai Regional Office (Kita-ku, Osaka, Osaka Prefecture)	1,542	10,376	105	12	844	24	13,299	322,393	575
Chugoku Regional Office (Naka-ku, Hiroshima, Hiroshima Prefecture)	574	1,971	13	129	442	36	16,120	157,987	180
Shikoku Regional Office (Takamatsu, Kagawa Prefecture)	617	2,239	0	0	396	97	9,438	89,157	145
Kyushu Regional Office (Chuo-ku, Fukuoka, Fukuoka Prefecture)	4,015	10,586	54	13	374	21	18,818	314,916	298
Total	13,967	65,603	3,831	411	71,074	766	581,169	2,949,742	7,884

Notes: 1. The figure in parentheses shows the area of land leased from entities other than consolidated companies, which is not included in the area of land of the Company.
2. The figure in square brackets shows the area of land leased to entities other than consolidated companies, which is included in the area of land of the Company.
3. The amount of total invested capital is the carrying amount of property, plant and equipment and intangible assets, and does not include construction in progress and production costs pertaining to unfinished software.

3. Planned Additions, Retirements, etc. of Facilities

Under the facility plans for the fiscal year ending March 31, 2020, we will implement facility expansion to cater to increasing data traffic, toward the realization of a network that can offer “greater comfort of access” to our customers. We will also develop and build networks in preparation for 5G pre-services in September 2019, and for 5G commercial services in FY2020. In line with these facility plans and to promote efficiency, we plan to invest ¥570.0 billion in capital expenditures.

The details of planned major capital expenditures are as follows:

(Billions of yen)

Segment name	Details of capital expenditures	Year ending March 31, 2020 (Planned amount)
Telecommunications business	● Expansion and improvement of LTE facilities and transmission line facilities, etc. ● Maintenance and improvement of information systems, etc.	533.0
Smart life business	● Expansion and improvement of “dmarket,” finance/payment and life-related services, etc.	23.0
Other businesses	● Expansion and improvement of services for corporate customers, etc.	14.0
Total	–	570.0

Notes: 1. Necessary funds will be covered by the Company’s own funds.
2. Except for disposal for ordinary facility renewal, there are no plans for disposal of major facilities.
3. Capital expenditures include investments related to the acquisition of intangible assets.
4. The above amounts do not include consumption taxes, etc.
5. With regard to forward-looking statements in this section, please see also “Item 2. Overview of Business, 2. Risks Relating to Our Business.”

Item 4. Status of NTT DOCOMO, INC.

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

1) Total number of shares

As of March 31, 2019

Class	Total number of shares authorized to be issued (Shares)
Common stock	17,460,000,000
Total	17,460,000,000

2) Issued shares

Class	Number of issued shares as of March 31, 2019 (Shares)	Number of issued shares as of the date of submission (June 19, 2019) (Shares)	Name of stock exchange on which the company is listed or name of authorized financial instruments firms association with which the Company is registered	Description
Common stock	3,335,231,094	3,335,231,094	First Section of Tokyo Stock Exchange	The number of shares constituting one unit: 100 shares
Total	3,335,231,094	3,335,231,094	–	–

(2) Status of Subscription Rights to Shares, etc.

1) Details of stock option plans
Not applicable

2) Details of rights plan
Not applicable

3) Status of other subscription rights to shares, etc.
Not applicable

(3) Exercise Status of Moving Strike Bonds with Subscription Rights to Shares, etc.

Not applicable

(4) Changes in Total Number of Issued Shares and Common Stock, etc.

Date	Total number of issued shares (Shares)		Common stock (Millions of yen)		Capital legal reserve (Millions of yen)	
	Increase (Decrease)	Balance	Increase (Decrease)	Balance	Increase (Decrease)	Balance
March 31, 2015 (Note)	(279,228,000)	4,085,772,000	–	949,679	–	292,385
March 31, 2016 (Note)	(127,229,000)	3,958,543,000	–	949,679	–	292,385
March 31, 2017 (Note)	(58,980,000)	3,899,563,000	–	949,679	–	292,385
March 30, 2018 (Note)	(117,264,000)	3,782,299,000	–	949,679	–	292,385
February 28, 2019 (Note)	(447,067,906)	3,335,231,094	–	949,679	–	292,385

Note: The decrease in the total number of issued shares is due to the cancellation of treasury stock.

(5) Shareholding by Shareholder Category

As of March 31, 2019

Category	Shares (One Unit = 100 Shares)								
	Government and municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	Less-than-one unit shares (Shares)
					Non-individuals	Individuals			
Number of shareholders	7	272	54	1,808	1,052	220	279,619	283,032	–
Number of shares held (units)	433	3,677,126	771,445	21,735,681	4,995,460	977	2,170,365	33,351,487	82,394
Percentage of ownership (%)	0.00	11.03	2.31	65.17	14.98	0.00	6.51	100	–

Note:1. “The number of shares held” in the “Other Corporations” column include 388 units of shares held under the name of Japan Securities Depository Center, Incorporated.
2. “Individuals and Others” include 1 unit (133 shares) of treasury stock.

(6) Principal Shareholders

As of March 31, 2019

Shareholders	Address	Number of shares held (Shares)	Percentage of total issued shares (Excluding treasury stock) (%)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	2,137,733,200	64.10
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	90,191,400	2.70
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	71,257,400	2.14
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	28,598,152	0.86
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	270 PARK AVENUE, NEWYORK, NY 10017, UNITED STATES OF AMERICA (15-1, Konan 2-chome, Minato-ku, Tokyo)	25,000,196	0.75
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	24,911,700	0.75
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	24,380,600	0.73
JP Morgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	22,617,446	0.68
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	21,357,300	0.64
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	18,153,000	0.54
Total	–	2,464,200,394	73.88

Notes: 1. The Company's treasury stock was 133 shares as of the end of the fiscal year ended March 31, 2019.

2. The shares held by THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT), JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT), the said bank (TRUST ACCOUNT 7), the said bank (TRUST ACCOUNT 5), the said bank (TRUST ACCOUNT 9) and the said bank (TRUST ACCOUNT 1) are the shares entrusted to these banks for trust business (such as securities investment trust). The breakdown of these shares is 87,130,100 shares under the management of investment trusts, 13,722,800 shares under the management of pension trusts, and 149,398,500 shares under the management of other trusts.

3. STATE STREET BANK WEST CLIENT – TREATY 505234 and JP MORGAN CHASE BANK 380055 take custody and administration of the shares held mainly by overseas institutional investors, and they are nominees of the said institutional investors.

(7) Voting Rights

1) Issued shares

As of March 31, 2019

Class	Number of shares	Number of voting rights	Description
Non-voting shares	–	–	–
Share with restricted voting rights (treasury stock, etc.)	–	–	–
Share with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury stock, etc.)	(Shares held by the Company) Common stock: 100	–	–
Shares with full voting rights (others)	Common stock: 3,335,148,600	33,351,486	–
Less-than-one-unit shares	Common stock: 82,394	–	–
Total number of issued shares	Common stock: 3,335,231,094	–	–
Voting rights of all shareholders	–	33,351,486	–

Note: Shares with full voting rights (others) include 38,800 shares held under the name of Japan Securities Depository Center, Incorporated.
The figure in the "Number of Voting Rights" column includes 388 voting rights related to the shares with full voting rights held under the name of Japan Securities Depository Center, Incorporated.

2) Treasury stock, etc.

As of March 31, 2019

Shareholder		Number of shares held (Shares)			Percentage of Total Issued Shares (%)
Name	Address	Under Its Own Name	Under Others' Name	Total	
NTT DOCOMO, INC.	11-1, Nagata-cho 2-chome Chiyoda-ku, Tokyo	100	–	100	0.0
Total	–	100	–	100	0.0

2. Status of Acquisition, etc. of Treasury Stock

[Class of shares, etc.] Acquisition of common stock which falls under Article 155, Items 3 and 7 of the Companies Act

(1) Status of Acquisition by Resolution of the General Meeting of Shareholders

Not applicable

(2) Status of Acquisition by Resolution of the Board of Directors Meeting

Category	Number of shares (Shares)	Total value (Yen)
Resolution of the Board of Directors meeting (October 31, 2018) (Acquisition period: from November 1, 2018 through March 31, 2019)	260,000,000	600,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2019	–	–
Treasury stock acquired during the fiscal year ended March 31, 2019	257,953,469	599,999,768,894
Total number and total value of remaining shares to be acquired by the resolution	2,046,531	231,106
Unexercised rate as of the end of the fiscal year ended March 31, 2019 (%)	0.8	0.0
Treasury stock acquired during the current period	–	–
Unexercised rate as of the filing date (%)	0.8	0.0

Notes: 1. At the Board of Directors meeting held on November 6, 2018, it was resolved that the Company may acquire its common stock through a tender offer.
Details of the tender offer is as follows:
Period of the tender offer, etc.: From November 7, 2018 through December 7, 2018
Price: ¥2,326 per share of common stock
Planned number of shares to repurchase: 257,953,468 shares
Date of commencement of the settlement: January 7, 2019
2. The number of shares of treasury stock acquired during the current period does not include the number of shares acquired from June 1, 2019 through the filing date of this Annual Securities Report.

Category	Number of shares (Shares)	Total value (Yen)
Resolution of the Board of Directors meeting (April 26, 2019) (Acquisition period: from May 7, 2019 through April 30, 2020)	128,300,000	300,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2019	–	–
Treasury stock acquired during the fiscal year ended March 31, 2019	–	–
Total number and total value of remaining shares to be acquired by the resolution	–	–
Unexercised rate as of the end of the fiscal year ended March 31, 2019 (%)	–	–
Treasury stock acquired during the current period	9,271,200	22,853,940,000
Unexercised rate as of the filing date (%)	92.8	92.4

Notes: 1. At the Board of Directors meeting held on April 26, 2019, it was resolved that the Company may acquire its common stock through repurchases on the market at Tokyo Stock Exchange, Inc.
2. The number of shares of treasury stock acquired during the current period do not include the number of shares acquired from June 1, 2019 through the filing date of this Annual Securities Report.

(3) Acquisitions Not Based on Resolution of the General Meeting of Shareholders or the Board of Directors Meeting

Category	Number of shares (Shares)	Total value (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2019	83	211,511
Treasury stock acquired during the current period	5	11,925

Note: The number of shares of treasury stock acquired during the current period does not include the number of shares due to the purchase of less-than-one-unit shares from June 1, 2019 through the filing date of this Annual Securities Report.

(4) Disposals or Holding of Acquired Treasury Stock

Category	Year ended March 31, 2019		Current period	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Acquired treasury stock for which persons to subscribe are solicited	–	–	–	–
Acquired treasury stock cancelled	447,067,906	1,048,402,510,440	–	–
Acquired treasury stock transferred in association with merger, equity swap or company split	–	–	–	–
Others (-)	–	–	–	–
Treasury stock held	133	–	9,271,338	–

Note: The number of shares of treasury stock held during the current period does not include the number of shares due to the acquisition of shares, purchase of less-than-one-unit shares or demand for sale from June 1, 2019 through the filing date of this Annual Securities Report.

3. Dividend Policy

The Company believes that providing adequate returns to shareholders is one of the most important issues in corporate management, while raising corporate value through the growth and expansion of our businesses. The Company's dividend policy is to provide stable and continuous dividend payments, while taking into consideration its consolidated business results, financial condition, and payout ratio. Based on the provisions of Article 454, Paragraph 5 of the Companies Act, the Company stipulates in the Articles of Incorporation that it can pay an interim dividend, with September 30 each year as the record date, through a resolution of the Board of Directors. Accordingly, the Company pays dividends from surplus twice each year (i.e., interim dividends and year-end dividends). The payment of interim dividends and year-end dividends from surplus are to be resolved at the Board of Directors and the general meeting of shareholders, respectively.

For the fiscal year ended March 31, 2019, the Company paid a dividend of ¥110 per share (comprising an interim dividend of ¥55 and a year-end dividend of ¥55).

The Company will allocate its internal reserves to research and development efforts, capital expenditures, strategic investments and other areas for the purpose of generating innovative technologies, offering attractive services, and expanding its business domains.

Dividends from surplus whose record date falls within the fiscal year ended March 31, 2019 are as follows:

Resolution	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)
The Board of Directors meeting on October 31, 2018	197,625	55
The general meeting of shareholders on June 18, 2019	183,438	55

4. The State of Corporate Governance, etc.

(1) The State of Corporate Governance

1) Basic approach to corporate governance

Guided by our corporate philosophy of "creating a new world of communications culture" and our Medium-Term Strategy 2020 "Declaration beyond," we are aiming to contribute to the realization of a rich and vigorous society and to improve our corporate value in order to win greater trust and recognition from our shareholders and customers.

Under this management policy, we recognize that to maximize corporate value while meeting the expectations of our various stakeholders including our shareholders, customers, employees, partners and local communities. It is essential that we ensure the effective function of corporate governance through the reinforcement of the governance structure in line with the objectives of each principle of the "Corporate Governance Code." Based on this approach, we have established the "NTT DOCOMO Basic Policy on Corporate Governance" for the purpose of attaining the sustained growth of our corporate group and the medium- to long-term improvement of corporate value. The basic policy was revised in December 2018 in response to the revision of the "Corporate Governance Code" in June 2018.

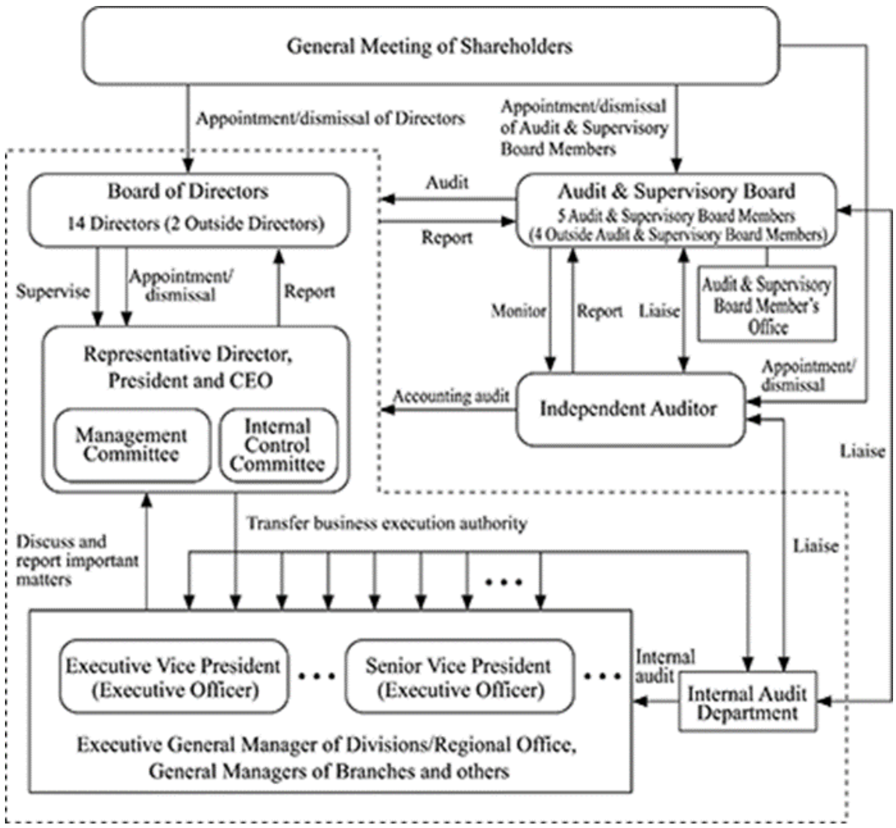
2) Corporate governance structure

<<Overview of corporate governance structure and reasons for adoption thereof>>

We have adopted a corporate governance structure consisting of the Board of Directors, audit & supervisory board members and the Audit & Supervisory Board, aiming both to realize consistent and stable business operations and to bolster monitoring and auditing functions, while striving to boost management speed. The reason why we adopt this structure, and we consider this structure reflects a desire for directors to play a key role in important business execution matters from the standpoint of realizing consistent and stable business operations through the effective utilization of management resources. From the perspective of ensuring sound and efficient management, this configuration also reflects a desire for a structure in which Directors who concurrently serve as executive officers supervise each other for their respective actions, while audit & supervisory board members perform audits of overall management.

The monitoring function of the Board of Directors is strengthened through the framework in which independent outside directors are appointed and encouraged to fulfill their ability and insight, under the supportive arrangements such as in-depth prior briefing on the proposals to be discussed at the Board of Directors meetings and holding of periodical meetings with representative directors and internal officers. With respect to the auditing function, all audit & supervisory board members (including independent outside audit & supervisory board members) attend important meetings such as the Board of Directors meetings, while conducting effective audits over directors' execution of duties in coordination with the independent auditor and internal audit staff, to ensure management soundness. In addition, we have introduced the executive officer system (27 men and 3 women serve as executive officers and 8 executive officers concurrently hold the post of director) to clearly delineate the roles of business execution and monitoring, and to better reinforce business execution functions. This system enables us to speedily respond to changes in the operating environment.

<<The Company’s Corporate Governance System>>



<<Board of Directors>>

The Board of Directors which consists of Kazuhiro Yoshizawa as representative who is President and Chief Executive Officer and 14 directors in total (2 of whom are outside directors), whose names and other information about the Board of Directors are stated in “(2) Information about Officers”, The Board of Directors, in principle, meets once a month and renders decisions on important management matters. Extraordinary meetings are convened as necessary. The Board of Directors also receives status reports as needed from directors, serving concurrently as executive officers responsible for business execution, thereby monitoring management.

<<Analysis and evaluation of the effectiveness of the Board of Directors>>

With the aim of achieving sustainable enhancement of its corporate value, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors in an ongoing effort to make improvements by identifying issues or points to be improved with respect to the responsibilities, operation, composition, etc., of the Board of Directors.

<Evaluation method>

- "Directors' Self-Assessment Questionnaire" completed by all directors and audit & supervisory board members (conducted from December 2018 to January 2019)
- Discussions based on the results of Directors' Self-Assessment Questionnaire during a meeting by the "Corporate Governance Council," which consists of all members of the Board of Directors and the Audit & Supervisory Board (held in March 2019)

<Evaluation results and future operation policy>

We verified the effectiveness of the Board of Directors and the appropriateness of its responsibilities, operation, composition, etc.

Furthermore, it was confirmed that the effectiveness of the Board of Directors was improved as a result of regular verification of the state of measures used to implement the Medium-Term Strategy 2020 "Declaration beyond" and "business foundation centered on our membership base," which had been identified as issues requiring improvement during the previous effectiveness evaluation, as well as the enhancement of governance functions, reflecting the revisions to the Corporate Governance Code.

In order to further increase our corporate value, we will continue to implement the Medium-Term Strategy 2020 "Declaration beyond" and "business foundation centered on our membership base," and will also promote the medium-term management strategy we announced in October 2018. To this end, the Board of Directors will regularly verify the state of measures used to achieve these aims, the allocation of management resources, and our responses to changes in the management environment, and will also create governance functions appropriate for the Company.

<<Audit & Supervisory Board>>

The Audit & Supervisory Board, chaired by Full-time Audit & Supervisory Board Member Shoji Suto, comprises 5 audit & supervisory board members (4 of whom are outside audit & supervisory board members). The details of the Audit & Supervisory Board are described in "(3) Status of Audits," and information such as the name of audit & supervisory board members is described in "(2) Information about Officers."

<<Management Committee>>

The Management Committee, chaired by Representative Director, President and Chief Executive Officer Kazuhiro Yoshizawa, comprises 15 members including directors with executive authority over operations and full-time audit & supervisory board members. The Management Committee meets, in principle, once a week, with extraordinary meetings convened as necessary, to discuss important matters concerning business execution, thereby facilitating flexible and swift decision making by Representative Director, President and Chief Executive Officer.

<<Systems for ensuring the propriety of the Company's business activities and their operational status>>

A summary of the Board of Directors' resolution concerning the development of a system to ensure the propriety of the Company's business activities (internal control system) is set forth below, along with an overview of the system's operational status.

<Basic stance on fortifying internal control systems>

- In fortifying the internal control systems, the Company aims to achieve legal compliance, management of loss risk and appropriate and efficient business operations and consider various measures, including regulations, organizational and structural improvement, formulation of action plans and the monitoring of activities.
- The Internal Control Committee (chaired by Representative Director, President and Chief Executive Officer Kazuhiro Yoshizawa; comprising 17 members including directors with executive authority over operations and full-time audit & supervisory board members) is formed as an entity overseeing efforts to have the internal control systems function more efficiently. The Committee will aim to fortify internal control systems from the cross-departmental perspective; upon assessing efficacy, necessary improvements will be carried out.
- Appropriate efforts will be made with regard to ensuring the reliability of the internal control systems, which will be involved with the financial reporting based on the Financial Instruments and Exchange Act.
- The Board of Directors will approve the basic policy on fortifying internal control systems (the Basic Policy), receive regular reports on the progress of the initiative to fortify internal control systems, and oversee and monitor the internal control systems of the Company.
- As Representative Director, President and Chief Executive Officer will oversee the efforts to build the internal control systems based on the Basic Policy approved by board members.

<Fortifying structure relating to internal control systems>

- System to ensure that the performance of duties by directors and employees conform with laws and regulations and the Company's Articles of Incorporation

  We institute the "NTT DOCOMO Group Code of Ethics" and compliance-related regulations and create requisite systems for ethical and legal compliance. In addition, when preparing financial statements, officers responsible for finance, audit & supervisory board members, and independent auditors hold preliminary discussions of significant accounting policies, and for disclosure of company information including financial statements in a manner that conforms with securities-related laws and regulations, matters are decided at meetings of the Board of Directors after the necessary internal procedures pursuant to in-house regulations have been completed. Also, the Internal Audit Department conducts audits of the Company's overall business activities to ensure conformity with laws and regulations and in-house regulations.
- System for storage and maintenance of information relating to the performance of duties by directors

  Information relating to the performance of duties by directors is recorded and stored in accordance with rules stipulating the methods of storage and administration of documents and administrative information.
- Regulations and other systems relating to the management of loss risks

  Executive directors responsible for risk management periodically summarize information relating to risks in their organizations in accordance with rules concerning risk management, and the Internal Control Committee made up of directors, senior vice presidents, and others identifies risks as necessary for companywide risk management, and decides management policy for identified risks to prevent risks from occurring and to take rapid countermeasures in the event that risks do occur.
- System to ensure that the performance of duties by directors is conducted efficiently

  The efficiency of the performance by directors of their duties is ensured by such means as decision-making rules based on internal regulations and the specification of powers relating to their duties, the formulation of medium-term management policies and business plans by the Board of Directors, and the establishment of committees composed of directors, senior vice presidents, and others.
- System to ensure the propriety of the business activities of the corporate group consisting of the Company, its parent company, and its subsidiaries

  (a) System for reporting matters concerning the execution of duties of directors, etc. of subsidiaries to the Company

  In accordance with the rules stipulating fundamental matters relating to the management of affiliated companies for the purpose of the comprehensive development and improvement of performance of DOCOMO, affiliated companies will consult with or report to the Company.

  (b) Regulations and other systems relating to the management of loss risks of subsidiaries

  Intrinsic risks in DOCOMO are managed in accordance with the rules concerning risk management, and risk management for DOCOMO companies is conducted according to their scale and business type.

  (c) System to ensure that the performance of duties by directors, etc. of subsidiaries is conducted efficiently

  DOCOMO companies establish decision-making rules and authority in duties according to their scale and business type, and consult or report on principal issues relating to the business operations of DOCOMO as a whole.

  (d) System to ensure that the performance of duties by directors, etc. and employees of subsidiaries conforms with laws and regulations and the Company's Articles of Incorporation

  We have established the "NTT DOCOMO Group Code of Ethics" as a uniform code of ethics for DOCOMO, and all DOCOMO companies strive to comply with this code of ethics. Furthermore, subsidiaries' officers are responsible for formulating and reporting the status of management systems of code of ethics, as well as for reporting to the Company when they identify a problematic situation involving a management executive, and the Company provides the necessary guidance on the appropriate response.

  (e) Other systems to ensure appropriate operations

  With respect to unusual transactions with the parent company, investigations are conducted by legal personnel and audits are conducted by audit & supervisory board members. Further, audits by the Internal Audit Department are directed to cover its subsidiaries, and whenever necessary they obtain and assess the results of the internal audits of those companies.

- System to ensure the effectiveness of audits by audit & supervisory board members

(a) Matters relevant to employees assistance to the duties of audit & supervisory board members if their assignment is requested

The Audit & Supervisory Board Member's Office is established as an organization dedicated to assisting the audit & supervisory board members with the performance of their duties, and specialist staff are assigned to it.

(b) Matters relevant to the independence of the employees in (a) above from directors

We provide the Audit & Supervisory Board with advance explanations concerning matters such as transfers and assessment of personnel who belong to the Audit & Supervisory Board Member's Office, and pay respectful attention to the board's opinions before acting on such matters.

(c) Matters relevant to ensuring the effectiveness of instructions of audit & supervisory board members to the employees in (a) above

Employees who belong to the Audit & Supervisory Board Member's Office exclusively follow the directions and commands of audit & supervisory board members.

(d) System for reporting to audit & supervisory board members by directors and employees

Directors, executive officers, and employees report promptly to the audit & supervisory board members and to the Audit & Supervisory Board concerning matters prescribed by laws and regulations as well as requested matters necessary for the performance by the audit & supervisory board members of their duties.

(e) System for reporting to the Company's audit & supervisory board members by subsidiaries' directors, audit & supervisory board members and other equivalent persons and employees, or persons who have received reports from such persons

The matters to be reported in (d) above shall include material information reported by DOCOMO companies.

(f) System to ensure that persons making reports in the above items (d) and (e) are not treated disadvantageously due to making the report

Persons who make reports in the above items (d) and (e) are not treated disadvantageously due to making the report.

(g) Matters relevant to procedures policy on the expenses or debts arising from the execution such an advance payment or reimbursement of expenses arising from the execution of duties by audit & supervisory board members

Audit & supervisory board members may claim necessary expenses for the execution of their duties, and the Company must make the necessary payments based on such claims.

(h) Other systems for ensuring that auditing by audit & supervisory board members is conducted effectively

Representative directors and the Audit & Supervisory Board hold regular meetings and develop an auditing environment necessary for enabling the audit & supervisory board members to perform their duties. In addition, representative directors endeavor to establish a system enabling audit & supervisory board members to hold regular and occasional meetings with the Internal Audit Department and independent auditors.

- Operational status of internal control systems

(a) In order to ensure that the performance of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation, meetings of the Compliance Promotion Committee are held to check decisions on initiatives made by management systems for ethical and legal compliance as well as to check on the status of the implementation of such initiatives. Furthermore, periodic training, education and monitoring are carried out for management executives and employees to foster awareness of ethical and legal compliance, and a compliance help desk has been established in an effort to prevent compliance violations.

(b) In order to store and manage the information related to duties of directors, we established rules for storage and management of written documents and management information. Furthermore, refer to "Efforts related to information security" for other details on the Company's efforts related to information security.

(c) As rules and other systems related to the management of loss risk, the Risk Management Principles were established to contribute to the appropriate and smooth management of the operations of the Company and DOCOMO companies, and in FY2018, two meetings of the Internal Control Committee based on the rules were held to identify the risks requiring management across the entire Company and establish management policies on these risks. Furthermore, the Internal Audit Department conducted audits on whether the management policies for each risk were being appropriately managed by each organization.

(d) In order to ensure the efficient execution of duties of directors, we arrange our organization to realize our management strategy to ensure duties are executed efficiently. In FY2018, we established the 5G Laboratories and Digital & Marketing Department.

(e) In order to ensure the propriety of the business activities of the corporate group consisting of the Company, as well as its parent company and its subsidiaries, we receive the necessary consultation and reports from DOCOMO companies, and we provide guidance on the establishment and operation of internal control systems to subsidiaries. Furthermore, the Internal Audit Department conducts internal audits of select DOCOMO companies.

(f) In order to ensure that audit by audit & supervisory board members are conducted effectively, we make quarterly reports of financial condition of subsidiaries deemed to be important in terms of business to audit & supervisory board members, which are also reported at the meetings attended by the audit & supervisory board members. Also the results of internal audits for the Company and DOCOMO companies are reported to audit & supervisory board members on a monthly basis. Furthermore, the Internal Audit Department, the Accounts and Finance Department and the independent auditor hold periodic tri-party meetings with audit & supervisory board members to encourage coordination.

- Efforts related to information security

The Company recognizing that proper information management is an important management issue, therefore declares the Information Security Policy is the Company's action policy for information security and will abide by the Information Security Policy and the separate Privacy Policy regarding our customers' personal information in order to ensure that customers are able to use the Company's services safely.

Information assets to which the Information Security Policy applies shall include information obtained or learned in the course of the Company's business activities, as well as all information owned by the Company for business purposes.

<<Overview of indemnity agreements>>

The Company has concluded agreements with Directors Teruyasu Murakami, Noriko Endo and Katsumi Kuroda and audit & supervisory board members to indemnify them for personal liability as provided in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same act. The compensation of liability is the minimum amount in accordance with Article 425, Paragraph 1 of the Companies Act.

3) Number of directors

The Company stipulates in the Articles of Incorporation that it shall have not more than fifteen (15) members of the Board of Directors.

4) Requirements for resolution of election of directors

The Company stipulates in the Articles of Incorporation that members of the Board of Directors of the Company shall be elected by a resolution passed by a majority vote of the shareholders present at a general meeting of shareholders who shall hold voting rights representing in aggregate one-third (1/3) or more of the voting rights held by all shareholders having exercisable voting rights; and that the election of members of the Board of Directors may not be by way of cumulative voting.

5) Matters to be resolved by the general meeting of shareholders, which may be resolved by the Board of Directors

<<Repurchase of its own shares>>

The Company stipulates in the Articles of Incorporation that it may repurchase its own shares through market transactions, etc. by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act in order to facilitate repurchase of its own shares.

<<Interim dividends>>

The Company stipulates in the Articles of Incorporation that it may, subject to a resolution of the Board of Directors, pay interim dividends in order to enhance opportunities for return of profits to shareholders.

<<Exemption from liabilities of directors and audit & supervisory board members>>

The Company stipulates in the Articles of Incorporation that, in order for directors and audit & supervisory board members to fulfill the roles expected of them in executing their duties, it may, pursuant to Article 426, Paragraph 1 of the Companies Act, exempt directors (including those who were members of the Board of Directors in the past) and audit & supervisory board members (including those who were audit & supervisory board members in the past) from damage compensation liabilities resulting from negligence of their duties to the extent permitted by laws and regulations by a resolution of the Board of Directors.

6) Changes to requirements for special resolutions at a general meeting of shareholders

The Company stipulates in the Articles of Incorporation that, to facilitate the smooth operation of the general meeting of shareholders, special resolutions pursuant to Article 309, Paragraph 2 of the Companies Act shall be adopted at the general meeting of shareholders with a quorum of one-third (1/3) or more of the voting rights of all shareholders having exercisable voting rights, by a vote of two-thirds (2/3) or more of the voting rights represented thereat.

(2) Information about Officers

16 men and 3 women (Ratio of female officers: 15.8%)

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
President and Chief Executive Officer Representative Member of the Board of Directors	Kazuhiro Yoshizawa	June 21, 1955	Apr. 1979 Jun. 2007 Jun. 2011 Jun. 2012 Jul. 2013 Jun. 2014 Jun. 2016	Joined NTT Public Corporation Senior Vice President, General Manager of Corporate Sales and Marketing Department II of the Company Senior Vice President, General Manager of Human Resources Management Department, Member of the Board of Directors of the Company Executive Vice President, General Manager of Corporate Strategy and Planning Department, Responsible for Mobile Society Research Institute, Member of the Board of Directors of the Company Executive Vice President, General Manager of Corporate Strategy and Planning Department, General Manager of Structural Reform Office, Responsible for Mobile Society Research Institute, Member of the Board of Directors of the Company Senior Executive Vice President, Responsible for Technology, Devices and Information Strategy, Representative Member of the Board of Directors of the Company President and Chief Executive Officer, Representative Member of the Board of Directors of the Company (To the present)	*1	33,800
Senior Executive Vice President Representative Member of the Board of Directors Executive General Manager of Sales and Marketing Division Responsible for Global business and Corporate	Hiroshi Tsujigami	September 8, 1958	Apr. 1983 Jul. 2007 Jun. 2008 Jun. 2012 Jun. 2012 Jun. 2016 Jun. 2017 Jun. 2018 Jul. 2018	Joined NTT Public Corporation General Manager of Business Management Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) Outside Member of the Board of Directors of the Company Senior Vice President of Corporate Strategy Planning, Member of the Board of Directors of NTT Member of the Board of Directors of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT EAST”) Executive Vice President, Executive General Manager of Sales and Marketing Division, Member of the Board of Directors of the Company Executive Vice President, Executive General Manager of Sales and Marketing Division, Responsible for Broadband Business, Member of the Board of Directors of the Company Senior Executive Vice President, Executive General Manager of Sales and Marketing Division, Responsible for Global business, Corporate and Broadband Business, Representative Member of the Board of Directors of the Company Senior Executive Vice President, Executive General Manager of Sales and Marketing Division, Responsible for Global business and Corporate, Representative Member of the Board of Directors of the Company (To the present)	*1	8,300

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Senior Executive Vice President Representative Member of the Board of Directors Responsible for Technology, Devices, Information Strategy and Membership Base	Seiji Maruyama	April 20, 1961	Apr. 1985 Jun. 2010 Jun. 2014 Jun. 2016 Jun. 2018 Jun. 2019	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) General Manager of Product Department of the Company Senior Vice President, General Manager of Product Department of the Company Senior Vice President, General Manager of Human Resources Management Department, Member of the Board of Directors of the Company Executive Vice President, General Manager of Corporate Strategy & Planning Department, Responsible for Mobile Society Research Institute and Preparation for 2020, Member of the Board of Directors of the Company Senior Executive Vice President, Responsible for Technology, Devices, Information Strategy and Membership Base, Representative Member of the Board of Directors of the Company (To the present)	*1	9,900
Executive Vice President Member of the Board of Directors Executive General Manager of R&D Innovation Division	Hiroshi Nakamura	April 4, 1962	Apr. 1987 Oct. 2006 Jul. 2010 Jun. 2014 Oct. 2014 Jun. 2017	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) Senior Manager of Core Network Development Department of the Company General Manager of Core Network Development Department of the Company Senior Vice President, General Manager of Core Network Development Department of the Company Senior Vice President, General Manager of R&D Strategy Department of the Company Executive Vice President, Executive General Manager of R&D Innovation Division, Member of the Board of Directors of the Company (To the present)	*1	11,400
Executive Vice President Member of the Board of Directors Executive General Manager of Network Division	Hozumi Tamura	December 12, 1962	Apr. 1987 Jul. 2013 Jun. 2014 Jun. 2017 Jul. 2017 Jun. 2019	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) General Manager of Smart-life Planning Department of the Company Senior Vice President, General Manager of Smart-life Planning Department of the Company Executive Vice President, General Manager of Network Department, Responsible for Network, Member of the Board of Directors of the Company Executive Vice President, Executive General Manager of Network Division and General Manager of Network Department, Member of the Board of Directors of the Company Executive Vice President, Executive General Manager of Network Division, Member of the Board of Directors of the Company (To the present)	*1	9,800
Executive Vice President Member of the Board of Directors General Manager of Accounts and Finance Department Responsible for Finance and Business Alliance	Osamu Hirokado	July 14, 1962	Apr. 1985 Jul. 2008 Jun. 2012 Jun. 2014 Jun. 2017 Jun. 2018	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) General Manager of Investor Relations Department of the Company General Manager of Public Relations Department and Deputy General Manager of Mobile Society Research Institute of the Company Senior Vice President, Executive General Manager of Shikoku Regional Office of the Company Senior Vice President, General Manager of Frontline Support Department of the Company Executive Vice President, General Manager of Accounts and Finance Department, Responsible for Finance and Business Alliance, Member of the Board of Directors of the Company (To the present)	*1	8,000

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Executive Vice President Member of the Board of Directors General Manager of Human Resources Management Department	Shigeto Torizuka	October 26, 1962	Apr. 1986 Jul. 2011 Jun. 2013 Jun. 2015 Jun. 2017 Jun. 2018 Jun. 2018	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") General Manager of Niigata Branch of the Company General Manager of Sales Promotion Department of the Company Senior Vice President, General Manager of Sales Promotion Department of the Company Senior Vice President, General Manager of Tokyo Branch of the Company Executive Vice President, General Manager of Human Resources Management Department, Member of the Board of Directors of the Company (To the present) President and Chief Executive Officer, Representative Member of the Board of Directors of DOCOMO PlusHearty, Inc. (To the present)	*1	6,000
Executive Vice President Member of the Board of Directors Executive General Manager of Smart-life Business Division	Kenichi Mori	June 23, 1963	Apr. 1988 Jul. 2009 May 2014 Jun. 2015 Jun. 2016 Jun. 2018	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") Senior Manager of Corporate Strategy and Planning Department of the Company General Manager of Kanagawa Branch of the Company Senior Vice President, General Manager of Kanagawa Branch of the Company Senior Vice President, General Manager of Product Department of the Company Executive Vice President, Executive General Manager of Smart-life Business Division, Member of the Board of Directors of the Company (To the present)	*1	6,200
Executive Vice President Member of the Board of Directors Executive General Manager of Corporate Sales and Marketing Division and General Manager of TOHOKU Reconstruction Support Office	Kouji Tsubouchi	April 27, 1963	Apr. 1987 Jun. 2011 Jun. 2014 Jun. 2016 Jun. 2017 Jun. 2019	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") Senior Manager of General Affairs Department of the Company General Manager of Public Relations Department and Deputy General Manager of Mobile Society Research Institute of the Company Senior Vice President, General Manager of Public Relations Department and Deputy General Manager of Mobile Society Research Institute of the Company Senior Vice President, Executive General Manager of Hokkaido Regional Office of the Company Executive Vice President, Executive General Manager of Corporate Sales and Marketing Division and General Manager of TOHOKU Reconstruction Support Office, Member of the Board of Directors of the Company (To the present)	*2	12,600

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Executive Vice President Member of the Board of Directors General Manager of Corporate Strategy & Planning Department Responsible for Mobile Society Research Institute and Preparation for 2020	Michio Fujiwara	December 21, 1964	Apr. 1989 Apr. 2007 Jul. 2009 Jul. 2012 Jun. 2016 Jun. 2019	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") Senior Manager of Core Network Engineering Department of the Company General Manager of Planning and Accounts and Finance Department and General Manager of Information Systems Department of Hokkaido Regional Office of the Company Senior Manager of Corporate Strategy & Planning Department of the Company Senior Vice President, Executive General Manager of Tohoku Regional Office of the Company Executive Vice President, General Manager of Corporate Strategy & Planning Department, Responsible for Mobile Society Research Institute and Preparation for 2020, Member of the Board of Directors of the Company (To the present)	*2	5,100
Senior Vice President Member of the Board of Directors General Manager of General Affairs Department and General Manager of Improvement Action Office	Mayumi Tateishi	May 24, 1963	May 2001 Jul. 2014 Jul. 2015 Jun. 2016 Jun. 2017 Jun. 2019	Joined the Company Senior Manager of Online Marketplace Department of the Company Managing Director of OAK LAWN MARKETING, INC. Senior Manager of Smart-life Solutions Department of the Company Member of the Board, Senior Executive Vice President of OAK LAWN MARKETING, INC. Senior Vice President of the Company Member of the Board, Senior Executive Vice President of OAK LAWN MARKETING, INC., Engages in Commerce Business Promotion Senior Vice President, Executive General Manager of Shikoku Regional Office of the Company Senior Vice President, General Manager of General Affairs Department and General Manager of Improvement Action Office, Member of the Board of Directors of the Company (To the present)	*2	2,700
Member of the Board of Directors	Teruyasu Murakami	October 15, 1945	Apr. 1968 Apr. 2001 Apr. 2002 Jun. 2008 Apr. 2012 Jun. 2013	Joined Nomura Research Institute, Ltd. ("NRI") Representative Director, Executive Managing Director, Member of the Board of NRI Chief Corporate Counselor of NRI Outside Director of Benesse Holdings, Inc. Director of Research Institute for Industrial Strategy (To the present) Outside Member of the Board of Directors of the Company (To the present)	*1	7,500

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Member of the Board of Directors	Noriko Endo	May 6, 1968	Jun. 1994 Apr. 2004 Apr. 2006 Sep. 2013 Apr. 2015 Apr. 2015 Jun. 2016 Jul. 2018 Jun. 2019	Joined DIAMOND, Inc. Concurrently serve as Director of Kyushu University Tokyo Office Deputy Editor of Diamond Weekly, DIAMOND, Inc. Visiting Researcher at Policy Alternatives Research Institute, University of Tokyo Project Professor, Graduate School of Media and Governance, Keio University (To the present) Adjunct Researcher, Environmental Research Institute, Waseda University Outside Member of the Board of Directors of the Company (To the present) Outside Director of AIN HOLDINGS INC. (To the present) Outside Director of Hankyu Hanshin Holdings, Inc. (To the present)	*1	2,300
Member of the Board of Directors	Katsumi Kuroda	November 9, 1969	Apr. 1992 Oct. 2009 Jul. 2010 Jul. 2012 Jul. 2015 Jul. 2018 Jun. 2019	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) Senior Manager of Corporate Strategy Planning Department of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT WEST”) Senior Manager of Sales Department, Shizuoka Branch of NTT WEST Senior Manager of Corporate Strategy Planning Department of NTT WEST Senior Manager, Head of Marketing Strategy Group of Corporate Strategy Planning Department of NTT WEST Vice President of Corporate Strategy Planning of NTT (To the present) Member of the Board of Directors of the Company (To the present)	*2	1,000

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Full-time Audit & Supervisory Board Member	Shoji Suto	March 4, 1957	Apr. 1980 Jun. 2008 Jun. 2009 Jul. 2009 Jun. 2010 Jun. 2011 Jun. 2014 Jul. 2014 Jun. 2015 Jun. 2017	Joined NTT Public Corporation Senior Vice President, General Manager of Sales Promotion Department of the Company Executive Vice President, Executive General Manager of Marketing Business Department, Member of the Board of Directors of DOCOMO Business Net Inc. Executive Vice President, Executive General Manager of Marketing Division, Member of the Board of Directors of DOCOMO Business Net Inc. Executive Vice President, Executive General Manager of Corporate Marketing Division, Member of the Board of Directors of DOCOMO Business Net Inc. Senior Vice President, Executive General Manager of Shikoku Regional Office of the Company Executive Vice President, Responsible for Consumer Sales and Branches in Kanto and Koshinetsu areas, Member of the Board of Directors of the Company Executive Vice President, Responsible for Consumer Sales, Member of the Board of Directors of the Company Senior Executive Vice President, Member of the Board of Directors of DOCOMO CS Inc. Full-time Audit & Supervisory Board Member of the Company (To the present)	*3	15,400
Full-time Audit & Supervisory Board Member	Hironobu Sagae	March 3, 1959	Apr. 1981 Jul. 2008 Jun. 2011 Jun. 2012 Jun. 2014 Jun. 2016 Jun. 2017	Joined NTT Public Corporation General Manager of Human Resources Management Department of NTT DATA Corporation Senior Vice President, General Manager of Accounts and Finance Department, General manager of Human Resources Management Department, Member of the Board of Directors of NTT DATA Corporation Senior Vice President, General Manager of Accounts and Finance Department, Member of the Board of Directors of NTT DATA Corporation Executive Vice President, General Manager of Accounts and Finance Department, Member of the Board of Directors of NTT DATA Corporation President, Member of the Board of Directors of NTT DATA MANAGEMENT SERVICE Corporation Full-time Outside Audit & Supervisory Board Member of the Company (To the present)	*4	2,100
Full-time Audit & Supervisory Board Member	Mikio Kajikawa	March 23, 1959	Apr. 1982 Jun. 2013 Jul. 2014 Jun. 2016 Dec. 2017 Jun. 2018	Joined the Ministry of Finance Senior Deputy Director-General of the International Bureau of the Ministry of Finance Executive Director of the International Monetary Fund (IMF) Director-General of the Customs and Tariff Bureau of the Ministry of Finance Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Full-time Outside Audit & Supervisory Board Member of the Company (To the present)	*4	1,400

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Full-time Audit & Supervisory Board Member	Katsumi Nakata	December 12, 1956	Apr. 1980 Aug. 2011 Jun. 2014 Jun. 2015 Jun. 2016 Jun. 2018 Jun. 2019	Joined NTT Public Corporation Senior Vice President, Head of Global Business, Member of the Board of Directors of NTT Communications Corporation (“NTT Com”) Executive Vice President, Head of Global Business, Member of the Board of Directors of NTT Com Senior Executive Vice President, Head of Global Business, Member of the Board of Directors of NTT Com Senior Executive Vice President, Member of the Board of Directors of NTT Com CEO of NTT Security Corporation Full-time Outside Audit & Supervisory Board Member of the Company (To the present)	*4	1,000
Audit & Supervisory Board Member	Eiko Tsujiyama	December 11, 1947	Aug. 1980 Apr. 1985 Apr. 1991 Apr. 2003 Jun. 2008 Jun. 2010 May 2011 Jun. 2011 Jun. 2012 Apr. 2018	Assistant Professor, Humanities Department, Ibaraki University Assistant Professor, Faculty of Economics, Musashi University of the Nezu Foundation (“Musashi University”) Professor, Faculty of Economics, Musashi University Professor, Graduate School of Commerce (currently Faculty of Commerce), Waseda University Outside Audit & Supervisory Board Member of Mitsubishi Corporation Outside Director of ORIX Corporation (To the present) Outside Corporate Auditor of Lawson, Inc. (To the present) Outside Audit & Supervisory Board Member of the Company (To the present) Outside Audit & Supervisory Board Member of Shiseido Company, Limited (To the present) Professor Emeritus, Waseda University (To the present)	*4	4,700
Total						149,200

*1 The term of office is until the conclusion of the ordinary general meeting of shareholders concerning the last fiscal year ending within two years after the election at the 27th Ordinary General Meeting of Shareholders held on June 19, 2018.

*2 The term of office is until the conclusion of the ordinary general meeting of shareholders concerning the last fiscal year ending within one year after the election at the 28th Ordinary General Meeting of Shareholders held on June 18, 2019.

*3 The term of office is until the conclusion of the ordinary general meeting of shareholders concerning the last fiscal year ending within three years after the election at the 26th Ordinary General Meeting of Shareholders held on June 20, 2017.

*4 The term of office is until the conclusion of the ordinary general meeting of shareholders concerning the last fiscal year ending within four years after the election at the 28th Ordinary General Meeting of Shareholders held on June 18, 2019.

Notes: 1. Directors Teruyasu Murakami and Noriko Endo are Outside Directors.

2. Audit & Supervisory Board Members Hironobu Sagae, Mikio Kajikawa, Katsumi Nakata and Eiko Tsujiyama are outside audit & supervisory board members.

3. Since the name of Shoji Suto includes a letter other than the letters that can be used under the provisions of “Points to be Considered regarding Special Provisions, etc. for Procedures by Use of Electronic Data Processing System for Disclosure” and “Filing Documents Specifications” (Planning and Coordination Bureau, Financial Services Agency), such letter is substituted by a letter that can be used on the electronic disclosure system (EDINET).

- Outside directors and outside audit & supervisory board members

The Company has two outside directors and four outside audit & supervisory board members.

Based on Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (the "TSE"), the Company secures at least one independent director/auditor. When appointing outside directors and outside audit & supervisory board members designated as independent directors/auditors, the Company follows the criteria for determining independence stipulated by the TSE (III, 5, (3)-2 of the "Guidelines concerning Listed Company Compliance, etc."), in addition to the independence criteria established by the Company. The Company has designated outside directors Teruyasu Murakami and Noriko Endo, and Outside Audit & Supervisory Board Members Mikio Kajikawa and Eiko Tsujiyama as independent directors/auditors based on the TSE provisions.

Outside Director Teruyasu Murakami was formerly a member of the Company's Advisory Board. He has rich experience and insights pertaining to corporate management and information industry. He has been elected as an outside director due to the Company's expectations that, in view of his excellent character and wealth of knowledge, he will contribute to strengthening the supervisory function over business execution and provide advice from a broad managerial perspective. The Company has no personal, capital or business relationships, or any other relationship of interest, with him* that could lead to conflicts of interest with general shareholders.

Outside Director Noriko Endo has rich experience and insights accumulated through her news gathering activities as an editor of an economic magazine and research on public policies. She has been elected as an outside director due to the Company's expectations that, in view of her excellent character and wealth of knowledge, she will contribute to strengthening the supervisory function over business execution and provide broad and diverse advice from both a customer perspective and female perspective, and will be able to properly fulfill the role of an outside director. The Company has no personal, capital or business relationships, or any other relationship of interest, with her* that could lead to conflicts of interest with general shareholders.

Outside Audit & Supervisory Board Member Hironobu Sagae was formerly an employee of the Company's parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT"), and was a director or an employee of NTT's subsidiaries, NTT DATA Corporation, NTT DATA MANAGEMENT SERVICE Corporation, and R-Cubic corporation. He has experience in corporate management and has considerable knowledge pertaining to finance and accounting gained through his experience in the Finance Department of NTT DATA Corporation. He has been elected as an outside audit & supervisory board member due to the Company's expectations that he will conduct audits based on his experience and knowledge. Please see "Item 2. Overview of Business, 4. Material Contracts for Management of the Company" for material contracts between the Company and NTT, and 15. under Notes to Consolidated Financial Statements for transactions with NTT group companies. The NTT group companies may exchange personnel as necessary. Except for the above, the Company has no personal, capital or business relationships, or any other relationship of interest, with him* that could lead to conflicts of interest with general shareholders.

Outside Audit & Supervisory Board Member Katsumi Nakata was formerly an employee of the Company's parent company, NTT, and was a director or an employee of NTT's subsidiaries, NTT Communications Corporation, NTT Security Corporation and NTT Security (Japan) KK. He has experience in corporate management and has long been engaged in businesses pertaining to telecommunications. He has been elected as an outside audit & supervisory board member due to the Company's expectations that he will conduct audits based on his experience and knowledge. Please see "Item 2. Overview of Business, 4. Material Contracts for Management of the Company" for material contracts between the Company and NTT, and 15. under Notes to Consolidated Financial Statements for transactions with NTT group companies. The NTT group companies may exchange personnel as necessary. Except for the above, the Company has no personal, capital or business relationships, or any other relationship of interest, with him* that could lead to conflicts of interest with general shareholders.

Outside Audit & Supervisory Board Member Mikio Kajikawa had a long career in the Ministry of Finance, and has been elected as an outside audit & supervisory board member due to the Company's expectations that he will conduct audits based on his rich experience and insights as a specialist accumulated through his career experience, as well as properly carry out his duties as an outside audit & supervisory board member. The Company has no personal, capital or business relationships, or any other relationship of interest, with him* that could lead to conflicts of interest with general shareholders.

Outside Audit & Supervisory Board Member Eiko Tsujiyama serves concurrently as an outside corporate auditor at Lawson, Inc. The Company has a business relationship with Lawson, Inc., based on capital alliance and business alliance agreements. She has been elected as an outside audit & supervisory board member due to the Company's expectations that she will conduct audits from the perspective of her extensive knowledge pertaining to finance and accounting as a certified public accountant and accumulated through her years of experience as a university professor and an outside director on corporate boards. The Company has no personal, capital or business relationships, or any other relationship of interest, with her* that could lead to conflicts of interest with general shareholders.

In the statements of business relationships and other relationships of interest (including donations) between the Company and each outside director* and outside audit & supervisory board member*, the Company in principle omits the statement of a business relationship, etc. that do not require referral to the Company's Board of Directors, considering that it is unlikely that such relationship affects shareholders' decisions in their exercise of voting rights, and it is unlikely that such relationship could lead to conflicts of interest with general shareholders.

The outside audit & supervisory board members exchange opinions and make mutual collaboration with the independent auditor and the Internal Audit Department as stated in "(3) Status of Audits."

The outside directors receive reports from the audit & supervisory board members on the auditing plan, and receive reports from the Internal Audit Department regarding the results of evaluation of the effectiveness of the internal control systems. They also receive preliminary reports from the Internal Control Group on the formulation of the basic policy on fortifying internal control systems.

* Including companies where he/she is an officer or employee, or was an officer or employee.

(3) Status of Audits

1) Status of audit by the Audit & Supervisory Board

The Audit & Supervisory Board holds meetings in principle once a month, and makes decisions about the auditing policy, plan and methodology, as well as other important matters related to audits. Based on the auditing policy and auditing plan decided by the Audit & Supervisory Board, the audit & supervisory board members appropriately conduct audits of the status of execution of duties by directors by attending the Board of Directors meetings and other important meetings, hearing reports from directors and others, examining important documents and other materials, and conducting onsite investigations at Headquarters, main business offices and subsidiaries, etc., and report to the Board of Directors on the status of implementation of audits. In addition, the audit & supervisory board members ensure the effectiveness of audits through close collaboration with the audit & supervisory board members at subsidiaries based on mutual understanding and exchanges of information. Audit & Supervisory Board Member Hironobu Sagae has experience in corporate management and extensive knowledge pertaining to finance and accounting through his career in the Finance Department of NTT DATA Corporation. Audit & Supervisory Board Member Eiko Tsujiyama has considerable knowledge pertaining to finance and accounting as a certified public accountant and based on her experience as a university professor and an outside director on corporate boards.

2) Status of internal audit

The Internal Audit Department conducts internal audits from a position independent of other business execution, with a structure comprising 44 members. Audits are conducted over the status of business operations at the departments of Headquarters, regional offices, etc., to ensure compliance with laws and regulations, the effectiveness and efficiency of operations, and the reliability of financial reporting. Setting unified audit items for high-risk matters for our corporate group, audits are performed at each group company, and the Internal Audit Department carries out audit quality reviews to enhance the quality of audits at group companies. The Internal Audit Department verifies and evaluates the effectiveness of internal control related to financial reporting based on the Financial Instruments and Exchange Act of Japan, in accordance with generally accepted evaluation standards on internal control over financial reporting, and works to strengthen internal control.

The audit & supervisory board members strive to strengthen collaboration with the independent auditor through timely exchanges of opinions, by receiving a report on the auditing plan, holding preliminary discussions regarding any significant changes in accounting policies for each quarterly fiscal period, receiving reports on the quarterly audit results, and attending audits by the independent auditor. They also receive explanations and make confirmation regarding the independent auditor's audit quality system. In addition, the audit & supervisory board members receive reports from the Internal Audit Department regarding the plan and results of internal audits, and hold regular meetings in principle once a month to strengthen mutual collaboration by exchanging opinions on the status of implementation of internal audits.

In terms of relationship with the Internal Control Group, the audit & supervisory board members monitor and verify the establishment and status of the internal control systems, and give advice and instructions to the Internal Control Group as necessary. The Internal Audit Department also evaluates the effectiveness of the internal control systems and reports the results to the Board of Directors and the Internal Control Group. Based on these advice, instructions and reports, etc., the Internal Control Group makes improvements to the internal control systems as needed.

3) Status of accounting audit

a. Name of the Independent Auditor

KPMG AZSA LLC

b. Certified Public Accountants who conducted accounting audits

Kensuke Sodekawa
Hirotaka Nakata
Masafumi Nakane

c. Assistants engaged in accounting audits

The assistants engaged in the accounting audits of the Company comprised 65 Certified Public Accountants and 86 others.

d. Policy and reasons for the selection of the Independent Auditor

The Audit & Supervisory Board found that the "audit methodology and results" and the "system for the performance of duties" of the independent auditor of the Company relating to the financial statements for the fiscal year ended March 31, 2019 were adequate, and ascertained its appropriateness and adequacy in the "evaluation of appropriateness and adequacy of the auditing activities." Accordingly, the Audit & Supervisory Board has resolved to reappoint the same independent auditor to perform audits of the Company's financial statements for the fiscal year ending March 31, 2020 and has notified the directors to that effect.

Regarding the discharge or non-reappointment of the independent auditor, in the event that the circumstances set forth in any of the items of Article 340, Paragraph 1 of the Companies Act apply to the independent auditor, the Audit & supervisory Board will discharge the independent auditor with a unanimous resolution of the audit & supervisory board members in accordance with the "policies concerning decisions to discharge or not reappoint independent auditors" of the Company. In addition, if the Company determines that it would be difficult for the independent auditor to perform proper audits, the Audit & Supervisory Board may determine the content of a proposal to the general meeting of shareholders that the independent auditor be discharged or not be reappointed.

e. Evaluation of the independent auditor by the audit & supervisory board members and the Audit & Supervisory Board

The Audit & Supervisory Board evaluates the auditing activities of the independent auditor in light of the "criteria for evaluation and selection of the independent auditor," which have been prepared based on Supplementary Principle 3.2.1 (i) of the Corporate Governance Code. In specific terms, the Audit & Supervisory Board evaluates the independent auditor from the perspective of quality control, independence and other factors, and ascertains its appropriateness and adequacy as an independent auditor.

4) Audit fees, etc.

a. Audit fees paid to Certified Public Accountants, etc.

(Millions of yen)

	Year ended March 31, 2018		**Year ended March 31, 2019**	
	Fees for audit and attestation services	Fees for non-audit services	**Fees for audit and attestation services**	**Fees for non-audit services**
NTT DOCOMO, INC.	845	44	**634**	**10**
Consolidated subsidiaries	206	–	**180**	–
Total	1,051	44	**814**	**10**

Non-audit services rendered for the Company during the fiscal year ended March 31, 2018 and during the fiscal year ended March 31, 2019 were advisory services and other service relating to International Financial Reporting Standards.

b. Audit fees paid to the same network (KPMG group) that Certified Public Accountants, etc. belong to

(Millions of yen)

	Year ended March 31, 2018		**Year ended March 31, 2019**	
	Fees for audit and attestation services	Fees for non-audit services	**Fees for audit and attestation services**	**Fees for non-audit services**
NTT DOCOMO, INC.	1	36	**1**	**47**
Consolidated subsidiaries	364	19	**196**	**22**
Total	365	55	**197**	**69**

Non-audit services rendered for the Company during the fiscal year ended March 31, 2018 and during the fiscal year ended March 31, 2019 were advisory services and other service relating tax duties.

Additionally, non-audit services rendered for the consolidated subsidiaries include tax return preparation and tax consultation during the fiscal year ended March 31, 2018, and advisory services and other service relating to preparation of financial statement, tax return preparation and tax consultation during the fiscal year ended March 31, 2019.

c. Other material fees for audit and attestation services

None.

d. Policy for determining audit fees

Audit fees are determined in accordance with laws and regulations and with the approval of the Audit & Supervisory Board, taking into account the size and attributes of the Company and its consolidated subsidiaries, the number of days required for auditing and other factors.

e. Reason for the consent of the Audit & Supervisory Board to audit fees, etc. paid to the independent auditor

The Audit & Supervisory Board consented to the audit fees, etc. paid to the independent auditor, which were proposed by the directors, after considering the time required for the audits and details such as the allocation of personnel under the independent auditor’s audit plan; the verification and evaluation of the previous year’s audits; the suitability of the state of execution of the audits by the independent auditor; and the basis for the calculation of the estimated fees.

(4) Compensation for directors and audit & supervisory board members

1) Compensation amount for directors and audit & supervisory board members, the policy on determining the calculation method, and the method of determination thereof

The upper limit on total compensation for directors of the Company was set at ¥600 million annually at the 15th Ordinary General Meeting of Shareholders held on June 20, 2006. The Board of Directors determines compensation for directors for each fiscal year by comprehensively taking into account factors such as the scope of roles and responsibilities of each director, and the Company's achievement based on performance indicators such as operating profit for the current fiscal year. In addition, the Company explains the details of compensation to the parent company and independent outside directors to receive appropriate advice prior to the meeting of the Board of Directors.

The determination of individual compensation for each director is entrusted to Representative Director, President and Chief Executive Officer by the Board of Directors. Representative Director, President and Chief Executive Officer determines the amount in accordance with the following policies and regulations on compensation for directors specified by a resolution of the Board of Directors.

i. Compensation for directors (excluding independent outside directors) consists of a monthly salary and bonuses. The Company pays monthly salaries based on the scope of roles and responsibilities of each director, and bonuses by taking into account the Company's achievement based on performance indicators such as operating profit for the current fiscal year. In addition, from the perspective of reflecting medium- to long-term business results, directors with executive authority over operations make monthly contributions of at least a certain amount, out of their monthly salaries and bonuses, for the purchase of the Company's shares through the Director Shareholding Association, and all purchased shares are held by the directors during their terms in office. In the case of standard business performance, compensation is composed of "approximately 70% fixed compensation and 30% performance-based compensation."

The Company will also consider expanding the percentage of performance-based compensation, including stock-based compensation, in total compensation for the purpose of fostering stronger awareness with regard to achieving the medium-term management strategy and sustained growth, as well as enhancing medium- to long-term corporate value.

ii. In order to ensure a high level of independence, the Company pays only monthly salaries as compensation for independent outside directors with no links to business results.

Compensation for audit & supervisory board members is determined through consultation with the members, and in order to ensure a high level of independence, only monthly salaries are paid with no links to business results. Total amount of compensation for audit &supervisory board members of the company was set an upper limit at ¥150 million annually at the 15th ordinary general meeting of shareholders held on June 20, 2006.

2) Total compensation by position, breakdown of compensation, and number of recipients

(Millions of yen, unless otherwise stated)

Directors / Audit & Supervisory Board Members	Total compensation	Total compensation by type			Number of recipients (Persons)
		Base salary	Performance-based compensation	Retirement benefits	
Directors (excluding outside directors)	481	336	145	–	16
Audit & supervisory board members (excluding outside audit & supervisory board members)	30	30	–	–	1
Outside directors and outside audit & supervisory board members	126	126	–	–	7
Total	637	492	145	–	24

Notes:1.As there is no director or audit & supervisory board member with consolidated compensation of ¥100 million or more in total, the information is not provided.

2.Directors include five directors who retired at the conclusion of the 27th ordinary general meeting of shareholders held on June 19, 2018.

3.Outside directors and outside audit & supervisory board members include one outside audit & supervisory board member who retired at the conclusion of the 27th ordinary general meeting of shareholders held on June 19, 2018.

(5) Status of shareholdings

1) Criteria of and approach to the classification of equity securities

The Company does not engage in investments for the purpose of pure investment to acquire gains through fluctuations in stock prices or from the dividends on shares, but strategically holds shares of business partners when and only when, upon comprehensively taking into account various factors including the reinforcement of relationships with business partners of various industries and the promotion of collaboration therewith, the shareholdings are deemed to lead to the enhancement of the Company’s corporate value in the medium to long term and the interests of the Company’s shareholders.

2) Equity securities held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors, etc. of the appropriateness of shareholdings in individual issues

With respect to shares strategically held, the Company considers the status of achievement of the purposes of investments, such as the reinforcement of relationships and the promotion of collaboration, as well as whether the returns and risks of the shareholdings are commensurate with capital costs, etc., and the Board of Directors verifies the appropriateness of the shareholdings. In the event that a rationale for a shareholding can no longer be found due to changes in the situation going forward, the Company will conduct a review of such shares, such as reducing the number of shares.

b. Number of issues and total balance sheet amount

	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	42	12,482
Shares other than unlisted shares	17	235,397

(Issues in which the number of shares increased in the fiscal year ended March 31, 2019)

	Number of issues	Total acquisition cost relating to the increase in the number of shares (Millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	2	2,263	To promote collaboration with the business alliance partner
Shares other than unlisted shares	–	–	

(Issues in which the number of shares decreased in the fiscal year ended March 31, 2019)

	Number of issues	Total sale value relating to the decrease in the number of shares (Millions of yen)
Unlisted shares	3	1,439
Shares other than unlisted shares	3	13,587

c. Information on the number of shares and balance sheet amounts, etc. of specified equity securities and deemed holdings of equity securities by issue

Specified equity securities

Issue name	Year ended March 31, 2019 Number of shares (Shares) Balance sheet amounts (Millions of yen)	Year ended March 31, 2018 Number of shares (Shares) Balance sheet amounts (Millions of yen)	Purpose of holding, quantitative effects of holding, and reasons for the increase in the number of shares	Whether the investee holds the Company's shares
PLDT Inc.	31,330,155 76,102	31,330,155 94,417	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
Far EasTone Telecommunications Co., Ltd.	153,543,573 40,955	153,543,573 43,713	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
KT Corporation	22,711,035 38,929	22,711,035 40,582	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
FamilyMart UNY Holdings Co., Ltd.	7,251,200 20,455	2,930,500 26,257	To expand the Company's priority business through the promotion of collaboration in d Payment and d POINTs. The number of shares was increased by the stock splits.	No
Nippon Television Holdings, Inc.	7,779,000 12,913	7,779,000 14,663	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	No
Lawson, Inc.	2,092,000 12,844	2,092,000 15,167	To expand the Company's priority business through the promotion of collaboration in d Payment and d POINTs	No
FUJI MEDIA HOLDINGS, INC.	7,700,000 11,765	7,700,000 13,975	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	No
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	5,713,000 11,574	5,713,000 12,894	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	No
EduLab, Inc.	429,200 2,424	2,146 468	To enhance corporate value through collaboration in the education field utilizing the assets held by the investee. The number of shares was increased by the stock splits.	No
Oisix ra daichi Inc.	1,000,000 1,679	500,000 864	To enhance corporate value through collaboration in the food area utilizing the assets held by the investee. The number of shares was increased by the stock splits.	No
KADOKAWA DWANGO CORPORATION	1,204,208 1,405	1,204,208 1,335	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	No
PKSHA Technology Inc.	214,000 1,316	107,000 1,449	To enhance corporate value through collaboration in the AI field utilizing the assets held by the investee. The number of shares was increased by the stock splits.	No
neos corporation	1,020,000 1,074	1,020,000 408	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	No

Issue name	Year ended March 31, 2019 Number of shares (Shares) Balance Sheet amounts (Millions of yen)	Year ended March 31, 2018 Number of shares (Shares) Balance Sheet amounts (Millions of yen)	Purpose of holding, quantitative effects of holding, and reasons for the increase in the number of shares	Whether the investee holds the Company's shares
SKY Perfect JSAT Holdings Inc.	2,048,100	2,048,100	To enhance the corporate value of the Company through collaboration and information sharing in the satellite communication business with the investee and to maintain and reinforce the favorable relationship	No
	942	978		
NTT DATA INTRAMART CORPORATION	245,000	500,000	To enhance corporate value through collaboration in the development of corporate solutions utilizing the investee's assets	No
	872	1,111		
Nippon BS Broadcasting Corporation	80,000	80,000	To maintain and reinforce the business relationships with the investee group	No
	84	100		
BICCAMERA INC.	50,000	50,000	To maintain and reinforce the business relationships with the investee group	No
	58	83		

Note:1. The number of shares and balance sheet amount for PLDT Inc. include 8,533,253 shares and ¥25,719 million in the form of ADRs for the fiscal year ended March 31, 2018, and include 8,533,253 shares and ¥20,523 million in the form of ADRs for the fiscal year ended March 31, 2019.
2. The number of shares and balance sheet amount for KT Corporation include 16,906,444 shares and ¥24,607 million in the form of ADRs for the fiscal year ended March 31, 2018, and include 16,906,444 shares and ¥23,342 million in the form of ADRs for the fiscal year ended March 31, 2019.
3. It is difficult to quantify the effects of shareholding. The rationales for the shareholdings are verified by considering the status of achievement of the purposes of investments, such as the reinforcement of relationships and the promotion of collaboration, and whether the returns and risks of the shareholdings are commensurate with capital costs, etc.
4. Oisix. daichi Inc. changed its name to Oisix ra daichi Inc. in July 2018.

Deemed holdings of equity securities

None.

3) Equity securities held for the purpose of pure investment

None.

4) Equity securities reclassified from held for the purpose of pure investment to held for purposes other than pure investment during the fiscal year ended March 31, 2019

None.

5) Equity securities reclassified from held for purposes other than pure investment to held for the purpose of pure investment during the fiscal year ended March 31, 2019

None.

Item 5. Financial Information

1. Preparation method of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of DOCOMO have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 93 of "Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of October 30, 1976) (the "Ordinance on Consolidated Financial Statements").
Figures in DOCOMO's consolidated financial statements have been rounded to the nearest million yen.

(2) The non-consolidated financial statements of DOCOMO have been prepared in accordance with Article 2 of "Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No.59, 1963)(the "Regulation on Financial Statements"), pursuant to this article and ordinance on Telecommunications Business Accounting (Ordinance of the Ministry of Posts and Telecommunications No. 26, 1985). DOCOMO also falls under "special company submitting financial statements" and the non-consolidated financial statements of DOCOMO have been prepared in accordance with Article 127 of the Regulation on Financial Statements.
Figures in DOCOMO's non-consolidated financial statements have been rounded down to the nearest million yen

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2018 to March 31, 2019 and the non-consolidated financial statements for the 28th fiscal year (from April 1, 2018 to March 31, 2019) were audited by KPMG AZSA LLC.

3. Particular efforts to secure the appropriateness of the consolidated financial statements based on IFRS

(1) DOCOMO is a member of the Financial Accounting Standards Foundation.
(2) DOCOMO appropriately obtains the press releases issued by the International Accounting Standards Board and official pronouncements. In addition, DOCOMO has formulated the Group Accounting and Finance Rules pursuant to IFRS and prepared the consolidated financial statements based on those rules.

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1. Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statements of Financial Position

	Notes	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
		Millions of yen		
ASSETS				
Current assets:				
Cash and cash equivalents	7	¥ 287,910	¥ 390,468	**¥ 219,963**
Trade and other receivables	8	1,916,813	1,976,715	**2,128,156**
Other financial assets	9	302,253	372,083	**70,933**
Inventories	10	154,356	187,432	**178,340**
Other current assets	15	76,206	90,145	**91,308**
Subtotal		2,737,538	3,016,843	**2,688,699**
Asset held for sale	11	-	-	**234,160**
Total current assets		2,737,538	3,016,843	**2,922,859**
Non-current assets:				
Property, plant and equipment	12	2,493,188	2,548,216	**2,623,789**
Goodwill	13	79,312	72,448	**33,177**
Intangible assets	13	606,836	598,124	**608,513**
Investments accounted for using the equity method	14	380,342	391,446	**151,741**
Securities and other financial assets	9	412,900	435,257	**439,742**
Contract costs	24	268,018	276,282	**297,733**
Deferred tax assets	28	279,030	206,806	**150,725**
Other non-current assets	15	107,054	109,516	**112,267**
Total non-current assets		4,626,680	4,638,095	**4,417,687**
Total assets		¥ 7,364,218	¥ 7,654,938	**¥ 7,340,546**

	Notes	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
		Millions of yen		
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	17	¥ 61,906	¥ 111,230	**¥ -**
Trade and other payables	16	876,594	910,958	**1,058,007**
Other financial liabilities	20	11,230	28,047	**10,495**
Accrued income taxes		105,809	155,026	**166,503**
Contract liabilities	24	189,370	215,480	**211,752**
Provisions	19	34,753	37,919	**29,086**
Other current liabilities	21	141,385	188,298	**150,805**
Total current liabilities		1,421,047	1,646,957	**1,626,647**
Non-current liabilities:				
Long-term debt	17	160,040	50,000	**50,000**
Other financial liabilities	20	30,540	9,453	**9,310**
Defined benefit liabilities	18	198,747	206,792	**207,425**
Contract liabilities	24	18,955	29,587	**37,054**
Provisions	19	8,766	9,075	**7,845**
Other non-current liabilities		9,946	10,847	**8,140**
Total non-current liabilities		426,994	315,754	**319,775**
Total liabilities		1,848,041	1,962,710	**1,946,422**
Equity:	22			
Equity attributable to shareholders of NTT DOCOMO, INC.				
Common stock		949,680	949,680	**949,680**
Additional paid-in capital		147,740	153,115	**169,083**
Retained earnings		4,727,986	4,908,373	**4,160,495**
Treasury stock		(426,443)	(448,403)	**(0)**
Other components of equity		91,723	102,342	**92,595**
Total equity attributable to shareholders of NTT DOCOMO, INC.		5,490,685	5,665,107	**5,371,853**
Noncontrolling interests		25,492	27,121	**22,271**
Total equity		5,516,177	5,692,228	**5,394,124**
Total liabilities and equity		¥ 7,364,218	¥ 7,654,938	**¥ 7,340,546**

2) Consolidated Statements of Profit or Loss

	Notes	Millions of yen			
		Year ended March 31, 2018		**Year ended March 31, 2019**	
Operating revenues:	6,24				
Telecommunications services		¥	3,092,739	¥	**3,130,660**
Equipment sales			789,845		**844,428**
Other operating revenues			879,685		**865,760**
Total operating revenues			4,762,269		**4,840,849**
Operating expenses:					
Personnel expenses			288,115		**288,940**
Cost of equipment sold and services, and other expenses	25		2,531,257		**2,533,708**
Depreciation and amortization	6,12,13		486,550		**470,922**
Communication network charges			390,390		**432,045**
Loss on disposal of property, plant and equipment and intangible assets			67,163		**68,768**
Impairment loss	6,12,13		11,833		**32,821**
Total operating expenses			3,775,309		**3,827,204**
Operating profit	6		986,960		**1,013,645**
Finance income	26		9,196		**7,510**
Finance costs	26		(6,557)		**(6,506)**
Income from arbitration award	27		147,646		**-**
Share of profits (losses) on equity method investments			4,446		**(12,013)**
Profit before taxes			1,141,690		**1,002,635**
Income taxes	28		349,234		**337,784**
Profit		¥	792,456	¥	**664,851**
Profit attributable to:					
Shareholders of NTT DOCOMO, INC.			790,830		**663,629**
Noncontrolling interests			1,626		**1,222**
Profit		¥	792,456	¥	**664,851**
Earnings per share attributable to shareholders of NTT DOCOMO, INC.					
Basic earnings per share	36	¥	214.27	¥	**187.79**

3) Consolidated Statements of Comprehensive Income

	Notes	Millions of yen Year ended March 31, 2018	**Year ended March 31, 2019**
Profit		¥ 792,456	¥ **664,851**
Other comprehensive income (net of taxes):	22		
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		1,227	**3,750**
Change in the fair value of financial assets measured at fair value through other comprehensive income		-	**1,105**
Share of other comprehensive income of investments accounted for using the equity method		(216)	**(3,731)**
Total of items that will not be reclassified to profit or loss		1,011	**1,124**
Items that may be reclassified subsequently to profit or loss			
Unrealized holding gains (losses) on available-for-sale securities		1,904	**-**
Foreign exchange translation differences		(4,003)	**(8,594)**
Share of other comprehensive income of investments accounted for using the equity method		12,850	**(49)**
Total of items that may be reclassified subsequently to profit or loss		10,751	**(8,643)**
Total other comprehensive income (net of taxes)		11,762	**(7,519)**
Total comprehensive income		¥ 804,218	¥ **657,332**
Total comprehensive income attributable to:			
Shareholders of NTT DOCOMO, INC.		802,460	**656,026**
Noncontrolling interests		1,759	**1,306**
Total comprehensive income		¥ 804,218	¥ **657,332**

4) Consolidated Statements of Changes in Equity

		Millions of yen							
		Equity attributable to Shareholders of NTT DOCOMO, INC.							
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Noncon-trolling interests	Total equity
Balance as of April 1, 2017		¥ 949,680	¥ 147,740	¥ 4,727,986	¥ (426,443)	¥ 91,723	¥ 5,490,685	¥ 25,492	¥ 5,516,177
Profit				790,830			790,830	1,626	792,456
Other comprehensive income	22					11,630	11,630	132	11,762
Total comprehensive income		-	-	790,830	-	11,630	802,460	1,759	804,218
Dividends	23			(333,413)			(333,413)	(119)	(333,532)
Purchase of treasury stock	22				(300,000)		(300,000)		(300,000)
Retirement of treasury stock	22			(278,040)	278,040		-		-
Changes in ownership interests without loss of control			(265)				(265)	(11)	(276)
Put options granted to noncontrolling interests	22		5,640				5,640		5,640
Transfer from other components of equity to retained earnings	22			1,011		(1,011)	-		-
Total transactions with shareholders		-	5,375	(610,442)	(21,960)	(1,011)	(628,038)	(130)	(628,167)
Balance as of March 31, 2018		¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228

		Millions of yen							
		Equity attributable to shareholders of NTT DOCOMO, INC.							
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Noncon-trolling interests	Total equity
Balance as of March 31, 2018		¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228
Cumulative impact on initial adoption of IFRS 9, "Financial Instruments"				2,665		9,371	12,035		12,035
Balance as of April 1, 2018		949,680	153,115	4,911,038	(448,403)	111,713	5,677,142	27,121	5,704,263
Profit				**663,629**			**663,629**	**1,222**	**664,851**
Other comprehensive income	22					**(7,603)**	**(7,603)**	**84**	**(7,519)**
Total comprehensive income		**-**	**-**	**663,629**	**-**	**(7,603)**	**656,026**	**1,306**	**657,332**
Dividends	23			**(377,284)**			**(377,284)**	**(583)**	**(377,868)**
Purchase of treasury stock	22				**(600,000)**		**(600,000)**		**(600,000)**
Retirement of treasury stock	22			**(1,048,403)**	**1,048,403**		**-**		**-**
Changes in ownership interests without loss of control			**1**				**1**	**2,554**	**2,555**
Changes in ownership interests with loss of control							**-**	**(8,126)**	**(8,126)**
Put options granted to noncontrolling interests	22		**15,968**				**15,968**		**15,968**
Transfer from other components of equity to retained earnings	22			**11,515**		**(11,515)**	**-**		**-**
Total transactions with shareholders		**-**	**15,968**	**(1,414,172)**	**448,403**	**(11,515)**	**(961,316)**	**(6,155)**	**(967,471)**
Balance as of March 31, 2019		**¥ 949,680**	**¥ 169,083**	**¥ 4,160,495**	**¥ (0)**	**¥ 92,595**	**¥ 5,371,853**	**¥ 22,271**	**¥ 5,394,124**

5) Consolidated Statements of Cash Flows

	Notes	Millions of yen	
		Year ended March 31, 2018	**Year ended March 31, 2019**
Cash flows from operating activities:			
Profit		¥ 792,456	**¥ 664,851**
Reconciliation of profit and net cash provided by operating activities:			
Depreciation and amortization	6,12,13	486,550	**470,922**
Impairment losses	6,12,13	11,833	**32,821**
Finance income	26	(9,196)	**(7,510)**
Finance costs	26	6,557	**6,506**
Share of (profits) losses on equity method investments	14	(4,446)	**12,013**
Income taxes		349,234	**337,784**
(Increase) decrease in inventories		(39,059)	**4,793**
(Increase) decrease in trade and other receivables		(61,193)	**(153,962)**
Increase (decrease) in trade and other payables		51,574	**84,882**
Increase (decrease) in contract liabilities		36,751	**25,285**
Increase (decrease) in defined benefit liabilities		8,408	**639**
Other, net		86,213	**21,558**
Subtotal		1,715,682	**1,500,584**
Dividends received		18,035	**16,539**
Interests received		534	**493**
Interests paid		(3,359)	**(1,816)**
Income taxes paid and refund		(232,291)	**(299,786)**
Net cash provided by operating activities		1,498,600	**1,216,014**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(422,534)	**(392,168)**
Purchases of intangible and other assets		(201,216)	**(203,058)**
Purchases of non-current investments		(14,570)	**(14,641)**
Proceeds from sales of non-current investments		1,589	**16,945**
Purchases of short term investments		(891,059)	**(341,089)**
Proceeds from redemption of short term investments		821,335	**641,268**
Payments due to losses on control of subsidiaries		(602)	**(10,463)**
Other, net		1,524	**6,737**
Net cash used in investing activities		(705,532)	**(296,469)**
Cash flows from financing activities:			
Repayments of long-term debt	17	(60,257)	**(110,026)**
Proceeds of short term borrowing	17	(475)	**72**
Repayments of finance lease liabilities	17	(1,188)	**(1,179)**
Payments to acquire treasury stock	22	(300,000)	**(600,000)**
Cash dividends paid		(333,506)	**(377,245)**
Cash dividends paid to noncontrolling interests		(119)	**(583)**
Other, net		4,776	**(1,091)**
Net cash used in financing activities		(690,768)	**(1,090,052)**
Effect of exchange rate changes on cash and cash equivalents		258	**3**
Net increase (decrease) in cash and cash equivalents		102,558	**(170,504)**
Cash and cash equivalents at beginning of year	7	287,910	**390,468**
Cash and cash equivalents at end of period	7	¥ 390,468	**¥ 219,963**

Notes

1. Reporting entity

NTT DOCOMO, INC. (the “Company”) is a company located in Japan. The addresses of its registered headquarters and main business offices are disclosed on its website (https://www.nttdocomo.co.jp/english).

The Company primarily engages in mobile telecommunications services as a member of the NTT group, with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) as the holding company. The Company and its subsidiaries constitute the NTT DOCOMO group (“DOCOMO”) and operate its business.

The consolidated financial statements of DOCOMO for the fiscal year ended March 31, 2019 were approved on April 26, 2019 by the Board of Directors.

2. Basis of preparation

(1) Compliance with IFRS and matters related to first-time adoption

The consolidated financial statements of DOCOMO meet the requirements of the “Specified Companies Complying with Designated International Accounting Standards” under Article 1-2 of the Ordinance on Consolidated Financial Statements, and thus were prepared in accordance with IFRS pursuant to the provisions of Article 93 of the aforementioned Ordinance.

DOCOMO adopted IFRS for the first time from the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019), and the date of transition to IFRS (the “transition date”) is April 1, 2017. As for the impact of the transition to IFRS on DOCOMO’s financial condition, results of operations and cash flow conditions, please refer to "Note 38 First-time adoption (disclosure regarding the transition to IFRS).”

The accounting policies of DOCOMO are based on IFRS effective as of March 31, 2019, excluding the provisions of IFRS that are not early adopted and the exemptions permitted under IFRS 1 “First-time Adoption of International Financial Reporting Standards” (revised in November 2008) (“IFRS 1”).

(2) Basis of measurement

As stated in “Note 3. Significant accounting policies,” the consolidated financial statements are prepared on a historical cost basis, except for financial instruments measured at fair value as well as assets and liabilities associated with post-employment benefit plans, etc.

(3) Function and presentation currency

The consolidated financial statements are presented in Japanese yen, the currency prevailing in the main economic domain in which the Company conducts its business activities (“functional currency”), and figures less than a million yen are rounded to the nearest million yen.

(4) Changes in accounting policies

DOCOMO has adopted IFRS 9 “Financial Instruments” (revised in July 2014) (“IFRS 9”) from the fiscal beginning of the fiscal year ended March 31, 2019 (April 1, 2018).

With respect to the changes in accounting policies following IFRS 9, comparative information is not restated, in accordance with the exemptions under IFRS 7 “Financial Instruments: Disclosures” (revised in July 2014) (“IFRS 7”) and IFRS 9, which are based on IFRS 1. U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) are applied at the transition date and the end of the fiscal year ended March 31, 2018. The difference between U.S. GAAP-based carrying amounts and IFRS 9-based carrying amounts at the beginning of the fiscal year ended March 31, 2019 is accounted for as adjustments to retained earnings and other components of equity.

Although equity securities for which fair values are not readily determinable are measured using the cost method under U.S. GAAP, following the adoption of IFRS 9 at the beginning of the fiscal year ended March 31, 2019, they were designated as items to be measured at fair value through other comprehensive income, and changes in their fair value are recorded in “Other comprehensive income (net of taxes)” in the consolidated statement of comprehensive income.

While receivables held for sale are measured at the lower of cost and fair value, and the portion of the cost exceeding the fair value is recorded as a valuation allowance in “trade and other receivables” and “securities and other financial assets” in the consolidated statement of financial position under U.S. GAAP, they are classified as financial assets measured at fair value through profit or loss from April 1, 2018.

Cumulative effects of the adoption of IFRS 9 on the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2019 are an increase of ¥4,397 million in “Investments accounted for using equity method,” an increase of ¥11,190 million in “Securities and other financial assets,” a decrease of ¥3,435 million in “Deferred tax assets,” an increase of ¥116 million in “Other non-current liabilities,” an increase of ¥2,665 million in “Retained earnings,” and an increase of ¥9,371 million in “Other components of equity.” The impact on “profit” and “basic earnings per share attributable to shareholders of the Company ” for the fiscal year ended March 31, 2019 is immaterial.

The significant accounting policies under U.S. GAAP at the transition date and the end of the fiscal year ended March 31, 2018 and the policies under IFRS at the end of the fiscal year ended March 31, 2019 are disclosed in “Note3. Significant accounting policies (3) Financial instruments.”

As a result of applying IFRS 9, the categories under U.S. GAAP of the following financial instruments are mainly reclassified to different categories defined by IFRS.

(Millions of yen)

U.S.GAAP			IFRS			Difference
Class	Category	Amount	Class	Category	Amount	
Other investment	Cost method investment	20,658	Shares and contributions	Equity instruments measured at fair value through other comprehensive income	210,581	
Marketable securities	Available-for-sale securities	178,734				
		199,392			210,581	11,190
Receivables held for sale	Assets measured at the lower of cost or fair value	901,483	Receivables held for sale	Financial assets measured at fair value through profit or loss	901,483	
Long-term receivables held for sale		235,857	Long-term receivables held for sale		235,857	
		1,137,340			1,137,340	-

Information regarding “Shares and contributions” is disclosed in “Note 9. Securities and other financial assets.” Information regarding “Receivables held for sale” and “Long-term receivables held for sale” is disclosed in “Note 8. Trade and other receivables” and “Note 9. Securities and other financial assets.”

3. Significant accounting policies

DOCOMO's significant accounting policies are as follows. Unless otherwise stated, they are applicable during all periods presented in the consolidated financial statements (including the consolidated statement of financial position at the date of transition to IFRS).

The exemptions under IFRS 1 adopted by DOCOMO in transitioning from U.S. GAAP to IFRS are described in "Note 38. First-time adoption (disclosure regarding the transition to IFRS)."

(1) Basis of consolidation

DOCOMO's consolidated financial statements include the financial statements of the Company and its subsidiaries and equity interests of its associates.

1) Subsidiaries

Subsidiaries are companies over which DOCOMO has control. Control is achieved if DOCOMO has power over the investee, has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the day DOCOMO gains control to the date of loss of control. Any changes in DOCOMO's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and the difference between the adjustment to noncontrolling interests and the fair value of the consideration is directly recognized as equity attributable to the shareholders of the Company. In the event of loss of control, gains or losses arising from the loss of control are recognized in profit or loss. The balance of credits and debts and transactions within DOCOMO as well as unrealized gains or losses arising from transactions within DOCOMO are eliminated from the preparation of the consolidated financial statements.

2) Associates

Associates are companies over which DOCOMO has significant influence over financial and operating policies but does not have control or joint control. Investments in associates are accounted for using the equity method.

Investments in associates are recognized at initial cost, including transaction costs. Furthermore, DOCOMO's interests in profit or loss and other comprehensive income of associates from the date DOCOMO gains significant influence to the date of loss of such significant influence are recorded in "share of profits (losses) on equity method investments" in the consolidated statement of profit or loss and "other comprehensive income (net of taxes)" in the consolidated statement of comprehensive income as a change in the amount of investment in associates.

The accounting policies of the companies to which the equity method is applied are revised as necessary in order to make them consistent with the accounting policies applied by DOCOMO.

The consolidated financial statements include investments accounted for using the equity method with different reporting dates, as it is impractical to set them on the same date as the Company's reporting date due to relationships with other shareholders and other factors. Most of the reporting dates of the companies to which the equity method is applied are December 31. Adjustments have been made to the impact of significant transactions or events that occurred between the Company's reporting date and the reporting dates of the companies to which the equity method is applied.

DOCOMO's investments in associates include goodwill recognized at the time of acquisition. As such, goodwill is not recognized separately from the entire investment and is therefore not separately tested for impairment. Instead, the entire investments accounted for using the equity method are tested for impairment by considering investments in associates as a single asset.

If the amount of equity losses exceed the amount of investments accounted for using equity method, we write down the carrying amount of the investment to zero and we do not recognize losses any more except the case that we incur or pay obligations on the behalf of investee companies.

(2) Foreign currency translation

1) Transactions in foreign currency

Transactions denominated in foreign currencies, especially, transactions in currencies other than the functional currency of each company, are translated into functional currencies based on exchange rates at the transaction date. Foreign currency-denominated monetary assets and liabilities are translated into functional currency at the exchange rate at the end of the reporting period, and foreign currency denominated non-monetary assets and liabilities measured at fair value are translated into functional currency at the exchange rate as of the fair value measurement date. Translation differences are recognized as profit or loss. However, for equity financial assets, whose fair value changes after acquisition are recorded in other comprehensive income, the translation differences are recorded in other comprehensive income.

In addition, non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rate at the transaction date.

2) Foreign operations

Assets and liabilities of a foreign operation are translated into the presentation currency using the exchange rate at the end of the reporting period, while profit and loss and cash flows are translated into the presentation currency using the exchange rate at the transaction date or the average exchange rate for the period that approximates the exchange rate at the transaction date. The resulting translation differences are recorded in “foreign exchange translation differences” in the consolidated statement of comprehensive income and “effect of exchange rate changes on cash and cash equivalents” in the consolidated statement of cash flows.

In the event of a disposal of the entire interests in a foreign operation or a disposal of part of interests accompanying a loss of control or significant influence, the cumulative translation differences are transferred from other comprehensive income to profit or loss.

(3) Financial instruments

For the transition date and the end of the previous fiscal year, the Company adopted the previous accounting principles (U.S. GAAP) pursuant to the exemptions from applying IFRS 7 and IFRS 9 based on IFRS 1. IFRS 7 and IFRS 9 were applied for the fiscal year ended March 31, 2019. The accounting policies are as follows.

1) Accounting policies that were applied before April 1, 2018

Receivables held for sale—

Accounts receivable for DOCOMO's telecommunications services, installment receivables for customers' equipment purchases and other receivables ("receivables for telecommunications services") that DOCOMO has decided to sell are included in "trade and other receivables" and "securities and other financial assets" in the consolidated statement of financial position.

Receivables held for sale are measured at the lower of cost and fair value, and the portion of the cost exceeding the fair value is recorded as a valuation allowance in "trade and other receivables" and "securities and other financial assets" in the consolidated statement of financial position.

In addition, the aggregate amount of losses on sales of receivables for telecommunications services and adjustments to the fair value of receivables held for sale are recorded as "operating expenses" in the consolidated statement of profit or loss.

Marketable securities and other investments—

Marketable securities comprise debt and equity securities. DOCOMO determines the appropriate classification of these securities at the time of acquisition. Regarding marketable securities, DOCOMO periodically reviews the need for impairment in case where there is an other-than-temporary decline in the carrying amount. If this evaluation indicates that a decline in value is other-than-temporary, the security is written down to its fair value. Valuation loss is recognized in profit or loss and the amount after recognizing the valuation loss becomes the new cost. To determine whether a decline in value is other-than-temporary, DOCOMO considers whether it has the ability and intent to hold the investment until the fair value recovers or whether the reasons indicating that the cost of the investment is recoverable outweigh the reasons to the contrary. The factors considered in this assessment include the reasons for the decline in value, the degree and duration of the decline, changes in value subsequent to year-end, forecast earnings performance of the investee and the general market condition in the geographical area or industry in which the investee operates.

Equity securities held by DOCOMO, whose fair values are readily determinable, are classified as available-for-sale securities. Available-for-sale equity securities are measured at fair value with unrealized holding gains or losses, net of applicable taxes, included in "other components of equity" in the consolidated statement of financial position. Realized gains and losses are determined using the average cost method and are recognized in profit or loss when realized.

Equity securities whose fair values are not readily determinable are accounted for by the cost method and included in "Securities and other financial assets." Valuation loss is recognized if there is an other-than-temporary decline in value. Realized gains and losses are determined using the average cost method and are recognized in profit or loss when realized.

Allowance for doubtful accounts—

Allowance for doubtful accounts is computed based on the historical bad debt experience and the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

2) Accounting policies that were applied on and after April 1, 2018

Financial assets are classified at initial recognition as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. DOCOMO initially recognizes trade receivables and other receivables measured at amortized cost on the date of occurrence and other financial assets on the transaction date.

Financial assets are derecognized if a contractual right to cash flows of a financial asset expires or if a contractual right to receive cash flows from a financial asset is transferred and substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial assets measured at amortized cost—

Financial assets that meet both of the following conditions are categorized as financial assets measured at amortized cost.

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of financial assets measured at amortized cost, trade receivables from contracts with customers are measured at transaction price while all the others are measured at fair value plus the transaction costs directly attributable to the acquisition at the initial recognition. After the initial recognition, they are measured at amortized cost after subtracting the loss allowance from the gross carrying amount calculated based on the effective interest rate method.

No financial assets are held within a business model whose objective is to both collect contractual cash flows and sell financial assets.

Equity financial instruments measured at fair value through other comprehensive income—

Investments in equity financial instruments that are not held for trading purposes may be designated irrevocably to present the subsequent changes in fair value in other comprehensive income, and DOCOMO makes this designation for each financial instrument.

Equity financial instruments measured at fair value through other comprehensive income are measured at initial recognition at fair value plus the transaction cost directly attributable to the acquisition. After the initial recognition, these are measured at fair value and subsequent changes are recognized in other comprehensive income. When the amount recognized as other comprehensive income is derecognized, the cumulative amounts are transferred to retained earnings and are not transferred to profit or loss. Dividends are recognized in profit or loss.

Financial assets measured at fair value through profit or loss—

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value at the time of their initial recognition, and transaction costs directly attributable to the acquisition are recognized in profit or loss when incurred. After the initial recognition, these are measured at fair value and the subsequent changes are recognized as profit or loss.

Impairment of financial assets—

As for financial assets measured at amortized cost, DOCOMO records loss allowance of financial assets based on expected credit losses.

If the credit risk on the financial instrument has not significantly increased since the initial recognition at the end of the period, the amount of the loss allowance is calculated using expected credit losses (12-month expected credit losses) arising from all default events that are possible within 12 months from the reporting date. If at the end of the period, the credit risk on the financial instruments has significantly increased since the initial recognition, the amount of loss allowance is calculated using expected credit losses arising from all possible default events over the expected life of the financial instruments (expected credit losses for the entire period).

However, regardless of the above, for trade receivables that do not contain a significant financing component (which include those resulting from other than contracts with customers that are collected in a short period, as the impact of these receivable is not material), other receivables and other financial assets (including lease receivables), the amount of loss allowance is always calculated using the expected credit losses of the entire period.

Financial liabilities—

Financial liabilities are classified at the time of initial recognition as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. Debt financial instruments issued by DOCOMO are initially recognized at the issue date, and other financial liabilities are initially recognized at the transaction date.

Financial liabilities are derecognized when the financial liabilities are extinguished, i.e. when the obligation in the contract is discharged or cancelled or expires.

Financial liabilities measured at amortized cost—

Financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are measured at the time of initial recognition at fair value minus transaction costs directly attributable to the liability. After the initial recognition, these are measured at amortized cost based on the effective interest rate method.

(4) Put options granted to noncontrolling interests

For the written put option of the subsidiaries' shares granted to the owner of noncontrolling interests by DOCOMO, in principle, DOCOMO initially recognizes the present value of the redemption amount as other financial liabilities, and the same amount is subtracted from additional paid-in capital. After the initial recognition, it is measured at amortized cost based on the effective interest rate method, and subsequent changes are recognized as additional paid-in capital. In the event it is expired, the amount recorded as other financial liabilities is transferred to additional paid-in capital.

(5) Cash and cash equivalents

Cash and cash equivalents include bank deposits and short-term highly liquid investments with original maturities of three months or less.

(6) Inventories

Inventories mainly comprise handsets and accessories and are measured at the lower of cost or net realizable value. Costs include purchase costs and all other costs incurred until the inventory has reached the current location and condition. Net realizable value is calculated by subtracting the estimated cost required for sale from the estimated selling price in the ordinary course of business. The first-in, first-out method is adopted as the method of calculating the cost of handsets.

(7) Property, plant and equipment

1) Recognition and measurement

Property, plant and equipment are measured at costs less any accumulated depreciation and accumulated impairment losses.

Acquisition cost includes costs directly related to the acquisition of the assets, dismantling and removal costs of the assets, estimates of restoration costs, and borrowing costs that satisfy the requirements for capitalization. If the useful lives of the components of property, plant and equipment are different for each component, the components are depreciated separately.

2) Expenditures after acquisition

Of the expenditures incurred after acquiring an item of property, plant and equipment, expenditures for regular repairs and maintenance are recognized as expenses when incurred, and expenditures for major replacement and improvement are capitalized only when it is probable that any associated future economic benefits would flow to DOCOMO.

3) Depreciation and amortization

Property, plant and equipment other than land and construction in progress are depreciated using the straight-line method over their estimated useful lives starting from the time they become available for use. The estimated useful lives are determined at the time assets are acquired based on the expected period of use, estimated useful lives of similar assets used in the past and anticipated technological or other changes. If technological or other changes occur more or less rapidly or in a different form than anticipated or the intended use changes, the useful lives assigned to these assets are adjusted as appropriate. The estimated useful lives of major property, plant and equipment are as follows.

Major wireless telecommunications equipment	9 to16 years
Steel towers and poles for antenna equipment	30 to 40 years
Reinforced concrete buildings	42 to 56 years
Tools, furniture and fixtures	4 to 15 years

The depreciation method, residual values and useful lives are reviewed annually and adjusted as necessary.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amounts of such telecommunications equipment and its accumulated depreciation are deducted from the respective accounts. Any remaining balance is charged to expense immediately.

(8) Goodwill and intangible assets

1) Goodwill

In a business combination, if the total amount of fair value of consideration paid, the amount of noncontrolling interests of the acquiree, and, in case of a step acquisition, fair value of the existing interest at the acquisition date exceeds the net value of identifiable assets and liabilities assumed at the acquisition date, the excess is recognized as goodwill. If the total amount of consideration is lower than the net value of identifiable assets and liabilities, the difference is recognized as a gain in profit or loss.

Goodwill is not amortized but allocated to a cash-generating unit or a group of cash-generating units based on the area and type of business. An impairment test is performed at the same time every year or whenever there is any indication that it may be impaired. Impairment loss on goodwill is recognized in profit or loss, and is not reversed.

After the initial recognition, goodwill is presented as costs less accumulated impairment losses.

2) Intangible assets

Intangible assets are measured at costs less any accumulated amortization and accumulated impairment losses.

Individually acquired intangible assets are measured at cost, and the cost of intangible assets acquired in a business combination is measured at fair value as of the date of the business combination.

DOCOMO capitalizes expenditure on development activities only when there is a technical and commercial feasibility of completing the development, DOCOMO has intention, ability and sufficient resources to use the outcome of the development, it is probable that the outcome will generate a future economic benefit, and the cost can be measured reliably. The total amount of expenditure incurred from the day when all of the above recognition conditions are satisfied for the first time to the completion of development is recorded as intangible assets.

Costs for acquisition and development of software for internal use are recorded as intangible assets if future economic benefits are expected to flow to DOCOMO.

Intangible assets for which useful lives can be determined mainly comprise software for the telecommunications network, software for internal use, software acquired for manufacturing handsets and the rights to use telecommunications facilities of wireline operators, and these are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets are as follows:

- Software: 7 years maximum
- Rights to use telecommunications facilities of wireline operators: 20 years

Intangible assets with indefinite useful lives or intangible assets not yet available for use (mainly spectrum related assets) are not amortized, and an impairment test is performed at the same time every year or whenever there is any indication that these may be impaired.

The depreciation method, residual values and useful lives are reviewed annually and adjusted as necessary.

(9) Impairment of property, plant and equipment, goodwill and intangible assets

DOCOMO assesses whether there is any indication of impairment of property, plant and equipment, goodwill or intangible assets.

An impairment test is performed whenever there is any indication that an asset may be impaired, and the recoverable amount for each individual asset or a cash-generating unit is measured. In addition, goodwill, intangible assets for which useful lives cannot be determined, and intangible assets that are not yet usable are not amortized, and an impairment test is performed at the same time every year or whenever there is any indication that the intangible assets may be impaired.

As the corporate assets of DOCOMO do not generate independent cash inflows, these are allocated to relevant cash-generating units. Whenever there is any indication that a corporate asset allocated to each cash-generating unit may be impaired, the recoverable amount of the cash-generating unit to which DOCOMO's assets belong is estimated.

The recoverable amount is the higher of the fair value less costs of disposal or value in use measured by evaluating future cash flows expected to be generated from the continuing use and from the ultimate disposal of the asset discounted at an appropriate discount rate.

If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount of the asset or the cash-generating unit is reduced to the recoverable amount. The impairment loss recognized in connection with the cash-generating unit is allocated first so as to reduce the carrying amount of the goodwill allocated to that unit, and then the carrying amount of the other assets within the cash-generating unit is reduced proportionally.

Impairment loss on goodwill is not reversed. As for impairment loss on non-financial assets other than goodwill, the recoverable amount of the asset is estimated if there is any indication that an impairment loss may no longer exist or may have decreased. Impairment loss is reversed, if the recoverable amount exceeds the carrying amount after impairment. The reversal of impairment loss is recognized in profit or loss to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized in the past.

(10) Employee benefits

DOCOMO has adopted a defined benefit plan and a defined contribution plan as post-employment benefit plans for its employees.

1) Defined benefit plan

The present value of defined benefit obligations and related current and past service costs are calculated using the projected unit credit method.

Discount rates are determined in accordance with the market yield of high quality corporate bonds as of the end of the period for the estimated term of the obligation.

Net defined benefit asset or liability is the present value of defined benefit obligations less the fair value of plan assets. Service costs and net interest on the net defined benefit liability (asset) are recognized in profit or loss.

Changes arising from remeasurement of defined benefit plans are recognized in other comprehensive income in its entirety in the period of occurrence and are immediately transferred to retained earnings. All past service costs are recognized in profit or loss when incurred.

2) Defined contribution plan

With regard to defined contribution plans, the amount to be paid for the plan is recognized as an expense when an employee renders related services.

(11) Provisions

Provisions are recognized when DOCOMO has a present legal obligation or constructive obligation as a result of past events, it is probable that an outflow of resources with economic benefits in order to settle the obligation, and it is possible to reliably estimate the amount of the resource outflow.

DOCOMO mainly records provisions for point programs.

(12) Revenue from contracts with customers

Revenue is measured based on the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. DOCOMO recognizes revenue when the performance obligation of a product or service is satisfied by transferring the control over the promised goods or service to a customer.

DOCOMO offers telecommunications services, equipment sales and other services in three reportable segments, namely the Telecommunications business, Smart life business and Other businesses. Details are stated in “Note 6. Segment reporting” for reportable segments, and “Note 24. Revenue from contracts with customers” for products and services.

1) Telecommunications services

i) Mobile communications services

The main service in telecommunications services is mobile communications services. Mobile communications service is sold to a subscriber directly or through third-party resellers who act as agents.

DOCOMO sets its mobile communications services rates in accordance with the Japanese Telecommunications Business Act and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. The performance obligation of mobile communications services is identified as the provision of communication lines and voice calls and packet communications using the lines to customers in accordance with contracts. Mobile communications services revenues primarily consist of basic monthly charges, airtime charges and fees for activation.

DOCOMO deems the performance obligation to be satisfied according to the usage of voice communications and packet communications, and records basic monthly charges and airtime charges as revenue each month accordingly. The amounts recorded as revenue are charged on a monthly basis and collected within a short period. Some of DOCOMO’s billing plans generally include a certain amount of allowances (free minutes and/or packets) determined as up to fixed charge of each billing plan, and the amount of unused allowances are automatically carried over to the following month. In these services, DOCOMO records the amount of unused allowances that is expected to be used in the following or subsequent months by subscribers as a “contract liability” and recognizes it as revenue when DOCOMO satisfies the performance obligation, the amount of unused allowance is used by subscribers.

Fees for activation on which DOCOMO grants customers with material rights on renewal are deferred as a “contract liability” in the consolidated statement of financial position and are recognized as revenue over a period during which DOCOMO provides customers with material rights.

ii) Optical-fiber broadband service and other telecommunications services

DOCOMO provides an optical-fiber broadband service by utilizing the wholesale optical-fiber access service of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT EAST”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT WEST”), subsidiaries of NTT. To provide the optical-fiber broadband service is identified as the performance obligation to subscribers in accordance with contracts. The performance obligation is deemed to be satisfied according to the usage of the optical-fiber broadband service.

Furthermore, DOCOMO sells optical-fiber broadband service and packet communications plan service offered in a bundled arrangement, as well as separately, which enables subscribers to receive discount charges. Therefore, each service has a respective stand-alone selling price. The total consideration of a bundle contract is allocated to their respective performance obligations based on the ratio of their stand-alone selling prices, and recognized as revenue in “optical-fiber broadband service and other telecommunications services revenues” and “mobile communications services revenues” at the time each performance obligation is deemed to be satisfied.

Construction fees and fees for activation for the optical-fiber broadband service, on which DOCOMO grants customers with material rights on renewal are deferred as a “contract liability” in the consolidated statement of financial position and are recognized as revenue over a period during which DOCOMO provides customers with material rights.

2) Equipment sales

DOCOMO purchases from handset manufacturers, the types of handsets compatible with its mobile communications services, which are then distributed mainly to agent resellers for sale to our customers. Regarding equipment sales, the performance obligation is deemed to be satisfied when the equipment is transferred to agent resellers and revenues are recognized accordingly. Certain commissions paid to agent resellers and incentives offered to customers are recognized as a reduction of revenue upon delivery of the equipment to such agent resellers.

When a subscriber purchases a handset from agent resellers, the option to pay in installments is made available to the subscriber. If a subscriber chooses to pay in installments, under the agreement entered into by the subscriber, the agent resellers and us, we provide funds by paying for the purchased handset to the agent resellers and include the installment charge for the purchased handset in the monthly bill for network usage for the installment payment term. Uncollected cash payment is recorded within "Trade and other receivables" if it is due for collection in one year or less and within "Securities and other financial assets" if it is due for collection after one year, in the consolidated statement of financial position.

3) Others

As for other services, DOCOMO provides a variety of services, including distribution of video, music, and electronic books, finance/payment services, shopping services, various other services to support our customers' daily lives, and mobile device protection service.

DOCOMO deems the performance obligation to be satisfied when the transfer of services is completed or the goods are accepted by a customer, and recognizes revenue accordingly.

(Presentation as a gross amount or net amount)

DOCOMO evaluates whether it is appropriate to record the gross amount of the revenues and the costs of sales for transferred goods and services by considering factors including, but not limited to, whether DOCOMO is primarily responsible for fulfilling the contract, has the inventory risk, or has discretion in establishing prices. When DOCOMO has the inventory risk, has discretion in establishing prices, or is primarily responsible for fulfilling the contract, related revenues are presented on a gross basis.

Meanwhile, in certain transactions when DOCOMO is not considered to be primarily responsible for fulfilling the contract, does not take or takes little inventory risk, or has no or little discretion in establishing prices, DOCOMO is considered an agent for such transactions and related revenues are presented on a net basis.

(Contract costs)

DOCOMO capitalizes the recoverable portion of the incremental costs of obtaining contracts with customers and costs to fulfill contracts, and presents them as "contract costs" in the consolidated statements of financial position. Incremental costs of obtaining contracts with a customer refer to the costs that DOCOMO incurs in order to obtain contracts with a customer, which would not otherwise have been incurred if DOCOMO had not obtained the contract. Costs to fulfill contracts refer to the costs to generate or enhance resources of the DOCOMO that will be used in satisfying (or in continuing to satisfy) performance obligation in the future.

DOCOMO capitalizes the incremental costs of obtaining contracts which consist mainly of commissions paid to agent resellers for acquiring customers. Costs to fulfill contracts consist primarily of costs pertaining to Subscriber Identity Module (SIM) cards for the mobile communications services and construction fees of the "Docomo Hikari" service, both of which are incurred at the inception of contracts. The contract costs are amortized over the period of providing related goods or services to customers.

However, applying the practical expedient in paragraph 94 of IFRS 15, the incremental costs of obtaining contracts are recorded as expense if the amortization period of the assets to be recognized is one year or less.

(Point program)

DOCOMO offers “d POINT Service,” which provides individual customers with points that may be earned through, among others, mobile phone usage, making payments with “d CARD” or “DCMX” credit cards, or purchasing goods or services at our partner stores. These points may be exchanged for payments on DOCOMO’s products and mobile phone charges, and payments at DOCOMO’s partner stores. Individual customers may continue using “d POINTs” subsequent to the cancellation of DOCOMO’s mobile communications services contract.

In addition, DOCOMO offers “docomo Points Service,” which provides corporate customers with points according to usage of DOCOMO’s mobile phones and other services. Points that customers received can be appropriated for payment on DOCOMO’s products.

DOCOMO recognizes the points expected to be used by customers in the future out of “docomo Points” and “d POINTs” that it has promised to provide to customers in contracts concluded with them as the performance obligation, and records them as “contract liability” in the consolidated statement of financial position. DOCOMO allocates the transaction price to the performance obligation related to these points and the performance obligation associated with goods or services to which points are earned, based on the ratio of respective stand-alone selling prices. Transaction prices allocated to the performance obligation of points and recorded in “contract liability” are recognized as revenue according to the usage of points.

Meanwhile, points that do not impose any performance obligation in contracts are recognized and presented as “provisions.”

(13) Finance income and finance costs

Finance income comprises interest income, dividend income, foreign exchange gains, and other items. Interest income is recognized using the effective interest rate method when incurred. Dividend income is recognized when the right of DOCOMO to receive payment is established.

Finance costs comprise interest expense, foreign exchange losses, derivative losses, and other items. Interest expense is recognized using the effective interest rate method when incurred.

(14) Income taxes

Income taxes are presented as the total of current tax and deferred tax.

Current tax is calculated using the tax rate that has been enacted, or has substantially been enacted, as of the end of the period, as an amount expected to be paid to or refunded by the tax authorities. These taxes are recognized as profit or loss for the period, excluding items related to business combinations, items recognized in other comprehensive income and items recognized directly in equity.

Deferred tax is recognized for the temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their respective tax bases, and the estimated tax effects in the future resulting from the carryforward of unused tax losses and tax credits. Deferred tax assets and liabilities are measured using the effective tax rates expected to be applied at the time the temporary differences are expected to be reversed. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in profit or loss for the period in which the new tax rate is enacted or substantially enacted, excluding deferred tax assets related to items previously recognized outside profit or loss and liabilities arising out of other components of equity. Deferred tax assets are recognized for deductible temporary differences, and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the unused tax losses and unused tax credits can be utilized.

Deferred tax assets or liabilities are not recognized with regard to temporary differences from the initial recognition in a transaction that is not a business combinations and does not affect either accounting profit or taxable income when the transaction is conducted. Furthermore, deferred tax liabilities are not recognized with regard to taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax liabilities are recognized with regard to taxable temporary differences related to investments in subsidiaries and associates. However, deferred tax liabilities are not recognized if it is possible to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, with regard to deductible temporary differences related to investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and future taxable profit will be available.

Deferred tax assets and deferred tax liabilities are offset when DOCOMO has a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

(15) Earnings per share

Basic earnings per share are computed by dividing profit available to common shareholders by the weighted average number of shares of common stock outstanding for each period, without considering the dilution effect. Diluted earnings per share assume the dilution that could occur if stock options are exercised, common shares are issued by converting convertible bonds or through other means.

DOCOMO did not issue potentially dilutive common shares during the fiscal years ended March 31, 2018 and 2019, and therefore there is no difference between basic earnings per share and diluted earnings per share.

4. Significant accounting estimates and judgments requiring estimates

The preparation of the consolidated financial statements of DOCOMO requires DOCOMO's management to apply accounting policies and make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. While these estimates and assumptions are developed based on the management's best judgement derived from past experience and information available to it taking into consideration various factors that can be reasonably expected at the end of the fiscal year, our actual results could differ from those estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any effect of a change in accounting estimates is recognized in the fiscal year in which the review was made and in subsequent fiscal years. The significant judgments, estimates and assumptions that affect the amounts reported in our consolidated financial statements are summarized below:

(1) Estimated useful life and depreciation or amortization method of property, plant and equipment, software and other intangible assets

The property, plant and equipment, software and other intangible assets used for our business operations are initially measured at cost on the consolidated financial statements and depreciated or amortized over their estimated useful lives using the appropriate depreciation and amortization method. DOCOMO determines the estimated useful lives, depreciation method and amortization method in order to determine the amount of depreciation and amortization expenses to be recorded in each fiscal year.

DOCOMO determines the useful lives of assets at the time the assets are acquired and bases DOCOMO's determinations on expected usage, experience with similar assets, established laws and regulations as well as taking into account anticipated technological or other changes. DOCOMO determines and adopts the depreciation or amortization method that most adequately reflects the expected pattern of consumption of the future economic benefits embodied in the assets, taking into consideration changes caused by various factors such as technological innovations and other impacts from external and internal environments. If the useful lives of assets are shortened due to changes in business environment, it may result in an increase in the amount of depreciation and amortization expenses recorded in the fiscal year.

Please see "Note 3. Summary of significant accounting policies, (7) Property, plant and equipment, and (8) Goodwill and other intangible assets" for more details on related topics.

(2) Impairment of property, plant and equipment, goodwill, intangible assets and investments accounted for using the equity method

DOCOMO performs an impairment test of property, plant and equipment, goodwill, other intangible assets and investments accounted for using the equity method. DOCOMO sets certain assumptions in calculating the recoverable amounts in the impairment tests, future cash flows, the discount rates and long-term growth rates.

When these assumptions are reviewed due to changes in uncertain economic circumstances or other reasons, it could result in a recognition of in additional impairment losses in the consolidated financial statements of DOCOMO in the future.

Please see "Note 3. Significant accounting policies, (9) Impairment of property, plant and equipment, goodwill and intangible assets", "Notes 12. Property, plant and equipment", "Note 13. Goodwill and other intangible assets" and "Note 14. Investments accounted for using the equity method" for more details on related topics.

(3) Measurement of fair values of financial instruments

DOCOMO uses valuation techniques with unobservable inputs in measuring the fair values of certain financial instruments. Such unobservable inputs could be affected by changes in uncertain future economic conditions. When a review is required for such inputs, it could cause a significant impact on the consolidated financial statements.

In determining an investment, we may use a valuation calculated using the discounted cash flow projections or a valuation by an independent valuer. Determination of the valuation may require estimates involving results of operations and financial information of the investee, changes in technology, capital expenditures, market growth and share, discount factors and terminal values.

Please see "Note 3. Significant accounting policies, (3) financial instruments", "Note 34. Fair value measurement" for a description on related topics.

(4) Defined benefit liabilities

DOCOMO has many post-retirement plans including defined benefit plans. Calculation of the amounts of defined benefit costs and defined benefit liabilities requires us to make various judgments and assumptions including the discount rates and the expected rates of salary increases. We receive the advice of external pension actuaries concerning the adequacy of these variables and assumptions used in the actuarial calculations.

The actuarial assumptions used in the calculations may be impacted significantly by future changes in uncertain economic conditions, which could result in a significant impact on our consolidated financial statements in the future.

Please see “Note 3. Significant accounting policies, (10) Employees’ retirement benefit plans”, “Note 18. Employees’ retirement benefit plans” for a description on related topics.

(5) Provisions for point programs

DOCOMO records provisions for point programs in the consolidated financial statements. Determination of the amount of provisions is made using the best estimate on future outflow of economic benefits at the end of the fiscal year. Occurrence of unforeseeable events or changes in circumstances may cause impacts that are different from the assumptions previously used in the estimates, which may require DOCOMO to recognize additional costs and additional provisions in the consolidated financial statements in subsequent years. DOCOMO records provisions for point program for the points accrued by customers that are not accounted for as performance obligations. In determining these amounts, we use assumptions and estimates pertaining to point utilization and expiration rates, churn rate and other factors.

Please see “Note 3. Significant accounting policies, (12) Revenue from contracts with customers”, “Note 19. Provisions” for a description on related topics.

(6) Revenue recognition (Contract liabilities, Point program, Contract cost)

DOCOMO measures the amount of revenues excluding amounts collected on behalf of third parties from the amount of considerations to which DOCOMO expect to entitle in exchange for transferring promised goods and services to customers. Revenues from telecommunications business, for example, are impacted by factors such as the projected contract length of customers, or the new products, services and technologies, etc., that have been introduced or are expected to be introduced by the competition.

Among the points that are granted under our contracts with customers, we record as contract liabilities the amount of points that are expected to be utilized by customers in the future. In determining this amount, we employ assumptions and estimates on point utilization and expiration rates, churn rate and other factors. DOCOMO assesses the recoverability of the contract cost on a quarterly basis. DOCOMO records impairment losses in profit or loss when the remaining amount of consideration that DOCOMO expects to receive in exchange for the goods or services to which the asset relates is less than the total of the carrying amount of relevant contract assets and the amount of the costs that relates directly to providing those goods or services and that has not been recognized as an expense. Please see “Note 3. Significant accounting policies, (12) Revenue from contracts with customers”, “Note 24. Revenue from contracts with customers” for a description on related topics.

5. New standards not yet adopted

Of the standards and interpretations newly issued or revised in the period up to the date of approval of the consolidated financial statements, those that have not been early adopted by the Company, but are likely, if materialized, to have certain impact on the Company are as follows:

Standards	Title	Date of mandatory adoption (fiscal year of mandatory IFRS adoption)	Fiscal year of scheduled adoption by the Company	Summary of newly introduced/revised standards and interpretations	Potential impact on consolidated financial statements
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	IFRS 16 replaces hitherto adopted IAS 17, with the main revisions as follows. -The definition of the lease is revised based on the notion of control - Revision of the accounting treatment of lessees	DOCOMO decides to adopt modified retrospective approach, and estimates that the right-of-use assets and lease liabilities will increase by approximately 290 billion yen respectively on financial position as of April 1, 2019. The impact on consolidated statements of Profit or loss is immaterial. Leases agreements related to offices and land for the installation of telecommunications equipment will mainly be capitalized.

6. Segment reporting

(1) Outline of reportable segments

DOCOMO's chief operating decision maker (the "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 business segments, which consist of telecommunications business, smart life business, and other businesses.

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

(2) Method of calculating operating revenue, income or loss, and other items for each reportable segment

Accounting policies used to determine segment operating revenues and operating profit (loss) are consistent with those used to prepare the consolidated financial statements in accordance with IFRS. Intersegment sales revenue is based on prevailing market prices.

(3) Information on operating revenue, income or loss for each reportable segment

DOCOMO's segment information is as follows.

Segment operating revenues:

	Millions of yen	
	2018	**2019**
Telecommunications business-		
External customers	¥ 3,892,855	**¥ 3,975,490**
Intersegment	1,548	**1,614**
Subtotal	3,894,403	**3,977,104**
Smart life business-		
External customers	435,737	**432,297**
Intersegment	15,087	**16,506**
Subtotal	450,824	**448,804**
Other businesses-		
External customers	433,677	**433,062**
Intersegment	6,079	**7,635**
Subtotal	439,756	**440,697**
Segment total	4,784,983	**4,866,605**
Elimination	(22,714)	**(25,756)**
Consolidated	¥ 4,762,269	**¥ 4,840,849**

Segment operating profit (loss):

	Millions of yen	
	2018	**2019**
Segment operating profit (loss)-		
Telecommunications business	¥ 854,242	¥ **866,343**
Smart life business	60,347	**68,101**
Other businesses	72,371	**79,200**
Operating profit	986,960	**1,013,645**
Finance income	9,196	**7,510**
Finance costs	(6,557)	**(6,506)**
Income from arbitration award	147,646	-
Share of profits (losses) on equity method investments	4,446	**(12,013)**
Profit before taxes	¥ 1,141,690	¥ **1,002,635**

Depreciation and amortization

	Millions of yen	
	2018	**2019**
Telecommunications business	¥ 450,755	¥ **437,855**
Smart life business	16,119	**15,507**
Other businesses	19,676	**17,560**
Total	¥ 486,550	¥ **470,922**

Capital expenditure

	Millions of yen	
	2018	**2019**
Telecommunications business	¥ 546,548	¥ **562,735**
Smart life business	16,712	**16,850**
Other businesses	13,777	**14,164**
Total	¥ 577,037	¥ **593,749**

Impairment losses

	Millions of yen	
	2018	**2019**
Telecommunications business	¥ 8,811	¥ **9,050**
Smart life business	1,660	**1,235**
Other businesses	1,361	**22,536**
Total	¥ 11,833	¥ **32,821**

(4) Information on products and services

For information concerning operating revenue from each service item as well as from equipment sales, please refer to "Note 24. Revenue from contracts with customers."

(5) Information by geographical area

Operating revenues

This information is omitted as net sales from external customers in Japan account for a large portion of net sales recorded in the consolidated statement of profit or loss.

(6) Information on major customers

There were no operating revenues from transactions with a single external customer amounting to 10% or more of DOCOMO's revenues for the fiscal years ended March 31, 2018 and 2019.

7. Cash and cash equivalents

"Cash and cash equivalents" as of March 31, 2017 and 2018 comprised the following:
"Cash and cash equivalents" as of March 31, 2019 are classified as financial liabilities measured at amortized cost in accordance with IFRS9.

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Cash	¥ 100,467	¥ 189,220	**¥ 71,647**
Certificates of deposit	10,000	-	**-**
Commercial paper	236	194	**269**
Bailment for consumption	177,207	201,053	**148,047**
Total	¥ 287,910	¥ 390,468	**¥ 219,963**

Information regarding "Bailment for consumption" is disclosed in "Note 30. Related party transactions."

8. Trade and other receivables

The breakdown of "Trade and other receivables" is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Assets measured at the lower of cost or fair value			
Receivables held for sale	930,557	895,461	**-**
Financial assets measured at fair value through profit or loss			
Receivables held for sale	¥ -	¥ -	**¥ 940,211**
Financial assets measured at amortized cost			
Credit card receivables	¥ 347,557	¥ 432,082	**¥ 522,947**
Receivables due to transfers	299,467	309,403	**315,671**
Trade receivables	238,946	245,383	**236,378**
Other	113,556	114,730	**112,948**
Sub-total	1,930,083	1,997,059	**2,128,156**
Allowance for doubtful accounts	(13,270)	(20,344)	**-**
Total	¥ 1,916,813	¥ 1,976,715	**¥ 2,128,156**

(*1) This measurement category is based on IFRS 9 and has been applied since April 1, 2018.

DOCOMO has financing receivables including credit card receivables and receivables due to transfers. Credit card receivables arise from usage of credit services by the customers. Receivables due to transfers arise from sales of DOCOMO's receivables for telecommunications services to NTT FINANCE. These receivables generally do not bear interest.

Trade and other receivables are presented net of allowance for doubtful accounts or loss allowance in the consolidated statement of financial position.

9. Securities and Other financial assets

(1) Transition date and the fiscal year ended March 31, 2018

The information as at the transition date and for the fiscal year ended March 31, 2018 is stated in accordance with US. GAAP, under the transitional provisions following the application of IFRS 9. The reconciliation between U.S.GAAP and IFRS is described in Note 38 “First-time adoption (disclosure regarding the transition to IFRS).”

The breakdown of “Marketable securities and other investments” as of April 1, 2017 and March 31, 2018 is as follows:

	Millions of yen			
	Transition date (April 1, 2017)		March 31, 2018	
Marketable securities:				
Available-for-sale	¥	179,659	¥	178,734
Other investments		18,915		20,658
Marketable securities and other investments	¥	198,574	¥	199,392

The amount of "other investments" under U.S. GAAP reflects the effects of the adjustments to the reporting date of some consolidated subsidiaries of DOCOMO when DOCOMO adopted IFRS.

The carrying amount and fair value of debt securities classified as available-for-sale included in “Marketable securities and other investments” as of April 1, 2017 and March 31, 2018, aggregated by maturities, were as follows:

	Millions of yen							
	Transition date (April 1, 2017)				March 31, 2018			
	Carrying amount		Fair value		Carrying amount		Fair value	
Due after 1 year through 5 years	¥	5	¥	5	¥	4	¥	4
Due after 5 years through 10 years		-		-		-		-
Due after 10 years		-		-		-		-
Total	¥	5	¥	5	¥	4	¥	4

The cost, gross unrealized holding gains and losses and fair value as of April 1, 2017 and March 31, 2018, aggregated by type of available-for-sale securities included in “Marketable securities and other investments,” were as follows:

	Millions of yen							
	Transition date (April 1, 2017)							
	Cost / Amortized cost		Gross unrealized holding gains		Gross unrealized holding losses		Fair value	
Available-for-sale:								
Equity securities	¥	101,487	¥	78,527	¥	360	¥	179,654
Debt securities		5		-		-		5

	Millions of yen							
	March 31, 2018							
	Cost/ Amortized cost		Gross unrealized holding gains		Gross unrealized holding losses		Fair value	
Available-for-sale:								
Equity securities	¥	98,710	¥	80,876	¥	856	¥	178,730
Debt securities		4		-		-		4

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments for the fiscal year ended March 31, 2018 were as follows. They were recorded as "Finance income" or "Finance costs" in the consolidated statement of profit or loss.

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	
Proceeds	¥	1,050
Gross realized gains		583
Gross realized losses		(19)

Other investments include long-term investments in various privately held companies.

Since there are no quoted market prices for long-term investments in various privately held companies, it requires undue cost to reasonably estimate their fair value. DOCOMO believes that it is impractical to disclose the fair value of these investments recorded as cost method investments. DOCOMO does not estimate the fair value of such cost method investments for impairment unless DOCOMO identifies events or changes in circumstances that may have a significant adverse effect on the fair value of the investments.

The aggregate carrying amount of cost method investments included in other investments and the aggregate carrying amount of investments whose fair values were not evaluated for impairment as of April 1, 2017 and March 31, 2018 were as follows:

	Millions of yen			
	Transition date (April 1, 2017)		**March 31, 2018**	
Cost method investments included in other investments	¥	18,881	¥	**20,527**
Including: Investments whose fair values were not evaluated for impairment		18,871		**19,870**

As for "Marketable securities and other investments" whose decline in value is determined other than temporary, valuation loss is recognized. Information regarding such valuation loss is disclosed in "Note 26. Finance income and finance costs."

The carrying amount of "Short-term investment (mainly short-term bailment for consumption)" as of April 1, 2017 and March 31, 2018, were ¥301,070 million and ¥370,627 million. "Long-term receivables held for sale (mainly short-term bailment for consumption)" were ¥214,283 million and ¥235,857 million, which is measured at fair market value as a result of measurement at the lower of cost and fair value.

(2) The fiscal year ended March 31, 2019

1) Breakdown

The breakdown of “Other financial assets (current)” and “Securities and other financial assets” is as follows:

	Millions of yen			
	Date of initial adoption of IFRS 9 (April 1, 2018)		**March 31, 2019**	
Other financial assets (current)				
Financial assets measured at amortized cost				
Debt financial instruments				
Short-term bailment for consumption	¥	370,000	¥	**70,000**
Time deposits		618		**416**
Other		1,464		**515**
Financial assets measured at fair value through profit or loss				
Derivatives				
Foreign exchange forward contracts		-		1
Total	¥	372,083	¥	**70,933**
Securities and other financial assets				
Financial assets measured at fair value through profit or loss				
Long-term receivables held for sale		235,857		**237,974**
Investment trust		-		**942**
Financial assets measured at fair value through other comprehensive income	¥		¥	
Equity financial assets				
Equity securities		210,581		**200,470**
Financial assets measured at amortized cost				
Other		8		**354**
Total	¥	446,447	¥	**439,742**

The amount of "Shares and contributions" are included in "Securities and other financial assets" and also in "Other financial assets (current)" which were ¥1,410 million and ¥513 million for the fiscal year ended March 31, 2018 and 2019 respectively.

Information regarding Short-term bailment for consumption is disclosed in “Note 30. Related party transactions.”

2) Financial assets measured at fair value through other comprehensive income

The Company holds investments for the purpose of expanding revenue in the mid- and long-term through maintenance and enhancement of business relationships with the investee companies. These investments are classified as financial assets measured at fair value through other comprehensive income.

The brands and the fair value of financial assets measured at fair value through other comprehensive income are as follows:

Issue name	Millions of yen	
	Date of initial adoption of IFRS 9 (April 1, 2018)	**March 31, 2019**
Far EasTone Telecommunications Co., Ltd.	¥ 43,714	**¥ 40,956**
KT Corporation	40,583	**38,929**
FamilyMart UNY Holdings Co., Ltd.	26,257	**20,456**
UC CARD Co.,Ltd	11,743	**15,335**
Nippon Television Holdings, Inc.	14,663	**12,913**
Lawson, Inc.	15,167	**12,845**
FUJI MEDIA HOLDINGS, INC.	13,976	**11,766**
Tokyo Broadcasting System Holdings, Inc.	12,894	**11,575**
Robi Axiata Limited	7,424	**10,750**
Others	25,570	**25,459**
Total	¥ 211,992	**¥ 200,984**

The amount of each investment in the “Others” is not material.

For financial assets measured at fair value through other comprehensive income held in the fiscal year ended March 31, 2019, dividend income of ¥5,309 million was recognized for the fiscal year ended March 31, 2019.

3) Derecognition of financial assets measured at fair value through other comprehensive income

Some of the financial assets measured at fair value through other comprehensive income were derecognized in the fiscal year ended March 31, 2019, including due to their sale as a result of reviewing business policies. For such assets of major brands, the fair value at derecognition, cumulative gain or loss (pre-tax) on disposal, and dividend income were as follows:

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	
Fair value at derecognition	¥	**16,423**
Cumulative gain or loss (pre-tax) on disposal		**10,848**
Dividend income		**85**

For financial assets measured at fair value through other comprehensive income, the cumulative gain or loss (net of tax) of ¥7,576 million recorded as other components of equity at derecognition was reclassified to retained earnings.

10. Inventories

The breakdown of inventories is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Finished goods	¥ 149,688	¥ 183,352	**¥ 173,754**
Materials and supplies	4,668	4,079	**4,586**
Total	¥ 154,356	¥ 187,432	**¥ 178,340**

The amount of inventories recognized as an expense was ¥917,324 million and ¥931,388 million for the fiscal years ended March 31, 2018 and 2019, respectively. The amount of write-downs recorded was ¥6,505 million and ¥5,055 million for the fiscal years ended March 31, 2018 and 2019, respectively.

11. Asset held for sale

As of April 1, 2017, March 31, 2018 and March 31, 2019, DOCOMO held 34% of the outstanding common shares of Sumitomo Mitsui Card Company, Limited. ("Sumitomo Mitsui Card"). Sumitomo Mitsui Card is a credit card operator in Japan and a privately held company.

In July 2005, DOCOMO entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. (SMFG) and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services that use mobile phones compatible with the "Osaifu-Keitai" (mobile wallet) service. The investment we made in Sumitomo Mitsui Card in accordance with this agreement had been accounted for using the equity method.

In September 2018, we entered into an agreement for new business cooperation with Sumitomo Mitsui Card and SMFG, under which DOCOMO and SMFG would pursue joint business development to further expand our "iD" electronic money service leveraging the customer base and know-how of the two companies and thereby facilitate cashless payments, and look into the possibility of new ways of collaboration in the area of FinTech, etc. As a result of this arrangement, we agreed to sell all Sumitomo Mitsui Card shares in our possession to SMFG in April 2019.

Therefore, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," DOCOMO reclassified its investment in Sumitomo Mitsui Card from "Investment accounted for using the equity method" to "Asset held for sale." In addition, the application of the equity method was discontinued and the asset was subsequently measured at the lower of its carrying amount and fair value less costs to sell. As a result, the asset is recorded at carrying amount at the time when the equity method was discontinued as of March 31, 2019.

Asset classified as "Asset held for sale" as of March 31, 2019 was as follows:

	Millions of yen	
	March 31, 2019	
Asset held for sale		
Investment in associate that had been accounted for by using equity method	**¥**	**234,160**
Total	**¥**	**234,160**

Cumulative other comprehensive income (net of taxes) related to "Asset held for sale" amounted to ¥47,765 million (credit) and was included in "Other components of equity" in the consolidated statements of financial position as of March 31, 2019. All of this amount are recognized as change in the fair value of financial assets measured at fair value through other comprehensive income.

In addition, "Deferred tax assets" decreased by ¥42,530 million due to change of tax rate applicable to temporary differences in the asset to reflect the tax consequences that DOCOMO expects to recover the carrying amount of its asset by sale.

The impacts from this change on our profit and comprehensive income for the year ended March 31, 2019 were as follows:

"Income taxes" in the consolidated statements of profit or loss increased by ¥20,667 million, and "Share of other comprehensive income of investments accounted for using the equity method (Items that will not be reclassified to profit or loss)"(credit) in the consolidated statements of comprehensive income decreased by ¥21,863 million.

As of April 1, 2019, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG. Cumulative other comprehensive income (net of taxes) related to "Asset held for sale" amounted to ¥47,765 million (credit). All of this amount are not recognized in profit or loss but are directly reclassified to "Retained earnings" when the asset was sold. This sale had no material effect on the consolidated statements of profit or loss.

12. Property, plant and equipment

(1) Reconciliations

The reconciliations of carrying amount, cost, accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

Carrying amount

(Millions of yen)

	Wireless telecommunications equipment	Buildings and structures	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of the transition date (April 1, 2017)	1,667,627	379,257	87,084	153,921	205,300	2,493,188
Additions	20,713	1,366	1,748	-	402,711	426,537
Sale or disposal	(49,648)	(1,825)	(1,310)	(208)	(4,769)	(57,760)
Reclassification	355,693	16,852	26,845	405	(399,795)	-
Depreciation	(254,977)	(31,012)	(27,762)	-	-	(313,751)
Impairment loss	-	(380)	(188)	-	(14)	(581)
Foreign exchange translation differences	(158)	(60)	(176)	-	(200)	(595)
Other	23	647	570	25	(86)	1,179
Balance as of March 31, 2018	1,739,271	364,846	86,811	154,143	203,146	2,548,216
Additions	**25,934**	**646**	**1,259**	**-**	**405,307**	**433,146**
Sale or disposal	**(46,670)**	**(3,464)**	**(2,145)**	**(696)**	**(5,713)**	**(58,689)**
Reclassification	**355,726**	**17,520**	**34,237**	**471**	**(407,955)**	**-**
Depreciation	**(247,044)**	**(27,515)**	**(20,682)**	**-**	**-**	**(295,241)**
Impairment loss	**(2,308)**	**(317)**	**(1,979)**	**-**	**(7)**	**(4,611)**
Foreign exchange translation differences	**141**	**61**	**176**	**-**	**142**	**521**
Other	**(66)**	**(115)**	**613**	**(1)**	**16**	**447**
Balance as of March 31, 2019	**1,824,985**	**351,661**	**98,290**	**153,917**	**194,935**	**2,623,789**

Cost

(Millions of yen)

	Wireless telecommunications equipment	Buildings and structures	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of the transition date(April 1, 2017)	5,069,008	909,894	454,072	155,701	205,300	6,793,974
Balance as of March 31, 2018	5,115,564	919,796	458,319	155,921	203,146	6,852,746
Balance as of March 31, 2019	**5,203,932**	**919,674**	**466,045**	**153,989**	**194,935**	**6,938,574**

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Wireless telecommunications equipment	Buildings and structures	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of the transition date (April 1, 2017)	(3,401,381)	(530,636)	(366,989)	(1,779)	-	(4,300,786)
Balance as of March 31, 2018	(3,376,292)	(554,951)	(371,508)	(1,778)	-	(4,304,529)
Balance as of March 31, 2019	**(3,378,946)**	**(568,013)**	**(367,755)**	**(71)**	**-**	**(4,314,785)**

(2) Lease assets

The carrying amount of lease assets held under finance leases in property, plant and equipment is as follows:

Class of property	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Machinery, vehicles and equipment	¥ 4,788	¥ 5,377	**¥ 5,760**
Less: Accumulated depreciation	(2,827)	(2,157)	**(1,824)**
Total	¥ 1,961	¥ 3,220	**¥ 3,936**

13. Goodwill and intangible assets

Goodwill and intangible assets as of the transition date and for the fiscal year ended March 31, 2018 and 2019 were as follows.

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	Total
Balance as of the transition date (April 1, 2017)	79,312	534,100	10,720	18,194	12,585	31,238	606,836
Acquisitions	-	162,806	219	1,400	-	4,455	168,880
Sale or disposal	-	(1,935)	(136)	-	-	(476)	(2,547)
Amortization	-	(169,937)	(868)	-	(660)	(1,334)	(172,799)
Impairment loss	(8,811)	(2,045)	-	-	-	(395)	(2,440)
Foreign currency translation differences	1,947	357	-	-	-	(113)	244
Other	-	9	-	-	-	(59)	(51)
Balance as of March 31, 2018	72,448	523,354	9,935	19,594	11,925	33,316	598,124
Acquisitions	**-**	**196,345**	**316**	**84**	**-**	**4,082**	**200,828**
Acquisitions through business combinations	**253**	**3**	**-**	**-**	**-**	**-**	**3**
Sale or disposal	**(14,183)**	**(1,940)**	**(75)**	**-**	**(8,066)**	**(311)**	**(10,393)**
Amortization	**-**	**(173,117)**	**(861)**	**-**	**(660)**	**(1,044)**	**(175,681)**
Impairment loss	**(23,758)**	**(1,842)**	**-**	**-**	**-**	**(2,609)**	**(4,451)**
Foreign currency translation differences	**(1,583)**	**(69)**	**-**	**-**	**-**	**109**	**41**
Other	**-**	**112**	**-**	**-**	**-**	**(69)**	**43**
Balance as of March 31, 2019	**33,177**	**542,845**	**9,316**	**19,678**	**3,199**	**33,475**	**608,513**

DOCOMO assesses that major trademarks and trade names have indefinite useful lives because there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows under a going concern assumption, and therefore they are not amortized. In addition, spectrum related assets are related to the acquisition of 700MHz band that DOCOMO incurred for the former licensees to migrate from the 700MHz band to the other frequency spectrum based on the acceleration measures for termination of the Radio Act of Japan. It is also determined that the spectrum related assets have indefinite useful lives because DOCOMO is able to renew and extend the 700MHz band license at a minimum cost to the extent that DOCOMO complies with the regulations required by the Ministry of Internal Affairs and Communications, and therefore they are not amortized.

Intangible assets associated with software as of the transition date and for the fiscal years ended March 31, 2018 and 2019 were almost all internally-generated intangible assets.

Cost

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	Total
Balance as of the transition date (April 1, 2017)	85,401	2,747,358	19,098	18,194	18,652	117,044	2,920,346
Balance as of March 31, 2018	87,348	2,876,697	19,049	19,594	18,652	115,747	3,049,739
Balance as of March 31, 2019	**35,189**	**3,046,398**	**19,165**	**19,678**	**3,722**	**115,083**	**3,204,046**

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	Total
Balance as of the transition date (April 1, 2017)	(6,089)	(2,213,258)	(8,378)	-	(6,067)	(85,807)	(2,313,510)
Balance as of March 31, 2018	(14,900)	(2,353,343)	(9,114)	-	(6,727)	(82,431)	(2,451,616)
Balance as of March 31, 2019	**(2,012)**	**(2,503,553)**	**(9,849)**	**-**	**(523)**	**(81,609)**	**(2,595,533)**

DOCOMO excludes the amount of the goodwill allocated to cash-generating unit which was recognized as impairment loss in full from costs and accumulated impairment losses.

(2) Research and development expenditure recognized as expense

Research and development expenditure that does not meet the criteria for capitalization is charged to expense as incurred. Research and development expenditure recognized as expense for the fiscal years ended March 31, 2018 and 2019 was ¥89,554 million and ¥90,967, respectively.

(3) Impairment test for goodwill and intangible assets with indefinite useful lives

Future cash flows for each cash-generating unit are based on the business plans (for a maximum of three years) approved by the Board of Directors, while future cash flows for subsequent periods take into account the growth potential of businesses. Projection periods for future cash flows are set appropriately according to the business of each cash-generating unit.

The discount rate applied to each cash-generating unit ranges from 3.1% to 8.8% (pre-tax), for the fiscal year ended March 31, 2018 and from 3.0% to 9.1% (pre-tax) for the fiscal year ended March 31, 2019, and is calculated mainly based on the weighted average cost of capital and adjusted to properly reflect risks and other factors related to the business using information from external and internal sources.

In addition, the perpetual growth rate ranges from 0.0% to 2.0% for the fiscal year ended March 31, 2018 and from 0.0% to 1.7% for the fiscal year ended March 31, 2019, and is calculated mainly based on the inflation rate in the area to which each cash-generating unit belongs.

Goodwill arising from business combinations is allocated at the date of acquisition to cash-generating units that are expected to benefit from the business combinations.

The breakdown of the carrying amount of goodwill by segment is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Telecommunications business	¥ 16,612	¥ 7,567	¥ **5,312**
Smart life business	38,361	38,364	**23,446**
Other businesses	24,339	26,516	**4,419**
Total	¥ 79,312	¥ 72,448	¥ **33,177**

Of the above, the goodwill allocated to the cash-generating unit related to OAK LAWN MARKETING, INC. (smart life business) is material. Its carrying amount was ¥22,629 millions of the transition date and ¥22,619 million and ¥22,612 million for the fiscal years ended March 31, 2018 and 2019, respectively. The recoverable amount for the cash-generating unit is the fair value less costs to sell.

DOCOMO records impairment losses on cash-generating units when DOCOMO can not expect profit assumed initially. DOCOMO records the amount of ¥8,811 million and ¥2,355 million as impairment losses related to cash-generating unit in telecommunications business segment as of March 31, 2018 and 2019 respectively. The recoverable amount related to the cash-generating unit is calculated using the fair value less costs to sell.

DOCOMO records the amount of ¥21,404 million as impairment losses on cash-generating unit in other business segment as of March 31, 2019, which is a business operating platforms related to mobile content distribution and billing overseas. The recoverable amount related to the cash-generating unit is calculated using the fair value less costs to sell.

A decrease in the amount of goodwill in smart life business segment for the fiscal year ended March 31, 2019 was mainly due to a sale of a subsidiary.

14. Investments accounted for using the equity method

(1) Material associates

There are no associates that are material to the reporting entity.

(2) Associates that are not individually significant

The carrying amount of DOCOMO's interests as well as shares of profit, other comprehensive income and (total) comprehensive income of associates that are not individually material are as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Carrying amount of DOCOMO's interests	¥ 380,342	¥ 391,446	**¥ 151,741**

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
DOCOMO's share (pre-tax):		
Profit	¥ 6,740	**¥ 4,415**
Other comprehensive income	12,632	**(904)**
(Total) comprehensive income	19,372	**3,510**

(Note) Investments in Sumitomo Mitsui Card and Hutchison Telephone Company Limited (herein after HTCL) are accounted for using the equity method on transition date and for the fiscal year ended March 31, 2018, whereas they are not included in shares of profit, other comprehensive income and comprehensive income of associates since they are classified as assets held for sale as of March 31, 2019.

(3) Impairment

DOCOMO assesses whether there is any indication of impairment for assets related to investments in associates including the above associates. If there is any indication that an asset may be impaired, the recoverable amount of the asset is estimated. DOCOMO recorded the amount of ¥2,294 million and ¥20,320 million as impairment losses for the fiscal year ended March 31, 2018 and 2019 respectively.

(4) Significant judgements and assumptions related to investments accounted for using the equity method

While DOCOMO holds less than 20% of voting interest in PLDT Inc. (herein after PLDT), DOCOMO applies the equity method of accounting for the investment in PLDT, as DOCOMO has the ability to exercise significant influence over PLDT given DOCOMO's board representation and the right to exercise the voting rights associated with the ownership interest collectively held by DOCOMO and NTT Communications Corporation in accordance with an agreement between PLDT and its major shareholders including NTT Communications Corporation and DOCOMO.

15. Other assets

The breakdown of other assets is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Other current assets			
Prepaid expenses	¥ 36,369	¥ 37,412	**¥ 37,756**
Advances	7,586	10,071	**11,988**
Other	32,252	42,662	**41,563**
Total	¥ 76,206	¥ 90,145	**¥ 91,308**
Other non-current assets			
Deposits	¥ 86,380	¥ 91,349	**¥ 90,869**
Long-term prepaid expenses	10,713	6,508	**7,195**
Net defined benefit assets	9,163	11,054	**13,808**
Other	798	605	**395**
Total	¥ 107,054	¥ 109,516	**¥ 112,267**

16. Trade and other payables

The breakdown of trade and other payables is as follows. Trade and other payables as of March 31, 2019 are classified as financial liabilities measured at amortized cost in accordance with IFRS 9, excluding the amount of ¥8,770 million to which IFRS 9 does not apply.

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Accounts payable, trade payables	¥ 330,512	¥ 325,134	**¥ 350,909**
Accounts payable, others	523,197	563,540	**690,097**
Other	22,885	22,284	**17,001**
Total	¥ 876,594	¥ 910,958	**¥ 1,058,007**

17. Short-term borrowings and long-term debt

The breakdown of short-term borrowings (excluding the current portion of long-term debt) is as follows:

	Millions of yen					
	Date of transition to IFRS (April 1, 2017)		March 31, 2018		**March 31, 2019**	
Short-term borrowings denominated in Japanese Yen:						
Unsecured short-term loans from financial institutions	¥	1,500	¥	1,100	¥	-
(Weighted-average rate per annum : 0.4% as of the transition date (April 1, 2017))						
(Weighted-average rate per annum : 0.4% as of March 31, 2018)						
Short-term borrowings denominated in Euro:						
Unsecured short-term loans from financial institutions		189		130		-
(Weighted-average rate per annum : 0.8% as of the transition date (April 1, 2017))						
(Weighted-average rate per annum : 0.7% as of March 31, 2018)						
Total short-term borrowings	¥	1,689	¥	1,230	¥	-

Long-term debt, which is classified as financial liabilities measured at amortized cost, was as follows:
Long-term borrowings as of March 31, 2019 were classified as financial liabilities measured at amortized cost based on IFRS9.

	Millions of yen					
	Date of transition to IFRS (April 1, 2017)		March 31, 2018		**March 31, 2019**	
Debt denominated in Japanese Yen:						
Unsecured corporate bonds	¥	220,000	¥	160,000	¥	**50,000**
(As of the transition date (April 1, 2017) - interest rates per annum : 0.2%-2.0%, due : years ending March 31, 2018-2024)						
(As of March 31, 2018 - interest rates per annum : 0.7%-2.0%, due : years ending March 31, 2019-2024)						
(As of March 31, 2019 - interest rates per annum : 0.7%, due : years ending March 31, 2024)						
Unsecured indebtedness to financial institutions		257		-		-
(As of the transition date (April 1, 2017) - interest rates per annum : 0.7%-1.4%, due : years ending March 31, 2018-2022)						
Sub-total		220,257		160,000		**50,000**
Less: Current portion		(60,217)		(110,000)		-
Total long-term debt	¥	160,040	¥	50,000	¥	**50,000**

For the fiscal year ended March 31, 2018, DOCOMO redeemed ¥60,000 million in unsecured corporate bonds and there was no new issuance of corporate bonds. For the fiscal year ended March 31, 2019, DOCOMO redeemed ¥110,000 million in unsecured corporate bonds and there was no new issuance of corporate bonds.

Interest rates on DOCOMO's debts are mainly fixed. DOCOMO may use interest rate swap agreements, under which DOCOMO receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM). Information relating to interest rate swap agreements is disclosed in "Note 35. Financial instruments."

Interest expense related to short-term borrowings and long-term debt for the fiscal years ended March 31, 2018 and 2019 totaled ¥2,593 million and ¥1,051 million, respectively. "Finance costs" in the consolidated statement of profit or loss exclude the amount of capitalized interest.

	Borrowings and debt	Other financial liabilities
		(Millions of yen)
Balance as of April 1, 2017	¥ 221,946	¥ 41,769
Changes arising from cash flows		
Proceeds from (repayments of) short-term borrowings	(475)	-
Repayments of long-term debt	(60,257)	-
Repayments of finance lease liabilities	-	(1,188)
Total changes arising from cash flows	(60,732)	(1,188)
Changes arising from non-cash transactions		
Changes arising from obtaining or losing control of subsidiaries	-	(110)
Effect of exchange rate fluctuations	16	239
Finance lease obligations incurred	-	1,753
Changes arising from liabilities related to put options granted to noncontorolling interests	-	(5,640)
Other changes	-	676
Total changes arising from non-cash transactions	16	(3,082)
Balance as of March 31, 2018	¥ 161,230	¥ 37,499
Changes in cash flows		
Proceeds from (repayments of) short-term borrowings	**72**	**-**
Repayments of long-term debt	**(110,026)**	**-**
Repayments of finance lease liabilities	**-**	**(1,179)**
Total changes in cash flows	**(109,954)**	**(1,179)**
Changes arising from non-cash transactions		
Changes arising from obtaining or losing control of subsidiaries	**(1,274)**	**(1)**
Effect of exchange rate fluctuations	**(1)**	**175**
Finance lease obligations incurred	**-**	**1,356**
Changes arising from put options granted to noncontorolling interests	**-**	**(15,968)**
Other changes	**-**	**(2,078)**
Total changes arising from non-cash transactions	**(1,275)**	**(16,515)**
Balance as of March 31, 2019	**¥ 50,000**	**¥ 19,805**

The above reconciliations only include changes in the balance of liabilities from financing activities, and do not include changes in the balance of equity from financing activities.

18. Employee benefits

(1) Defined benefit plans

1) Lump-sum severance and contract-type corporate pension plans

Employees whose services with DOCOMO are terminated are normally entitled to lump-sum severance and pension benefits. The amounts are determined by a combination of factors such as the employee's salary eligibility, length of service and other conditions. The pension benefit is covered by the contract-type corporate pension plans, which are the non-contributory defined benefit pension plans. DOCOMO maintains plans by entering into contracts such as with trust banks and insurance companies for services including the payment of contributions and the management of accumulated funds. Those trust banks and insurance companies maintain and manage the plan assets while they perform actuarial calculation and make payments of pension and lump-sum benefits.

DOCOMO has adopted defined contribution pension plans for the pension benefit that was earned on and after April 1, 2014 under the Company's contract-type corporate pension plans. For the pension benefit earned up to March 31, 2014, the Company's contract-type corporate pension plans continue to be maintained.

2) NTT Kigyou-Nenkin-Kikin (NTT Corporate Defined Benefit Pension Plan, "NTT CDBP")

Both NTT group, including DOCOMO, and its employees make contributions to the NTT CDBP to supplement the pension benefits. The number of DOCOMO's employees covered by the NTT CDBP as of March 31, 2018 and 2019 represented approximately 14.0% and 14.4% of the total members, respectively.

The defined benefit obligations of the NTT CDBP in 2) above are measured defined benefit obligations separately from those of lump-sum severance and contract-type corporate pension plans described in 1) above.

Contributions which DOCOMO makes to these defined benefit plans consist of normal contributions and special contributions to amortizing past service obligation.

These defined benefit plans are exposed to actuarial risk (investment risk, interest rate risk, longevity risk, and inflation risk).

Changes in the present value of defined benefit obligations and the fair value of plan assets for the fiscal years ended March 31, 2018 and 2019, measured on March 31 of respective years, were as follows:

	Millions of yen			
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)		**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**	
Changes in the present value of defined benefit obligations:				
Balance as of beginning of year	¥	376,050	¥	**387,159**
Current Service cost		15,125		**15,376**
Interest cost		2,542		**2,231**
Remeasurement		4,381		**3,995**
Actuarial (gain) loss - demographic assumption		239		**(813)**
Actuarial (gain) loss - financial assumption		6,246		**6,181**
Actuarial (gain) loss - other		(2,104)		**(1,373)**
Other		901		**575**
Benefit payments		(11,839)		**(16,092)**
Balance as of end of year	¥	387,159	¥	**393,244**
Changes in fair value of plan assets:				
Balance as of beginning of year	¥	186,466	¥	**191,422**
Interest income		1,375		**1,229**
Return on plan assets excluding interest income		6,173		**9,451**
Employer contributions		2,582		**2,858**
Employee contributions		478		**523**
Other		483		**208**
Benefit payments		(6,136)		**(6,062)**
Balance as of end of year		191,422		**199,628**
As of March 31: Net defined benefit liabilities	¥	(195,738)	¥	**(193,617)**

The amounts in the consolidated statements of financial position are as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Defined benefit liabilities	¥ 198,747	¥ 206,792	**¥ 207,425**
Other non-current assets	9,163	11,054	**13,808**
As of March 31: Net defined benefit liabilities	(189,584)	(195,738)	**(193,617)**

The principle actuarial assumptions are as follows:

	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Discount rate	0.7 %	0.6 %	**0.5 %**
Rate of salary increases	3.4 %	3.4 %	**3.4 %**
Average life expectancy for current pensioners aged 65 as of end of year			
Males	18.7 years	18.7 years	**18.7 years**
Females	23.8 years	23.8 years	**23.8 years**

The weighted-average duration of the defined benefit obligations as of the transition date and for the fiscal years ended March 31, 2018 and 2019 were 16.3 years, 16.3 years and 16.4 years, respectively.

DOCOMO expects to contribute ¥2,574 million to its defined benefit plans in the fiscal year ending March 31, 2020.

Sensitivity analysis of defined benefit obligations

Reasonably possible changes as of the end of the fiscal year to one of the actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligations by the amounts shown below.

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Discount rate (%)		
Increase of 0.5%	¥ (25,857)	**¥ (26,520)**
Decrease of 0.5%	28,419	**29,190**

The fair value of plan assets of the defined benefit plans as of the transition date and at the end of the fiscal years ended March 31, 2018 and 2019 was as follows:

(Millions of yen)

	Date of transition to IFRS (April 1, 2017)			March 31, 2018			**March 31, 2019**		
	Active market prices			Active market prices			**Active market prices**		
	Available	Unavailable	Total	Available	Unavailable	Total	**Available**	**Unavailable**	**Total**
Cash and cash equivalents	3,764	-	3,764	13,584	-	13,584	**19,282**	**-**	**19,282**
Debt financial instruments (domestic)	63,868	26,290	90,158	54,230	26,703	80,932	**46,993**	**28,086**	**75,079**
Debt financial instruments (foreign)	2,246	2,402	4,649	1,170	3,963	5,132	**1,536**	**1,509**	**3,045**
Equity financial instruments (domestic)	13,475	6,293	19,768	13,992	7,155	21,147	**17,905**	**8,969**	**26,874**
Equity financial instruments (foreign)	6,599	1,702	8,300	7,210	1,870	9,081	**8,814**	**2,420**	**11,234**
Pooled funds	-	34,915	34,915	-	37,495	37,495	**-**	**35,740**	**35,740**
Life insurance company general accounts	-	23,907	23,907	-	23,939	23,939	**-**	**26,123**	**26,123**
Other	-	1,005	1,005	-	111	111	**-**	**2,251**	**2,251**
Total	89,953	96,513	186,466	90,186	101,235	191,422	**94,529**	**105,098**	**199,628**

DOCOMO's policy toward plan asset management is formulated with the ultimate objective of ensuring the steady disbursement of pension benefits in future periods. The long-term objective of asset management, therefore, is to secure the total profits deemed necessary to ensure the financial soundness of the plan assets. To achieve this, DOCOMO selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. DOCOMO then sets a target allocation ratio for the plan assets and endeavors to maintain that ratio. The target ratio is formulated from a mid to long-term perspective and reviewed annually. In the event that the investment environment changes dramatically, DOCOMO will review the asset allocation as necessary. The target ratio as of March 31, 2019 was: Debt financial instruments (domestic) 57.2%, Debt financial instruments (foreign) 2.0%, Equity financial instruments (domestic) 14.0%, Equity financial instruments (foreign) 9.0%, life insurance company general accounts 15.8%, and other 2.0% respectively.

(2) Defined contribution plans

The Company recognized ¥3,040 million and ¥3,094 million of defined benefit cost related to the defined contribution plans in the fiscal years ended March 31, 2018 and 2019, respectively, both of which included employer contributions to the national welfare pension plan under the Japanese Employees' Pension Insurance Act.

19. Provisions

(1) Reconciliations

The reconciliations of the carrying amount of provisions are as follows:

(Millions of yen)

	Provisions for point programs	Asset retirement obligations	Other provisions	Total
Balance as of the transition date (April 1, 2017)	29,774	7,987	5,757	43,518
Increase during the period	15,135	803	3,803	19,741
Decrease during the period (amounts used)	(12,463)	(479)	(3,256)	(16,198)
Decrease during the period (amounts reversed)	(1,790)	-	(222)	(2,012)
Interest expense for discount calculation during the period	-	93	-	93
Foreign exchange translation differences	-	-	147	147
Other increase (decrease)	368	961	376	1,705
Balance as of March 31, 2018	31,025	9,365	6,604	46,994
Increase during the period	**11,408**	**554**	**6,207**	**18,170**
Decrease during the period (amounts used)	**(12,850)**	**(1,652)**	**(876)**	**(15,378)**
Decrease during the period (amounts reversed)	**(7,055)**	**-**	**(5,355)**	**(12,410)**
Interest expense for discount calculation during the period	**-**	**91**	**-**	**91**
Foreign exchange translation differences	**-**	**-**	**(51)**	**(51)**
Other increase (decrease)	**489**	**(955)**	**(17)**	**(483)**
Balance as of March 31, 2019	**23,018**	**7,402**	**6,512**	**36,932**

(2) Summary of provisions

Provisions are calculated based on the best estimate of the outflow of resources embodying economic benefits as of the reporting date. Due to uncertainty in the underlying assumptions, it is possible that actual results may differ and, as a result, significant adjustments may be required concerning provisions in the consolidated financial statements for future periods.

The summary of provisions recorded by DOCOMO is as follows:

1) Provisions for point programs

DOCOMO records “Provisions for point programs” relating to points granted to customers that do not impose any performance obligation in contracts. DOCOMO separately estimates the provisions for “docomo Points” and those for “d POINTs.” The expected timing of any resulting outflows of economic benefits is the time when customers use points. In measuring provisions for “docomo Points,” DOCOMO estimates factors such as the point utilization rate reflecting the portion expected to expire primarily due to cancellation based on DOCOMO’s historical experience.

In measuring provisions for “docomo Points,” DOCOMO estimates factors such as the point utilization rate reflecting the portion expected to expire primarily due to cancellation based on DOCOMO’s historical experience.

In measuring provisions for “d POINTs,” DOCOMO does not estimate the future point utilization rate since DOCOMO does not have sufficient historical experience for such an estimation. The point utilization by customers involves uncertainty, and customers will lose the right to use points when the points expire.

2) Asset retirement obligations

The provision for asset retirement obligations is recognized for the costs of dismantling, removing and restoration, and the amount is added to the cost of the asset. The estimated costs and applied discount rates are reviewed annually, and any revisions deemed necessary are added to or deducted from the carrying amount of the related asset as changes in accounting estimates. The expected timing of any resulting outflows of economic benefits is the time when the costs of dismantling, removing and restoration and any other expenditures are incurred.

20. Other financial liabilities

The breakdown of “Other financial liabilities” is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Other financial liabilities (current)			
Financial liabilities measured at fair value through profit or loss (*1)			
Derivatives			
Foreign currency option contracts	¥ 112	¥ 119	¥ **26**
Foreign exchange forward contracts	11	2	**0**
Financial liabilities measured at amortized cost (*1)			
Put options granted to noncontrolling interests		15,968	**-**
Deposits received	9,695	10,872	**9,612**
Other	533	319	**10**
Other			
Lease liabilities	880	767	**846**
Total	¥ 11,230	¥ 28,047	¥ **10,495**
Other financial liabilities (non-current)			
Financial liabilities measured at fair value through profit or loss (*1)			
Derivatives			
Foreign currency option contracts	¥ 1,224	¥ 724	¥ **-**
Foreign exchange forward contracts	-	-	-
Financial liabilities measured at amortized cost (*1)			
Put options granted to noncontrolling interests	27,708	6,100	**6,100**
Other			
Lease liabilities	1,608	2,629	**3,210**
Total	¥ 30,540	¥ 9,453	¥ **9,310**

(*1) This measurement category is based on IFRS 9 and has been applied since March 31, 2019.

21. Other current liabilities

The breakdown of other current liabilities is as follows:

	Millions of yen					
	Date of transition to IFRS (April 1, 2017)		March 31, 2018		**March 31, 2019**	
Accrued payroll	¥	59,348	¥	60,536	**¥**	**61,749**
Accrued real estate tax		30,129		29,083		**29,620**
Consumption tax payable		20,527		33,267		**24,590**
Other		31,380		65,411		**34,846**
Total	¥	141,385	¥	188,298	**¥**	**150,805**

22. Equity

(1) Number of issued shares

The total number of issued shares is as follows.

(Shares)

	Number of authorized shares (common shares with no par value)	Number of issued shares (Note 1) (common shares with no par value)
Balance as of transition date (April 1, 2017)	17,460,000,000	3,899,563,000
Changes during the period (Note 2)	-	(117,264,000)
Balance as of March 31, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	**-**	**(447,067,906)**
Balance as of March 31, 2019	**17,460,000,000**	**3,335,231,094**

(Note 1) Issued shares at the transition date, the end of the fiscal years ended March 31, 2018 and 2019, are all fully paid in.
(Note 2) Changes in the number of issued shares represent decreases due to the cancellation of treasury stock.

(2) Treasury stock

The number of treasury stock is as follows.

(Shares)

	Number of treasury stock
Balance as of transition date(April 1, 2017)	194,977,467
Purchase (Note 3)	111,401,020
Retirement	(117,264,000)
Balance as of March 31, 2018	189,114,487
Purchase (Note 3)	**257,953,552**
Retirement	**(447,067,906)**
Balance as of March 31, 2019	**133**

(Note 3)

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. In addition, the Board of Directors also resolved that NTT DOCOMO, INC may acquire the shares of its common stock by way of repurchases on the Tokyo Stock Exchange for an amount in total not exceeding the amount from the next business day of following the expiration of the tender offer through March 31, 2018. NTT DOCOMO, INC. acquired 35,722,900 shares of its common stock at ¥97,107 million by way of repurchases on the market.

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.

On October 31, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 260 million shares of its common stock for an amount in total not exceeding ¥ 600,000 million during the period from November 1, 2018 through March 31, 2019.

On November 6, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 257,953,468 shares of its common stock for an amount in total not exceeding ¥600,000 million by way of tender offer from November 7, 2018 through December 7, 2018 and repurchased 257,953,469 shares of its common stock at ¥600,000 million on January 7, 2019.

The aggregate number of shares acquired from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 256,752,200 shares and the amount in total was ¥597,206 million for the fiscal year ended March 31, 2019.

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

26, 2019, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 128,300,000 outstanding shares of its common stock by way of repurchases on the market for an amount in total not exceeding ¥300,000 million during the period from May 7, 2019 through April 30, 2020 and repurchased 9,271,200 shares of its common stock at ¥22,854 million until May 31, 2019.

(3) Put options granted to noncontrolling interests

For the written put option of the subsidiaries' shares granted to the owner of noncontrolling interests by DOCOMO, the amount subtracted from additional paid-in capital was ¥24,440 million, ¥18,799 million and ¥2,832 million as of the transition date and at the end of the fiscal years ended March 31, 2018 and 2019, respectively.

(4) Other components of equity

Changes in other components of equity (after tax effect adjustment) are as follows:

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Unrealized holding gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of April 1, 2017	92,017	(294)	-	-	91,723
Amount arising during the period	14,610	(117)	(4,042)	1,011	11,462
Reclassification to profit or loss	105	63	-	-	168
Reclassification to retained earnings	-	-	-	(1,011)	(1,011)
Balance as of March 31, 2018	106,732	(348)	(4,042)	-	102,342

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note1,2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2018	106,732	(348)	(4,042)	-	102,342
Cumulative impact of adopting IFRS 9 "Financial Instruments"	9,309	62	-	-	9,371
Balance as of April 1, 2018	116,041	(286)	(4,042)	-	111,713
Amount arising during the period	(3,020)	(74)	(8,449)	3,938	(7,604)
Reclassification to profit or loss	-	1	-	-	1
Reclassification to retained earnings	(7,576)	-	-	(3,938)	(11,515)
Balance as March 31, 2019	105,445	(359)	(12,491)	-	92,595

(Note1) The balance of "Unrealized holding gains (losses) on available-for-sale securities" is reclassified as of March 31, 2018 to "Change in the fair value of financial assets measured at fair value through other comprehensive income," pursuant to the exemptions under IFRS 7 and IFRS 9, which are based on IFRS 1.

(Note2) The balance of "Change in the fair value of financial assets measured at fair value through other comprehensive income" as of March 31, 2019 includes the amount related to "Assets held for sale" based on IFRS 5. The detail is disclosed in "Note 11. Asset held for sale."

All of the amount related to cash flow hedge for the fiscal years ended March 31, 2018 and 2019 were incurred by the investments accounted for using the equity method.

Tax effects on other comprehensive income

The amount arising during the period, reclassifications to profit or loss, and tax effect for each item of other comprehensive income are as follows:

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Amount arising during the period	Reclassification to profit or loss	Pre-tax amount	Tax effect	Net-of-tax amount
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	1,791	-	1,791	(565)	1,227
Share of other comprehensive income of investments accounted for using the equity method	(216)	-	(216)	-	(216)
Items that may be reclassified subsequently to profit or loss					
Unrealized holding gains (losses) on available-for-sale securities	2,382	226	2,608	(704)	1,904
Foreign exchange translation differences	(3,963)	-	(3,963)	(40)	(4,003)
Share of other comprehensive income of investments accounted for using the equity method	12,858	(10)	12,848	2	12,850
Total other comprehensive income (loss)	12,853	216	13,069	(1,307)	11,762

The net of tax amounts attributable to noncontrolling interests arising from the available-for-sale unrealized holding gains (losses) available-for-securities and foreign exchange translation differences were ¥109 million and ¥23 million, respectively, for the fiscal year ended March 31, 2018.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Amount arising during the period	Reclassification to profit or loss	Pre-tax amount	Tax effect	Net-of-tax amount
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	5,455	-	5,455	(1,706)	3,750
Change in the fair value of financial assets measured at fair value through other comprehensive income	2,650	-	2,650	(1,544)	1,105
Share of other comprehensive income of investments accounted for using the equity method	18,241	-	18,241	(21,972)	(3,731)
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation differences	(9,050)	-	(9,050)	456	(8,594)
Share of other comprehensive income of investments accounted for using the equity method	(50)	1	(48)	(1)	(49)
Total other comprehensive income (loss)	17,247	1	17,249	(24,768)	(7,519)

The net-of-tax amounts attributable to noncontrolling interests arising from the change in the fair value of financial assets measured at fair value through other comprehensive income was ¥205 million, and the net amounts arising from the remeasurement of foreign exchange translation differences were ¥(122) million, respectively, for the fiscal year ended March 31, 2019.

23. Dividends

(1) Cash dividends paid

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Resolution	Class of shares	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Date of record	Date of payment
The general meeting of shareholders on June 20, 2017	Shares of common stock of the Company	148,183	40	March 31, 2017	June 21, 2017
The Board of Director on October 26, 2017	Shares of common stock of the Company	185,229	50	September 30, 2017	November 21,2017

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Resolution	Class of shares	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Date of record	Date of payment
The general meeting of shareholders on June 19, 2018	Shares of common stock of the Company	179,659	50	March 31, 2018	June 20, 2018
The Board of Director on October 31, 2018	Shares of common stock of the Company	197,625	55	September 30, 2018	November 22, 2018

(2) Cash dividends declared for the fiscal year ended March 31, 2019 and to be paid during the next fiscal year

Resolution	Class of shares	Source of dividends	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Date of record	Date of payment
The general meeting of shareholders on June 18, 2019	Shares of common stock of the Company	Retained earnings	183,438	55	March 31, 2019	June 19, 2019

24. Revenue from contracts with customers

(1) Disaggregation of revenue

The following tables show revenue disaggregated by type of goods and services. These tables also include reconciliation of DOCOMO's three reportable segments.

The detail of each item in table below is disclosed in "Note 3. Significant accounting policies (12) Revenue from contracts with customers."

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	3,043,827	5,788	43,123	-	3,092,739
Mobile communications services revenues	2,820,782	5,788	40,750	-	2,867,320
Optical-fiber broadband service and other telecommunications services revenues	223,045	-	2,373	-	225,419
Equipment sales	787,775	72	1,999	-	789,845
Other operating revenues	62,801	444,964	394,634	(22,714)	879,685
Total	3,894,403	450,824	439,756	(22,714)	4,762,269
Revenue recognized from contracts with customers	3,893,187	431,882	439,756	(22,714)	4,742,110
Revenue recognized from other sources	1,216	18,942	-	-	20,158

Revenue recognized from other sources includes interest related to financial assets.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	**3,077,376**	**4,442**	**48,843**	**-**	**3,130,660**
Mobile communications services revenue	**2,794,458**	**4,442**	**45,490**	**-**	**2,844,390**
Optical-fiber broadband service and other telecommunications services revenues	**282,917**	**-**	**3,353**	**-**	**286,271**
Equipment sales	**842,087**	**60**	**2,281**	**-**	**844,428**
Other operating revenues	**57,641**	**444,302**	**389,573**	**(25,756)**	**865,760**
Total	**3,977,104**	**448,804**	**440,697**	**(25,756)**	**4,840,849**
Revenue recognized from contracts with customers	**3,975,854**	**425,809**	**440,697**	**(25,756)**	**4,816,605**
Revenue recognized from other sources	**1,249**	**22,995**	**-**	**-**	**24,244**

Revenue recognized from other sources includes interest under IFRS 9.

(2) Contract balance

The table below shows information regarding receivables from contracts with customers and contract liabilities. Details of contract liabilities are disclosed in “Note 3. Significant accounting policies (12) Revenue from contracts with customers.”

	Millions of yen					
	Date of transition to IFRS (April 1, 2017)		March 31, 2018		**March 31, 2019**	
Receivables from contracts with customers	¥	706,249	¥	752,849	**¥**	**738,837**
Contract liabilities		208,325		245,067		**248,806**

Of revenues recognized for the fiscal year ended March 31, 2019, the amount of those included previously in the balance of contract liabilities as of the beginning of the fiscal year was ¥66,204 million (fiscal year ended March 31, 2018: ¥67,615 million).

(3) Transaction prices allocated to the remaining performance obligations

The total amount of the transaction prices allocated to the unsatisfied (including partially unsatisfied) performance obligations is ¥248,806 million as of March 31, 2019 (¥245,067 million as of March 31, 2018). This is mainly related to point programs and fees for activation in the telecommunications business.

Points that customers are expected to use are recorded as the remaining performance obligations in "contract liabilities" and they are recognized as revenue at the time when the points are exchanged (expected to be incurred over the next four years at maximum).

Fees for activation on which DOCOMO grants customers with material rights on renewal are deferred as a “contract liabilities” in the consolidated statement of financial position and are recognized as revenue over a period during which DOCOMO provides customers with material rights.

(4) Contract costs

The balance of the assets recognized from the incremental costs to obtain contracts with customers was ¥233,272 million as of the end of the fiscal year ended March 31, 2019 (fiscal year ended March 31, 2018: ¥222,973 million). The amount of amortization was ¥105,787 million (fiscal year ended March 31, 2018: ¥112,425 million). There was no impairment loss related to the assets recognized from the incremental costs to obtain contracts with customers.

The balance of the capitalized portion of the costs to fulfill contracts was ¥64,461 million as of the end of the fiscal year ended March 31, 2019 (fiscal year ended March 31, 2018: ¥53,309 million). The amount of amortization was ¥13,215 million (fiscal year ended March 31, 2018: ¥12,311 million). There was no impairment loss related to the assets recognized from the costs to fulfill contracts.

25. Operating expenses

The breakdown of "Cost of equipment sold and services, and other expenses" included in operating expenses is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Cost of equipment sold	¥ 833,878	**¥ 858,650**
Commissions paid to agent resellers	395,145	**392,748**
Operations outsourcing expenses	356,156	**367,910**
Other	946,079	**914,401**
Total	¥ 2,531,257	**¥ 2,533,708**

26. Finance income and finance costs

(1) Finance income

The breakdown of finance income is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Interest income	¥ 499	**¥ 421**
Financial assets measured at amortized cost (*1)	-	**421**
Dividend income	4,943	**5,394**
Financial assets measured at fair value through other comprehensive income (*1)	-	**5,394**
Gains on sales of securities	894	**-**
Gains on sales of associates' shares	-	**218**
Financial assets measured at fair value through profit or loss (*1)	-	**407**
Foreign exchange gains	1,237	**-**
Other	1,623	**1,070**
Total	¥ 9,196	**¥ 7,510**

(*1) This measurement category is based on IFRS 9 and has been applied since April 1, 2018.

(2) Finance costs

The breakdown of finance costs is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Interest expense	¥ 3,143	**¥ 1,507**
Financial liabilities measured at amortized cost (*1)	-	**1,507**
Write-down of marketable securities and other investments	3,390	**-**
Losses on sales of securities	24	**-**
Losses on sales of associates' shares	-	**3,213**
Foreign exchange losses	-	**981**
Other	-	**805**
Total	¥ 6,557	**¥ 6,506**

(*1) This measurement category is based on IFRS 9 and has been applied since April 1, 2018.

27. Income from arbitration award

In accordance with a binding arbitration award from the London Court of International Arbitration ("LCIA"), DOCOMO received payment of an arbitration award* from Tata Sons Limited ("Tata Sons") on October 31, 2017.

DOCOMO made an investment in Tata Teleservices Limited ("TTSL"), a telecommunications service operator in India in March 2009 and entered into the shareholders agreement ("the Agreement") among TTSL, Tata Sons, and DOCOMO and accounted for the investment under the equity method.

On January 3, 2015, pursuant to the Agreement, DOCOMO submitted a request for an arbitration to the LCIA as to Tata Son's breach regarding execution of an option for sale of stake in TTSL. DOCOMO received a binding arbitration award from the LCIA on June 23, 2016.

As a result of this transaction, DOCOMO recorded the award amount of ¥147,646 million as "Income from arbitration award" on its consolidated statement of profit or loss for the fiscal year ended March 31, 2018. Concurrent with the receipt of the above award amount, all shares in TTSL held by DOCOMO were transferred to Tata Sons and companies designated by Tata Sons. Upon the transfer to DOCOMO shares in TTSL, DOCOMO discontinued the application of the equity method to the investment in TTSL effective October 31, 2017.

Regarding TTSL, DOCOMO did not record the share of loss on equity method investment and loss on the transfer of investment in an associate in the consolidated statements of profit or loss for the fiscal year ended March 31, 2018. See "Note 38. First-time adoption (disclosure regarding the transition to IFRS), (5) Notes on difference in recognition and measurement, D. Cumulative translation differences" for additional details.

* The amount received included interest earned and other costs awarded.

28. Income taxes

(1) Income taxes

The breakdown of “Income taxes” is as follows:

	Millions of yen			
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)		**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**	
Current tax expense	¥	281,803	**¥**	**309,259**
Deferred tax expense				
Origination and reversal of temporary differences		67,055		**19,858**
Changes in tax rates		376		**20,667**
Temporary differences previously unrecognized		-		**(12,001)**
Total deferred tax expense		67,431		**28,525**
Total	¥	349,234	**¥**	**337,784**

Since DOCOMO agreed to sell all Sumitomo Mitsui Card shares to SMFG in our possession which was accounted for using the equity method and changed tax rates on temporary differences related to the investment, we recorded the amount of ¥20,667 million as deferred tax expense related to changes in tax rates for the fiscal year ended March 31,2019.Related information is disclosed in “Note 11. Asset held for sale.”

For the fiscal years ended March 31, 2018 and 2019, the Company and its domestic subsidiaries were subject to a National Corporate Tax of 23.4% and 23.2%, respectively, as well as a Corporate Inhabitant Tax of approximately 5% and a deductible Corporate Enterprise Tax and Special Local Corporate Tax of approximately 5% for both fiscal years. The rate of the Corporate Inhabitant Tax and Corporate Enterprise Tax differs depending on the municipality.

The applicable income tax rates for the fiscal years ended March 31, 2018 and 2019 were 31.6% and 31.4%, respectively. The average actual effective income tax rates for the fiscal years ended March 31, 2018 and 2019 were 30.6% and 33.7%, respectively.

Reconciliation of the difference between the average actual effective income tax rate and the applicable income tax rate of DOCOMO is as follows:

	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Applicable income tax rate	31.6 %	**31.4 %**
Expenses not deductible for tax purposes	0.1	**0.1**
Research and other credits	(0.4)	**(0.6)**
The write-down, or reversal of a deferred tax asset.	(1.0)	**0.0**
Investment in associates	0.1	**1.3**
Goodwill impairment loss	0.1	**0.7**
Other	0.1	**0.8**
Average actual effective income tax rate	30.6 %	**33.7 %**

(2) Deferred tax assets and deferred tax liabilities

Main factors for recognizing deferred tax assets and deferred tax liabilities are as follows:

	Date of transition to IFRS (April 1, 2017)	March 31, 2018	March 31, 2019
Deferred tax assets			
Defined benefit liabilities	¥ 60,626	¥ 62,817	¥ **62,550**
Property, plant and equipment, and intangible assets	74,372	67,168	**59,026**
Contract liabilities on point programs, etc.	36,689	39,711	**39,533**
Receivables held for sale	19,581	24,278	**21,171**
Investment in associates	90,623	7,515	**19,128**
Securities and other financial assets	20,951	21,142	**17,114**
Contract liabilities on fees for activation	9,441	12,299	**15,177**
Accrued vacation payable	10,897	11,009	**11,372**
Loss allowance	8,043	7,597	**9,618**
Accrued real estate tax	9,521	9,132	**9,301**
Accrued enterprise tax	4,971	7,380	**8,224**
Inventories	6,077	3,453	**6,002**
Accrued bonuses	5,490	5,848	**5,692**
Contract liabilities regarding "Zutto Kurikoshi" and "Packet Kurikoshi" fees for activation	9,235	6,147	**4,909**
Other contract liabilities	2,995	3,187	**3,673**
Accrued commissions paid to agent resellers	2,828	4,530	**1,695**
Unused tax loss carryforwards	2,335	2,196	**1,683**
Asset retirement obligations	1,776	1,090	**1,355**
Other	16,819	29,684	**23,948**
Total deferred tax assets	¥ 393,268	¥ 326,183	¥ **321,171**
Deferred tax liabilities			
Contract cost	84,076	86,661	**93,459**
Investment in associates	2,693	2,700	**45,626**
Financial assets measured at fair value through other comprehensive income(*1)	25,772	26,988	**25,316**
Identifiable intangible assets	7,436	4,744	**1,973**
Other	3,274	3,428	**5,469**
Total deferred tax liabilities	123,251	124,520	**171,844**
Net deferred tax assets	¥ 270,017	¥ 201,663	¥ **149,327**

(*1) Financial assets measured at fair value through other comprehensive income as of the transition date and March 31, 2018 was not restated in accordance with the exemptions under IFRS 7 and IFRS 9 which are based on IFRS1, and DOCOMO recorded the balance of unrealized holding gains on available-for-sale securities.

The details of changes in net deferred tax assets are as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Balance as of the March 31, 2018 (deferred tax assets - net)	¥ 270,017	¥ **201,663**
Tax expense including the effect of adoption of IFRS 9	-	**(3,551)**
Balance as of the April 1, 2018 (deferred tax assets - net)	270,017	**198,112**
Amount recognized in profit or loss	(67,431)	**(28,525)**
Amount recognized in other comprehensive income		
Foreign exchange translation differences	(40)	**455**
Financial assets measured at fair value through other comprehensive income (*1)	(702)	**(20,123)**
Remeasurements of defined benefit plans	(565)	**(1,706)**
Cash flow hedges	0	**(0)**
Total	(68,738)	**(49,899)**
Others (*2)	383	**1,115**
Balance at end of year (deferred tax assets - net)	¥ 201,663	¥ **149,327**

(*1) Financial assets measured at fair value through other comprehensive income as of the transition date and March 31, 2018 was not restated in accordance with the exemptions under IFRS 7 and IFRS 9 which are based on IFRS1, and we recorded the balance of unrealized holding gains on available-for-sale securities.
(*2) A decrease in "Others" includes translation differences of foreign operations and sales of subsidiaries.

The amount of deductible temporary differences, and the carryforward of unused tax losses and unused tax credits for which deferred tax assets were not recognized was as follows.

Certain consolidated subsidiaries of DOCOMO had the carryforward of unused tax losses for tax purposes which may be used as a deduction in determining future taxable income. The period available to offset future taxable income, which varies in each tax jurisdiction, is as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Deductible temporary differences	¥ 67,671	¥ 66,271	¥ **50,678**
Unused tax loss carryforwards			
Carryforward periods: within 5 years	4,738	5,024	**5,464**
Carryforward periods: 6 to 20 years	39,045	39,653	**16,456**
Carryforward periods: indefinite	11,975	12,337	**21,485**
Total unused tax loss carryforwards	55,758	57,014	**43,405**
Unused tax credits carryforwards	¥ 6,733	¥ 4,902	¥ **3,104**

The realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which the deductible temporary differences are reversed and the unused tax loss carryforwards are available. DOCOMO considers the projected future taxable profit, tax-planning strategies and scheduled reversal of deferred tax liabilities in making this assessment. The realization of deferred tax assets is dependent mainly upon future taxable profit, and DOCOMO anticipates continuing to generate substantial future taxable. However, if the estimated future taxable profit during the carryforward periods declines, the net deferred tax assets deemed realizable may decrease.

On transition date and March 31, 2018 and 2019, the amount of deferred tax liabilities on undistributed earnings of the Company’s subsidiaries was immaterial.

29. Significant subsidiaries

Information regarding DOCOMO's group structure is provided in "4. Status of Parent Company, Subsidiaries and Associates" under "Item 1. Overview of the Company," and thereby is omitted here.

30. Related party transactions

The balance of receivables from and payables to related parties as of the transition date and at the end of the fiscal years ended March 31, 2018 and 2019 was as follows:

	Millions of yen					
	Date of transition to IFRS (April 1, 2017)		March 31, 2018		**March 31, 2019**	
Balance of receivables						
Parent company	¥	6	¥	21	**¥**	**40**
Associates		3,407		2,295		**3,829**
Other related parties		778,502		909,520		**558,807**
Total	¥	781,915	¥	911,836	**¥**	**562,676**
Balance of payables						
Parent company	¥	0	¥	0	**¥**	**0**
Associates		125,038		178,909		**235,789**
Other related parties		121,954		140,839		**162,833**
Total	¥	246,992	¥	319,749	**¥**	**398,622**

The amount of transactions with related parties for the fiscal years ended March 31, 2018 and 2019 was as follows:

	Millions of yen			
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)		**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**	
Operating revenues				
Parent company	¥	445	**¥**	**490**
Associates		37,241		**49,276**
Other related parties		84,881		**96,856**
Total	¥	122,567	**¥**	**146,621**
Operating expenses				
Parent company	¥	22,165	**¥**	**23,542**
Associates		60,133		**82,268**
Other related parties		471,697		**526,655**
Total	¥	553,994	**¥**	**632,466**
Finance income				
Other related parties		535		**710**
Total	¥	535	**¥**	**710**

(Note)

DOCOMO receives fees related to credit transaction services from our partner stores through Sumitomo Mitsui Card Company, Limited. These fees are included in operating revenues above.

Parent company is NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") and DOCOMO is majority-owned by NTT. DOCOMO has entered into a number of different types of transactions with NTT, its subsidiaries and associates in the ordinary course of business. DOCOMO's transactions with NTT group companies include purchases of wireline telecommunications services (i.e. for DOCOMO's offices and operations facilities) based on actual usage, leasing of various telecommunications facilities and sales of DOCOMO's various wireless telecommunications services. During the fiscal years ended March 31, 2018 and 2019, DOCOMO purchased capital equipment from NTT group companies in the amount of ¥62,502 million and ¥73,661 million, respectively. DOCOMO acquired treasury stocks from our parent company, NTT for the fiscal year ended March 31, 2018 and 2019. Information regarding acquisition of treasury stocks is disclosed in "Note 22. Equity."

Associates mainly include Sumitomo Mitsui Card Company. Although DOCOMO had an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG as described in "Note 11. Assets held for sale" as of April 1, 2019.

Other related parties include NTT FINANCE. DOCOMO has entered into contracts for bailments of cash for consumption with NTT FINANCE for cash management purposes. Under the terms of the contracts, excess cash generated at DOCOMO is bailed to NTT FINANCE and NTT FINANCE manages the funds on behalf of DOCOMO. The figures in the table above include the amount of bailments was ¥437,207 million on transition date, ¥571,053 million as of March 31, 2018, and ¥218,047million as of March 31, 2019. The assets related to the contracts were recorded as "Cash and cash equivalents" of ¥177,207 million and "Other financial assets (current)" of ¥260,000 million in the consolidated balance sheet on transition date, "Cash and cash equivalents" of ¥201,053 million and "Other financial assets (current)" of ¥370,000 million in the consolidated balance sheet as of March 31, 2018, and "Cash and cash equivalents" of ¥148,047 million and "Other financial assets (current)" of ¥70,000 million in the consolidated balance sheet as of March 31, 2019. The amount of the sale of receivables related to DOCOMO's telecommunications services to NTT FINANCE was ¥4,631,073 million and ¥4,720,803 million for the fiscal year ended March 31, 2018 and 2019 respectively.

(3) Compensation for major management executives

Compensation for major management executives was as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Monthly salaries	¥ 561	**¥ 529**
Bonuses for directors and other officers	103	**108**
Total	¥ 664	**¥ 637**

31. Leases

(1) Finance leases

The Company conducts finance lease transactions, including for radio equipment, switching equipment, power supply equipment and transmission facilities.

Future lease payments for finance lease obligations are as follows:

(Millions of yen)

	Date of transition to IFRS April 1, 2017	March 31, 2018	**March 31, 2019**
Within 1 year	921	964	**1,014**
1 to 5 years	1,611	1,998	**2,453**
Over 5 years	39	1,368	**1,492**
Total	2,572	4,330	**4,959**
Less: Amount representing interest	84	933	**902**
Present value of total minimum lease payments	2,488	3,396	**4,057**

(2) Operating leases

DOCOMO leases land and buildings mainly for base stations under operating leases.
Total future minimum lease payments under non-cancellable operating leases are as follows:

(Millions of yen)

	Date of transition to IFRS (April 1, 2017)	March 31, 2018	**March 31, 2019**
Within 1 year	12,381	14,540	**15,820**
1 to 5 years	24,513	37,073	**34,289**
Over 5 years	21,133	17,525	**15,175**
Total	58,027	69,137	**65,283**

Total minimum lease payments under operating leases that were expensed were as follows:

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)**
Total minimum lease payments	83,197	**82,381**
Total	83,197	**82,381**

32. Commitments

(1) Purchase commitment

Commitments, including for purchase of property, plant and equipment and inventories, as of April 1, 2017, March 31, 2018 and March 31, 2019 were primarily executory contracts related to purchases of telecommunications equipment and mobile devices as follows:

(Millions of yen)

	Date of transition to IFRS April 1, 2017	March 31, 2018	**March 31, 2019**
Property, plant and equipment	26,558	36,693	**-**
Inventories	30,827	25,537	**29,367**
others	41,336	156,853	**108,724**
Total	98,721	219,083	**138,091**

Other purchase commitments mainly includes the one associated with the use of leased line solutions and the amount were for the fiscal year ended March 31, 2018 and 2019 were ¥102,000 and ¥80,500 million, respectively.

(2) Loan commitment

DOCOMO provides the cash advance service which accompanies credit cards issued by DOCOMO. Total outstanding credit lines related to loan commitments of the cash advance service as of transition date, March 31, 2018 and 2019 were ¥156,709 million, ¥175,906 million and ¥195,810 million, respectively.

Credit lines are not necessarily executed to the maximum amount because these contracts contain a clause to lower the credit lines if there are reasonable grounds.

DOCOMO believes that there is no material credit risk of loan commitment based on our historical experience.

33. Contingencies

Litigation

DOCOMO is involved in litigation and claims arising in the ordinary course of business. DOCOMO believes that none of the litigation or claims outstanding, pending or threatened against DOCOMO would have a material adverse effect on DOCOMO's results of operations, financial position or cash flows.

Guarantees

DOCOMO enters into agreements in the normal course of business that provide guarantees for counterparties. These counterparties include subscribers, related parties, foreign wireless telecommunications service providers and other business partners.

DOCOMO provides subscribers with guarantees for product defects of cellular phone handsets sold by DOCOMO, but DOCOMO is provided with similar guarantees by the handset vendors and no liabilities were recognized for these guarantees.

Though the guarantees or indemnifications provided in transactions other than those with the subscribers are different in each contract, the likelihood of almost all of the performance of these guarantees or indemnifications are remote and amount of payments DOCOMO could be claimed for is not specified in almost all of the contracts. Historically, DOCOMO has not made any significant guarantee or indemnification payments under such agreements. DOCOMO estimates the fair value of the obligations related to these agreements is not significant. Accordingly, no liabilities were recognized for these obligations.

34. Fair value measurements

Fair values of financial instruments are determined based on market information such as quoted market prices, and valuation techniques including the market approach, income approach and cost approach. Inputs used for the fair value measurement are classified into the following three levels:

- Level 1: quoted prices in active markets
- Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3: unobservable inputs

Transfers between the levels of fair value hierarchy are recognized to have occurred at each quarter end.

Regarding the information as at the transition date and the end of the previous fiscal year, financial assets and liabilities applicable under IFRS 9 are stated in accordance with U.S. GAAP, based on the exemptions under IFRS 7 and IFRS 9 based on IFRS 1.

The carrying amounts and fair values of financial instruments, and their associated levels of fair value hierarchy, as of April 1, 2017, March 31, 2018 and March 31, 2019 are as follows. If the carrying amounts of financial assets or financial liabilities not measured at fair value are a reliable approximation of their fair values, information concerning the fair values of such items is not included in the following tables.

Transition date (April 1, 2017)

	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Receivables held for sale	¥ 875,429	¥ 875,429	¥ -	¥ 875,429	¥ -
Available-for-sale securities					
Equity securities (domestic)	83,974	83,974	83,974	-	-
Equity securities (foreign)	95,680	95,680	95,680	-	-
Debt securities (foreign)	5	5	5	-	-
Total available-for-sale securities	179,659	179,659	179,659	-	-
Derivatives					
Foreign exchange forward contracts	0	0	-	0	-
Total derivatives	0	0	-	0	-
Total	¥ 1,055,088	¥ 1,055,088	¥ 179,659	¥ 875,429	¥ -
Financial liabilities measured at fair value:					
Derivatives					
Foreign currency option contracts	¥ 1,336	¥ 1,336	¥ -	¥ 1,336	¥ -
Foreign exchange forward contracts	11	11	-	11	-
Total derivatives	1,347	1,347	-	1,347	-
Total	¥ 1,347	¥ 1,347	¥ -	¥ 1,347	¥ -

March 31, 2018

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Receivables held for sale....................	¥ 916,945	¥ 916,945	¥ -	¥ 916,945	¥ -
Available-for-sale securities					
Equity securities (domestic)............	94,433	94,433	94,433	-	-
Equity securities (foreign)..............	84,297	84,297	84,297	-	-
Debt securities (foreign)...................	4	4	4	-	-
Total available-for-sale securities.......	178,734	178,734	178,734	-	-
Derivatives					
Foreign exchange forward contracts...	0	0	-	0	-
Total derivatives.................................	0	0	-	0	-
Total...	¥ 1,095,679	¥ 1,095,679	¥ 178,734	¥ 916,945	¥ -
Financial liabilities measured at fair value:					
Derivatives...................................					
Foreign currency option contracts....	¥ 843	¥ 843	¥ -	¥ 843	¥ -
Foreign exchange forward contracts	2	2	-	2	-
Total derivatives...........................	845	845	-	845	-
Total...	¥ 845	¥ 845	¥ -	¥ 845	¥ -

No significant transfer between levels occurred for the ended March 31, 2019.

March 31, 2019

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables......	**¥ 1,178,186**	**¥ 1,178,186**	**¥ -**	**¥ 1,178,186**	**¥ -**
Derivatives..................................					
Foreign exchange forward contracts	**1**	**1**	**-**	**1**	**-**
Total derivatives...........................	**1**	**1**	**-**	**1**	**-**
Investment trust............................	**942**	**942**	**-**	**942**	**-**
Financial assets measured at fair value through other comprehensive income					
Shares and contributions...............	**200,984**	**200,984**	**160,064**	**1,675**	**39,244**
Total...	**¥ 1,380,113**	**¥ 1,380,113**	**¥ 160,064**	**¥ 1,180,804**	**¥ 39,244**
Financial liabilities measured at fair value:					
Financial liabilities measured at air value through profit or loss					
Derivatives...................................					
Foreign currency option contracts....	**¥ 26**	**¥ 26**	**¥ -**	**¥ 26**	**¥ -**
Foreign exchange forward contracts	**0**	**0**	**-**	**0**	**-**
Total derivatives...........................	**26**	**26**	**-**	**26**	**-**
Total...	**¥ 26**	**¥ 26**	**¥ -**	**¥ 26**	**¥ -**

1. No significant transfer between levels occurred for the fiscal year ended March 31, 2019.
2. With respect to financial instruments categorized within Level 3, no significant changes in fair value are expected when any of the unobservable inputs used in the measurement are changed to reasonably possible alternative assumptions.
3. With respect to financial instruments categorized within Level 3, no reconciliation is stated since there was no significant change in the financial instruments for the ended March 31, 2019. These financial instrument were classified as available-for-sale securities at the transition date and for the fiscal year ended March 31, 2018. Related information is disclosed in "Note 2. Basis of preparation (4) Change in accounting policies."

The fair values of financial assets and financial liabilities are determined by the following method. In estimating the fair values of financial instruments, market prices are used where available. If market prices are not available, the fair values of financial instruments are estimated by discounting their future cash flows, or by other appropriate methods.

“Cash and cash equivalents,” “trade and other receivables,” and “trade and other payables”

Short-term receivables held for sale and trade receivables measured at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

“Other financial assets (current)” and “securities and other financial assets (non-current)”

Other financial assets include marketable securities and investments in shares of common stock and bonds issued by unlisted non-equity-method associates.

The fair values of marketable securities are measured at the quoted market prices of identical assets in active markets.

For unlisted common shares without quoted market prices, fair value is not estimated at the transition date or the end of the previous fiscal year. In the fiscal year ended March 31, 2019, however, unlisted common shares are measured at fair value, using the evaluation model based on discounted future cash flows, revenues, profitability and net assets, along with the evaluation methods including the peer comparison method.

Derivative instruments comprise foreign currency option contracts and foreign exchange forward contracts, and their fair values are evaluated based on observable market data. The valuation of these derivatives is periodically verified using observable market data, such as exchange rates.

Long-term receivables held for sale at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

“Short-term borrowings” and “long-term debt including current portion”

The fair values of short-term borrowings and long-term debt including current portion are estimated based on discounted future cash flows calculated using an interest rate that will be applicable when similar debt is obtained.

Their fair values are evaluated and verified based on observable market data, and categorized within Level 2.

“Other financial liabilities (current)” and “other financial liabilities (non-current)”

Derivative instruments comprise foreign currency option contracts and foreign exchange forward contracts. Their fair values are evaluated based on observable market data and categorized within Level 2. The valuation of such derivatives is periodically verified using observable market data, such as exchange rates.

The fair values of other financial liabilities that do not mature within a short period are determined by discounting their estimated future cash flows, using an interest rate that will be applicable when debt with the same residual period under the same terms is obtained by a consolidated company.

Quantitative information regarding assets categorized within Level 3

Quantitative information at the end of the year ended March 31, 2019 regarding the assets measured at fair value using significant unobservable inputs, on a recurring basis, is as follows. The amounts of the assets categorized within Level 3 are not material at the transition date and the end of the previous fiscal year.

March 31, 2019

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	39,244	Peer comparison method	EV/EBITDA ratio	7 to 9
			Price-to-book ratio	0 to 2

Significant unobservable inputs used for measuring fair value of unlisted shares are mainly discount rate and EV/EBITDA ratio.

The personnel responsible in the Accounts and Finance Group of the Company conducts, subject to internal regulations, the fair value measurement, using valuation techniques and inputs that can most appropriately reflect the nature, characteristics and risks of the financial instruments subject to the fair value measurement. For financial instruments requiring the fair value measurement that involves high-level knowledge and experience, and whose monetary values are material, external experts for valuation are hired for the purpose of the fair value measurement. The analysis of changes in the fair value is reviewed and approved by the manager of the responsible department, after which the results of the fair value measurement of financial instruments, including results of the evaluation by the external experts, are reported to the Board of Directors of the Company.

35. Financial instruments

As of the transition date and for the fiscal year ended March 31, 2018, DOCOMO adopted the previous accounting standards (U.S. GAAP) pursuant to the exemptions from retrospective application of IFRS 7 and IFRS 9 based on IFRS 1. IFRS 7 and IFRS 9 were applied for the fiscal year ended March 31, 2019.

(1) Capital management

Aiming for sustainable development, DOCOMO will strive to improve its capital efficiency through share repurchase with a focus on profit growth.

・EPS: Earnings Per Share

EPS is disclosed in “Note 36. Earnings per share.”

DOCOMO is not subject to any significant capital requirements.

(2) Risk management

1) Risk management framework

The fair values of DOCOMO’s assets and liabilities and DOCOMO’s cash flows may be negatively impacted by fluctuations in interest rates and foreign exchange rates. To manage these risks, DOCOMO uses derivative instruments such as interest rate swap agreements, foreign exchange forward contracts, non-deliverable forward contracts (NDF) and foreign currency option contracts as needed. The financial instruments are executed with creditworthy financial institutions and DOCOMO believes that there is little risk of default by these counterparties. DOCOMO sets and follows internal regulations that establish conditions to enter into derivative contracts and procedures of approving and monitoring such contracts.

2) Credit risk

DOCOMO has financial receivables, including credit card receivables and receivables due to transfers. Credit card receivables arise from usage of credit services by the customers. Receivables due to transfers arise from sales of DOCOMO’s “receivables, mainly trade receivables for telecommunications services” to NTT FINANCE. These receivables generally do not bear interest. DOCOMO defines default as the failure of customers or other obligators to pay, when due, their obligations that results in irrecoverable receivables.

DOCOMO appropriately extends credits and manages credit risks for these transactions. Credit card contracts or the contract regarding transfers of receivables with NTT FINANCE, DOCOMO performs credit checks and manages the credit exposure thereafter by monitoring payment delays. The amounts per transaction for credit card usage are generally low and the billing cycle is also short at generally one month. Therefore, DOCOMO is able to maintain accurate past due information on a timely basis. Most of the customers utilize automated payment systems through financial institutions to pay for the outstanding credit card balances, which mitigates the risk of uncollected receivables significantly. In relation to receivables due to transfers, the billing cycle is also short at generally two months and therefore, DOCOMO is also able to maintain accurate past due information on a timely basis and the risk of uncollected receivables is mitigated. Because of the nature of the business and its effective credit control system, DOCOMO believes that a credit risk in its credit services is low.

Since DOCOMO appropriately extends credits, manages credit risks and writes off uncollectible receivables, the amount of past due receivables is not significant.

Receivables held for sale are determined to be sold to NTT FINANCE. As NTT FINANCE is a creditworthy financial institution, DOCOMO believes that there is little credit risk in those receivables.

(i) Transition date and fiscal year ended March 31, 2018

Financial receivables and related allowance for doubtful accounts as of the end of the fiscal year ended March 31, 2018 were as follows:

(Millions of yen)

	Date of transition to IFRS (April 1, 2017)			
	Credit card receivables	Receivables due to transfers	Other	Total
Allowance for doubtful accounts				
Balance as of April 1, 2017	12,670	-	8,949	21,619
Ending balance: collectively evaluated for impairment	12,670	-	53	12,723
Ending balance: individually evaluated for impairment	-	-	8,896	8,896
Financial receivables				
Balance as of April 1, 2017	347,557	299,467	18,372	665,396
Ending balance: collectively evaluated for impairment	347,557	299,467	9,471	656,495
Ending balance: individually evaluated for impairment	-	-	8,901	8,901

The balances of receivables held for sale as of April 1, 2017 reclassified from installment receivables and credit card receivables were ¥827,144 million and ¥3,404 million, respectively.

(Millions of yen)

	March 31, 2018			
	Credit card receivables	Receivables due to transfers	Other	Total
Allowance for doubtful accounts				
Balance as of April 1, 2017	12,670	-	8,949	21,619
Provision	17,499	-	(1,218)	16,281
Charge-offs	(12,670)	-	(4,088)	(16,758)
Balance as of March 31, 2018	17,499	-	3,643	21,142
Ending balance: collectively evaluated for impairment	17,499	-	65	17,564
Ending balance: individually evaluated for impairment	-	-	3,578	3,578
Financial receivables				
Balance as of March 31, 2018	432,082	309,403	14,337	755,822
Ending balance: collectively evaluated for impairment	432,082	309,403	10,753	752,238
Ending balance: individually evaluated for impairment	-	-	3,584	3,584

The cost of installment receivables and credit card receivables which were sold for the fiscal year ended March 31, 2018 were ¥720,924 million and ¥39,192 million, respectively. The balances of receivables held for sale as of March 31, 2018 reclassified from installment receivables and credit card receivables were ¥797,911 million and ¥3,127 million, respectively.

Allowance for doubtful accounts is computed based on historical bad debt experience and the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy. When it is determined that there is little possibility of collection based on the debtor's solvency, such receivables are written off.

(ii) Fiscal year ended March 31, 2019

The maximum exposure to credit risk as of the end of the fiscal year ended March 31, 2019 was as follows:

Trade and other receivables

March 31, 2019

(Millions of yen)

Delinquency status	Gross carrying amount	Loss allowance	Impaired or not impaired
Before due	1,109,162	(1,165)	Not impaired
1 day to 120 days	45,023	(2,426)	Not impaired
More than 120 days	60,505	(23,154)	Impaired
Total	1,214,690	(26,746)	

DOCOMO measures loss allowance for the above financial instruments by the method as follows. The amount related to credit impairment losses is recorded in "Cost of equipment sold and services, and other expenses" in the consolidated statements of profit or loss. Information regarding the accounting policies is disclosed in "Note 3. Significant accounting policies", (3) Financial instruments, 2) Impairment of financial assets."

Measurement of 12-month expected credit losses and lifetime expected credit losses

Trade and other receivables contain mainly receivables held for sale measured at the fair value through profit or loss and receivables measured at amortized cost, which include credit card receivables and receivables due to transfers. Most of the customers utilize automated payment systems through financial institutions, which mitigates the credit risk.

DOCOMO records the loss allowance at the same amount of the expected credit losses of the lifetime period. We determine the credit risk on a receivable is significantly increased if the receivable is not paid even after due. We also determine that the receivable is credit impaired when it is 120 days overdue, on ground that future collectability is lower based on our experience.

Forward-looking information

DOCOMO measures expected credit losses on a collective basis, considering historical experiences of credit losses in the past and expected economic situation as forward-looking information.

Changes in estimation techniques or significant assumptions during the reporting period

There were no changes in estimation techniques or significant assumptions during the reporting period.

Other financial assets

DOCOMO utilize other financial assets mainly for short-term cash management. Those assets are basically principal guaranteed and are executed with creditworthy financial institutions, and DOCOMO believes that the credit risk for other financial assets is not material. As of the end of the fiscal year ended March 31, 2018 and 2019, other financial assets relate mainly to the contracts for bailments of cash for consumption with NTT FINANCE for cash management purposes.

Information regarding the transaction with NTT FINANCE is disclosed in "Note 30. Related party transactions."

Changes in loss allowances during the fiscal year ended March 31, 2019 were as follows:

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Measured at the amount equal to 12-month expected credit losses	Measured at the amount equal to the lifetime expected credit losses			Total
		For financial assets that are not credit impaired	For credit-impaired financial assets	For trade receivables	
Balance as of April 1, 2018	119	-	3,481	20,065	23,665
Increase during the period	0	-	12	24,496	24,507
Decrease during the period	-	-	(12)	(17,815)	(17,827)
Balance as of March 31, 2019	119	-	3,481	26,746	30,346

The amount of loss allowances measured based on the incurred loss model as of March 31, 2018 is equal to the amount of loss allowance measured based on expected credit loss model as of April 1, 2018.

There were no financial assets amortized directly.

There were no significant changes in total carrying amounts that affected the change in loss allowances for the fiscal year ended March 31, 2019.

3) Concentration of credit risk

As of the end of the fiscal year ended March 31, 2019, the amount of other receivables due to transfer, which were resulting from the sale of receivables to NTT FINANCE was ¥315,671 million, and the amount of receivables held for sale, which were to be sold to NTT FINANCE was ¥1,178,186 million.

Information regarding the transaction with NTT FINANCE is disclosed in “Note 30. Related party transactions.”

4) Liquidity risk

Liquidity risk is the risk which DOCOMO faces when performing its obligations related to financial liabilities settled in cash or other financial assets. DOCOMO’s basic policy concerning the procurement of funds that support business activities is to secure funds in a cost-effective and stable manner.

As of the end of the fiscal year ended March 31, 2019, DOCOMO held cash and cash equivalents of ¥219,963 million. Cash equivalents represent a temporary cash surplus used to repay debts and make investments, among other purposes, and are used as working capital. Accordingly, the balance of cash equivalents fluctuates each fiscal year depending on financing and working capital requirements.

As of the end of the fiscal year ended March 31, 2019, DOCOMO had undrawn credit facilities of ¥455 billion under bank overdraft contract.

As of the end of the fiscal year ended March 31, 2019, the balance of financial liabilities by maturity was as follows.
Regarding the balance of finance lease obligations by maturity, refer to “Note 31. Lease.”

March 31, 2019

(Millions of yen)

	Within 1 year	1 year to 5 years	Over 5 years	Total
Trade and other payables (*1)	1,058,007	-	-	1,058,007
Other financial liabilities (current) (*2)	10,495	-	-	10,495
Long-term debt (*3)	-	50,000	-	50,000
Other financial liabilities (non-current) (*2)	-	8,199	1,111	9,310

(*1) The amount of payables which are inapplicable under IFRS 9 is included in the above. Related information is disclosed in “Note 16. Trade and other payables.”

(*2) The amount of lease liabilities is included in the above. Related information is disclosed in “Note20. Other financial liabilities.”

(*3) The amount of representing interest is not included in the above. Related information is disclosed in “Note17. Short-term borrowings and long-term debt.”

5) Market risk

Market risk is the risk associated with changes in market prices including foreign exchange rates, interest rates and stock prices, which affect the revenue or the value of financial instruments held by DOCOMO. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

DOCOMO, when appropriate, uses derivative instruments such as foreign exchange forward contracts, interest rate swap agreements, foreign currency swap agreements and interest rate option contracts for the purpose of managing the exposure to obligations and losses on assets. DOCOMO does not conduct derivative transactions for trading purposes. Derivative transactions are conducted under DOCOMO's internal rules and managed by the relevant divisions of the Company and its subsidiaries.

(i) Managing the fluctuation risk of interest rate

DOCOMO may use interest rate swap agreements, under which DOCOMO receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM).

DOCOMO did not enter into any interest rate swap agreements designated as instruments hedging the changes in fair value for the fiscal year ended March 31, 2019. DOCOMO was not a counterparty to any interest rate swap agreements designated as instruments hedging the changes in fair value as of the end of the fiscal year ended March 31, 2019.

Since the impact of the fluctuation of market interest rates on DOCOMO is not material, the description of sensitivity analysis is omitted.

(ii) Managing the fluctuation risk of foreign exchange rate

To manage the fluctuation risk of interest rates and foreign exchange rates, DOCOMO uses derivative instruments such as interest rate swap agreements, foreign exchange forward contracts, non-deliverable forward contracts (NDF) and foreign currency option contracts as needed. For these transactions, hedge accounting was not applied.

Since the impact of foreign exchange rates on DOCOMO is not material, the description of sensitivity analysis is omitted.

(iii) Managing the fluctuation risk of stock prices

As of the end of the fiscal year ended March 31, 2019, DOCOMO held marketable stocks mainly of its business partners and associates, and hence is exposed to the fluctuation risk of stock prices. DOCOMO manages the fluctuation risk of stock prices by regularly monitoring the fair value and the unrealized gains or losses for each investee under the risk management strategy.

Since the impact of the fluctuation risk of stock prices on DOCOMO is not material, the description of sensitivity analysis is omitted.

36. Earnings per share

The basis for the calculation of basic earnings per share attributable to common shareholders of NTT DOCOMO, INC is as follows:

Diluted earnings per share is not stated, as no dilutive shares are issued.

	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	**Fiscal year ended March 31, 2019 (April 1, 2018– March 31, 2019)**
Basis for the calculation of basic earnings per share		
Profit attributable to common shareholders of NTT DOCOMO, INC (Millions of yen)	790,830	**663,629**
Profit not attributable to common shareholders of the parent company (Millions of yen)	-	**-**
Profit used to calculate basic earnings per share (Millions of yen)	790,830	**663,629**
Average number of common stock for the period (Thousands of shares)	3,690,843	**3,533,820**
Basic earnings per share (Yen)	214.27	**187.79**

37. Events after the reporting period

(Sale of shares in an associate)

As of April 1, 2019, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG. Related information is disclosed in “Note 11. Assets held for sale.”

(Repurchase of treasury stock)

Related information is disclosed in “Note 22. Equity.”

38. First-time adoption (disclosure regarding the transition to IFRS)

DOCOMO has prepared its condensed consolidated financial statements in accordance with IFRS from the first quarter ended June 30, 2018. The most recent consolidated financial statements prepared in accordance with U.S. GAAP covered the fiscal year ended March 31, 2018, and the date of transition to IFRS from U.S. GAAP was April 1, 2017.

(1) Exemptions under IFRS 1

A first-time adopter of IFRS is, in principle, required to retrospectively apply each IFRS standard effective at the end of its first IFRS reporting period. However, IFRS 1 provides two types of exceptions to this principle, those subject to mandatory application of the exemptions and those subject to voluntary application. The effects of applying these exemptions are adjusted to retained earnings or other components of equity on the transition date.

The exemptions voluntarily applied by DOCOMO are as follows.

- Business combinations

Under IFRS 1, an entity may elect not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before the transition date.

DOCOMO has elected not to apply IFRS 3 retrospectively to the business combinations that occurred prior to April 1, 2002. Thus, the amount of goodwill associated with the business combinations that occurred prior to April 1, 2002 was recognized at the carrying amount based on U.S. GAAP. Such goodwill is tested for impairment on the transition date, regardless of whether there is any indication of impairment.

- Deemed cost

Under IFRS 1, an entity may elect to use the fair value of an item of property, plant and equipment at the transition date as the deemed cost on that date. Thus, with respect to some items of property, plant and equipment, DOCOMO uses their fair value at the transition date as their deemed cost on that date.

- Foreign exchange translation differences

Under IFRS 1, an entity may elect to deem the cumulative translation differences to be zero at the transition date. DOCOMO has elected to deem the cumulative translation differences to be zero at the transition date, which are recognized in retained earnings.

- Revenue

Under IFRS 1, an entity may apply the transitional provisions under paragraph C5 of IFRS 15 “Revenue from Contracts with Customers.” DOCOMO has retrospectively applied IFRS 15 through the practical expedient set out in (d) under paragraph C5 of IFRS 15, and thus has not disclosed the amount of consideration allocated to the remaining performance obligations or the timing when DOCOMO expects to recognize such amount as revenue, for all reporting periods prior to the beginning of the first IFRS reporting period.

- Exemption from restatement of comparative information by the application of IFRS 9

If a first-time adopter’s first IFRS reporting period begins before January 1, 2019 and the first-time adopter applies IFRS 9 (2014 version), IFRS 1 permits the entity to apply previously adopted accounting standards, instead of restating comparative information concerning the items within the scope of IFRS 9 as required under IFRS 7 and IFRS 9.

DOCOMO recognizes and measures the items within the scope of IFRS 9 in the consolidated financial statements of the comparative periods in accordance with U.S. GAAP.

(2) Mandatory exceptions to the retroactive application under IFRS 1

IFRS 1 prohibits retroactive applications of IFRS to some items including “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “noncontrolling interests” and “classification and measurement of financial assets.” DOCOMO applies these items prospectively from the transition date (from April 1, 2018 as to the items included in the scope of IFRS 9).

(3) Reconciliations

Reconciliations based on IFRS 1 are as follows. In these reconciliations, the amounts under "Reclassification" include adjustments that affect neither retained earnings nor comprehensive income, while the amounts under "Difference in recognition and measurement" include adjustments that affect retained earnings and comprehensive income.

Reconciliation of equity on the transition date (April 1, 2017)

Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	289,610	-	(1,701)	287,910		Cash and cash equivalents
Short-term investments	301,070	74	1,109	302,253		Other financial assets
Accounts receivable	239,137	1,676,944	732	1,916,813		Trade and other receivables
Receivables held for sale	936,748	(936,748)	-	-		
Credit card receivables	347,557	(347,557)	-	-		
Other receivables	398,842	(398,842)	-	-		
Less: Allowance for doubtful accounts	(19,517)	19,517	-	-		
Inventories	153,388	-	968	154,356		Inventories
Prepaid expenses and other current assets	108,412	(13,388)	(18,817)	76,206	E,F	Other current assets
Total current assets	2,755,247	-	(17,709)	2,737,538		Total current asset
						Non-current assets
Property, plant and equipment:						
Wireless telecommunications equipment	5,084,923	(5,084,923)	-	-		
Buildings and structures	906,177	(906,177)	-	-		
Tools, furniture and fixtures	441,513	(441,513)	-	-		
Land	198,980	(198,980)	-	-		
Construction in progress	204,413	(204,413)	-	-		
Sub-total	6,836,006	(6,836,006)	-	-		
Accumulated depreciation and amortization	(4,295,111)	4,295,111	-	-		
Total property, plant and equipment, net	2,540,895	(2,540,895)	-	-		
	-	2,540,895	(47,706)	2,493,188	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	373,758	-	6,584	380,342	A,G	Investments accounted for using the equity method
Marketable securities and other investments	198,650	214,274	(24)	412,900		Securities and other financial assets
Intangible assets, net	608,776	-	(1,940)	606,836	B	Intangible assets
Goodwill	230,971	-	(151,659)	79,312	A	Goodwill
	-	-	268,018	268,018	E	Contract costs
Other assets	434,312	(214,274)	(112,984)	107,054	C,E	Other non-current assets
Deferred tax assets	310,465	-	(31,435)	279,030	A,B,C, E,F,G	Deferred tax assets
Total non-current investments and other assets	2,156,933	2,540,895	(71,147)	4,626,680		Total non-current assets
Total assets	7,453,074	-	(88,856)	7,364,218		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	60,217	1,623	67	61,906		Short-term borrowings
Short-term borrowings	1,623	(1,623)	-	-		
Accounts payable, trade	853,538	22,531	525	876,594		Trade and other payables
Accrued payroll	59,187	(59,187)	-	-		
	-	11,323	(93)	11,230		Other financial liabilities
Accrued income taxes	105,997	-	(188)	105,809		Accrued income taxes
	-	79,685	109,685	189,370	E	Contract liabilities
	-	1,116	33,636	34,753	E	Provisions
Other current liabilities	194,438	(55,468)	2,414	141,385	E,F	Other current liabilities
Total current liabilities	1,275,001	-	146,046	1,421,047		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	160,040	-	-	160,040		Long-term debt
	-	1,609	28,931	30,540		Other financial liabilities
Accrued liabilities for point programs	94,639	11,243	(97,115)	8,766	E	Provisions
Liability for employees' retirement benefits	193,985	-	4,762	198,747	C	Defined benefit liabilities
	-	-	18,955	18,955	E	Contract liabilities
Other long-term liabilities	145,321	(12,851)	(122,523)	9,946	E	Other non-current liabilities
Total long-term liabilities	593,985	-	(166,991)	426,994		Total non-current liabilities
Total liabilities	1,868,986	-	(20,945)	1,848,041		Total liabilities
Redeemable noncontrolling interests	22,942	-	(22,942)	-		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	-	-	949,680		Common stock
Additional paid-in capital	326,621	-	(178,881)	147,740	A	Additional paid-in capital
Retained earnings	4,656,139	-	71,847	4,727,986	A,B, C,D, E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	24,631	-	67,091	91,723	A,C, D,G	Other components of equity
Treasury stock	(426,442)	-	(1)	(426,443)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,530,629	-	(39,945)	5,490,685		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	30,517	-	(5,024)	25,492		Noncontrolling interests
Total equity	5,561,146	-	(44,969)	5,516,177		Total equity
Total liabilities and equity	7,453,074	-	(88,856)	7,364,218		Total liabilities and equity

Reconciliation of equity on March 31, 2018

Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	392,749	-	(2,281)	390,468		Cash and cash equivalents
Short-term investments	370,627	55	1,401	372,083		Other financial assets
Accounts receivable	243,684	1,733,178	(147)	1,976,715		Trade and other receivables
Receivables held for sale	901,483	(901,483)	-	-		
Credit card receivables	432,082	(432,082)	-	-		
Other receivables	408,400	(408,400)	-	-		
Less: Allowance for doubtful accounts	(24,899)	24,899	-	-		
Inventories	187,402	-	30	187,432		Inventories
Prepaid expenses and other current assets	125,618	(16,168)	(19,305)	90,145	E,F	Other current assets
Total current assets	3,037,146	-	(20,303)	3,016,843		Total current assets
						Non-current assets
Property, plant and equipment:						
Wireless telecommunications equipment	5,133,128	(5,133,128)	-	-		
Buildings and structures	917,216	(917,216)	-	-		
Tools, furniture and fixtures	448,760	(448,760)	-	-		
Land	199,202	(199,202)	-	-		
Construction in progress	202,963	(202,963)	-	-		
Sub-total	6,901,269	(6,901,269)	-	-		
Accumulated depreciation and amortization	(4,305,239)	4,305,239	-	-		
Total property, plant and equipment, net	2,596,030	(2,596,030)	-	-		
	-	2,596,030	(47,813)	2,548,216	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	384,890	-	6,556	391,446	A,G	Investments accounted for using the equity method
Marketable securities and other investments	199,478	235,863	(83)	435,257		Securities and other financial assets
Intangible assets, net	599,147	-	(1,023)	598,124	B	Intangible assets
Goodwill	224,264	-	(151,817)	72,448	A	Goodwill
	-	-	276,282	276,282	E	Contract costs
Other assets	478,503	(235,863)	(133,123)	109,516	C,E	Other non-current assets
Deferred tax assets	228,832	-	(22,026)	206,806	A,B, C,E, F,G	Deferred tax assets
Total non-current investments and other assets	2,115,114	2,596,030	(73,048)	4,638,095		Total non-current assets
Total assets	7,748,290	-	(93,351)	7,654,938		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	110,000	1,632	(403)	111,230		Short-term borrowings
Short-term borrowings	1,632	(1,632)	-	-		
Accounts payable, trade	888,722	21,984	252	910,958		Trade and other payables
Accrued payroll	60,574	(60,574)	-	-		
	-	12,238	15,809	28,047		Other financial liabilities
Accrued income taxes	155,037	-	(11)	155,026		Accrued income taxes
	-	90,344	125,136	215,480	E	Contract liabilities
	-	1,426	36,492	37,919	E	Provisions
Other current liabilities	278,193	(65,418)	(24,477)	188,298	E,F	Other current liabilities
Total current liabilities	1,494,158	-	152,799	1,646,957		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	50,000	-	-	50,000		Long-term debt
	-	1,530	7,923	9,453		Other financial liabilities
Accrued liabilities for point programs	99,305	10,452	(100,682)	9,075	E	Provisions
Liability for employees' retirement benefits	202,663	-	4,129	206,792	C	Defined benefit liabilities
	-	-	29,587	29,587	E	Contract liabilities
Other long-term liabilities	166,584	(11,982)	(143,755)	10,847	E	Other non-current liabilities
Total long-term liabilities	518,552	-	(202,798)	315,754		Total non-current liabilities
Total liabilities	2,012,710	-	(50,000)	1,962,710		Total liabilities
Redeemable noncontrolling interests	23,436	-	(23,436)	-		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	-	-	949,680		Common stock
Additional paid-in capital	326,356	-	(173,241)	153,115	A	Additional paid-in capital
Retained earnings	4,789,229	-	119,143	4,908,373	A,B,C,D,E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	63,547	-	38,795	102,342	A,C,D,G	Other components of equity
Treasury stock	(448,403)	-	-	(448,403)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,680,409	-	(15,303)	5,665,107		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	31,735	-	(4,614)	27,121		Noncontrolling interests
Total equity	5,712,144	-	(19,916)	5,692,228		Total equity
Total liabilities and equity	7,748,290	-	(93,351)	7,654,938		Total liabilities and equity

Reconciliation of comprehensive income for the fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Consolidated Statement of Profit or Loss

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Operating revenues:						Operating revenues
Telecommunications services	3,137,870	-	(45,131)	3,092,739	E	Telecommunications services
Equipment sales	755,138	-	34,707	789,845	E	Equipment sales
Other operating revenues	876,401	5,397	(2,113)	879,685	E	Other operating revenues
Total operating revenues	4,769,409	5,397	(12,537)	4,762,269		Total operating revenues
Operating expenses:						Operating expenses
Cost of services	1,348,100	(1,348,100)	-	-		
Cost of equipment sold	833,714	(833,714)	-	-		
Depreciation and amortization	485,502	(485,502)	-	-		
Impairment loss	12,088	(12,088)	-	-		
Selling, general and administrative	1,116,741	(1,116,741)	-	-		
	-	289,142	(1,027)	288,115	C	Personnel expenses
	-	2,556,889	(25,632)	2,531,257	B,E,F	Cost of equipment sold and services, and other expenses
	-	485,502	1,048	486,550	B,E	Depreciation and amortization
	-	12,088	(256)	11,833		Impairment loss
	-	389,586	804	390,390	E	Communication network charges
	-	66,833	331	67,163	B,E	Loss on disposal of property, plant and equipment and intangible assets
Total operating expenses	3,796,145	3,895	(24,732)	3,775,309		Total operating expenses
Operating income	973,264	1,502	12,194	986,960		Operating profit
Other income (expense):						
Interest expense	(63)	(33,342)	26,848	(6,557)	B	Finance costs
Interest income	499	7,120	1,577	9,196		Finance income
Income from arbitration award	147,646	-	-	147,646		Income from arbitration award
Other, net	(24,721)	24,721	-	-		
	-	(12,229)	16,675	4,446	D,G	Share of profits (losses) on equity method investments
	-	1,084,397	57,294	1,141,690	B,C,D,E,F,G	Profit before taxes
Income before income taxes and equity in net income (losses) of affiliates	1,096,625	(1,096,625)	-	-		
Income taxes:						
Current	282,055	(282,055)	-	-		
Deferred	55,720	(55,720)	-	-		
Total income taxes	337,775	(337,775)	-	-		
		337,775	11,458	349,234		Income taxes
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(12,229)	12,229	-	-		
Net income	746,621	-	45,836	792,456		Profit
						Profit attributable to:
Net income attributable to NTT DOCOMO, INC	744,542	-	46,288	790,830		Shareholders of NTT DOCOMO, INC
Net income attributable to noncontrolling interests	2,079	-	(452)	1,626		Noncontrolling interests

Consolidated Statement of Comprehensive Income

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Net income	746,621	-	45,836	792,456		Profit
Other comprehensive income (loss):						Other comprehensive income (net of taxes)
						Items that will not to be reclassified to profit or loss
	-	-	1,227	1,227		Remeasurements of defined benefit plans
	-	-	(216)	(216)	G	Share of other comprehensive income of investments accounted for using the equity method
	-	-	1,011	1,011		Total of items that will not to be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	11,319	-	(9,414)	1,904		Unrealized holding gains (losses) on available-for-sale securities
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(36)	-	36	-		
Foreign currency translation adjustment, net of applicable taxes	25,455	-	(29,458)	(4,003)	D	Foreign exchange translation differences
Pension liability adjustment, net of applicable taxes	2,309	-	(2,309)	-		
	-	-	12,850	12,850	G	Share of other comprehensive income of investments accounted for using the equity method
	-	-	10,751	10,751		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income (loss)	39,047	-	(27,285)	11,762		Total other comprehensive income (net of taxes)
Comprehensive income	785,668	-	18,551	804,218		Comprehensive income

(4) Notes on reclassification

a. Separate presentation of financial assets and financial liabilities

Under IFRS, other financial assets and other financial liabilities are presented separately pursuant to its presentation rules.

b. Presentation of operating expenses

Whereas "operating expenses" were presented based on the cost function method under U.S. GAAP, they are presented based on the nature of expense method under IFRS.

(5) Notes on difference in recognition and measurement

Major items involved in reconciliation of retained earnings are as follows.

	Millions of yen	
	Transition date (April 1, 2017)	March 31, 2018
Retained earnings under U.S. GAAP	¥ 4,656,139	¥ 4,789,229
A. Business combinations and equity method investments	11,555	11,555
B. Property, plant and equipment, and intangible assets	(33,847)	(33,355)
C. Employee benefits	(41,215)	(39,040)
D. Cumulative translation differences	(14,031)	12,875
E. Revenue	154,083	160,114
F. Levies	(20,608)	(19,951)
G. Associates	17,682	29,817
Other	(1,771)	(2,872)
Total difference in recognition and measurement	71,847	119,143
Retained earnings under IFRS	¥ 4,727,986	¥ 4,908,373

Major items involved in reconciliation of income before income taxes are as follows.

	Millions of yen
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Income before income taxes under U.S. GAAP	¥ 1,084,397
A. Business combinations and equity method investments	-
B. Property, plant and equipment, and intangible assets	718
C. Employee benefits	1,382
D. Cumulative translation differences	45,224
E. Revenue	9,152
F. Levies	1,046
G. Associates	1,253
Other	(1,481)
Total difference in recognition and measurement	57,294
Profit before taxes under IFRS	¥ 1,141,690

A. Business combinations and equity method investments

Additional acquisition of noncontrolling equity interests in a subsidiary that occurred prior to March 31, 2009 was accounted for using the acquisition method under U.S. GAAP. Under the acquisition method, the acquisition cost was allocated to identifiable assets acquired and liabilities assumed, which were measured based on the estimated fair value, with the excess of the acquisition cost over the net assets acquired recognized as goodwill. Under IFRS, changes in a parent's ownership interest in a subsidiary that do not result in a loss of the parent's control over the subsidiary are accounted for as capital transactions.

In addition, under U.S. GAAP, when an investment became an equity-accounted investee in stages, the previously held interest was accounted for using the equity method retroactively. Under IFRS, when an investment became an equity-accounted investee in stages, it was initially measured as the sum of the consideration paid for the additional interest and the fair value of the previously held interest. The equity method did not apply retrospectively to the previous interests.

Moreover, under U.S. GAAP, noncontrolling interests in an acquiree are measured at fair value at the time of business combination. Under IFRS, DOCOMO can select on a transaction-by-transaction basis to measure the noncontrolling interests in an acquiree either at fair value, or at the proportionate share in the identifiable net assets of the acquiree.

The impact of this change is as follows.

	Millions of yen	
	Transition date (April 1, 2017)	March 31, 2018
(Consolidated statement of financial position)		
Goodwill	¥ (127,883)	¥ (127,883)
Investments accounted for using the equity method	2,250	2,250
Deferred tax assets	(18,238)	(18,238)
Additional paid-in capital	156,523	156,523
Other components of equity	(1,097)	(1,097)
Adjustment to retained earnings	¥ 11,555	¥ 11,555

B. Property, plant and equipment, and intangible assets

With respect to some items of property, plant and equipment, DOCOMO applies the voluntary exemption that allows the use of the assets' fair values as of the date of transition to IFRS, as the deemed costs. As of the date of transition to IFRS, the previous carrying amount of those property, plant and equipment measured at deemed costs was ¥87,577 million, while the fair value of those assets was ¥42,518 million.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets were capitalized as assets under U.S. GAAP. Only those of which, that are associated with those assets that meet qualifying assets under IFRS were capitalized.

Furthermore, part of research and development expenditures that were expensed under U.S. GAAP are recognized as assets in the condensed consolidated statement of financial position as they meet the criteria for capitalization under IFRS, and amortized by the straight line method over their estimated useful lives.

The impact of this change is as follows.

	Millions of yen			
	Transition date (April 1, 2017)		March 31, 2018	
(Consolidated statement of financial position)				
Property, plant and equipment	¥	(48,068)	¥	(48,237)
Intangible assets		(1,272)		(386)
Deferred tax assets		15,493		15,268
Adjustment to retained earnings	¥	(33,847)	¥	(33,355)

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	
(Consolidated statement of profit or loss)		
Cost of equipment sold and services, and other expenses	¥	2,468
Depreciation and amortization		873
Loss on disposal of property, plant and equipment and intangible assets		(70)
Finance costs		(2,553)
Adjustment to profit before tax	¥	718

C. Employee benefits

Under U.S. GAAP, service cost, interest cost and expected return on plan assets associated with post-retirement benefits under the defined benefit plans were recognized as profit or loss. Actuarial gain or loss and past service cost arising from the defined benefit plans were recognized in other comprehensive income, and then they were recognized in profit or loss as components of net periodic pension cost over a certain future period.

Under IFRS, on the other hand, current service cost and past service cost under the defined benefit plans are recognized as profit or loss, while net interest cost is recognized in profit or loss at an amount calculated by multiplying the net defined benefit liabilities (assets) by discount rates. Remeasurement of the net defined benefit liabilities (assets) is recognized as other comprehensive income, which, upon its occurrence, is transferred directly from other components of equity to retained earnings, without going through profit or loss. Remeasurement comprises actuarial gains (losses) associated with the defined benefit obligations and returns associated with plan assets (excluding interest incomes associated with plan assets).

The impact of this change is as follows.

	Millions of yen			
	Transition date (April 1, 2017)		March 31, 2018	
(Consolidated statement of financial position)				
Deferred tax assets	¥	1,496	¥	1,306
Defined benefit liabilities		(4,765)		(4,161)
Other components of equity		(37,946)		(36,186)
Adjustment to retained earnings	¥	(41,215)	¥	(39,040)

	Millions of yen	
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	
(Consolidated statement of profit or loss)		
Personnel expenses	¥	1,382
Adjustment to profit before taxes	¥	1,382

D. Cumulative translation differences

On the application of IFRS, DOCOMO has applied the exemption under IFRS 1 regarding the cumulative translation differences, and thereby elected to deem the cumulative translation differences to be zero at the transition date and, are recognized in retained earnings.

As a result, the cumulative foreign currency translation differences of ¥18,148 million as part of other components of equity at the transition date were wholly transferred to “retained earnings.”

In addition, DOCOMO received an arbitration award from Tata Sons Limited (“Tata Sons”) on October 31, 2017, while transferring, at the same time, all of the shares in Tata Teleservices Limited (“TTSL”) held by DOCOMO to Tata Sons as well as a company designated by Tata Sons. Upon the aforementioned share transfer, DOCOMO discontinued applying the equity method. DOCOMO recorded, pursuant to U.S. GAAP, equity in net losses of affiliates of ¥15,383 million in the consolidated statements of income for the fiscal year ended March 31, 2018, prior to the share transfer, and loss on the transfer of investment in an affiliate of ¥29,841 million associated with the reclassification adjustments of foreign currency translation adjustment in other income (expense) included in “Other, net” on the consolidated statements of income for the fiscal year ended March 31, 2018. Under IFRS, however, since DOCOMO has elected to deem the cumulative translation differences to be zero at the transition date, no share of profit (loss) on equity method investments and the loss on the transfer of investment in TTSL has arisen under equity method accounting.

E. Revenue

Under U.S. GAAP, costs to obtain and fulfill a contract in the telecommunications business were capitalized to the extent of the related non-recurring upfront activation fees incurred and amortized over the average expected period of subscription. Under IFRS, however, such costs are capitalized with no limit to the extent that meets the criteria for capitalization. As a result, some sales commission and other charges, which were expensed under U.S. GAAP, are additionally capitalized. The points that are granted to customers commensurate with the usage of services provided by DOCOMO, were recognized as provisions under U.S. GAAP. Under IFRS, however, part of the consideration for the services is recognized as contract liabilities when the points are granted to customers, and the revenue is recognized at the time when the points are used.

Non-recurring upfront activation fee in the telecommunications business was deferred, and was recognized as revenue by type of service over the average expected period of subscription under U.S. GAAP. Under IFRS, non-recurring upfront activation fee received in return for material rights renewals is deferred as a “contract liability” in the condensed consolidated statement of financial position and is recognized as revenue over a period during which DOCOMO provides customers with material rights.

The impact of this change is as follows.

	Millions of yen	
	Transition date (April 1, 2017)	March 31, 2018
(Consolidated statement of financial position)		
Other current assets	¥ (15,533)	¥ (17,981)
Contract costs	268,018	276,282
Deferred tax assets	(70,015)	(73,167)
Other non-current assets	(107,406)	(117,566)
Contract liabilities (current)	(109,685)	(125,136)
Provisions (current)	(32,461)	(34,955)
Other current liabilities	18,102	25,618
Contract liabilities (non-current)	(18,955)	(29,587)
Provisions (non-current)	108,068	121,450
Other non-current liabilities	113,950	135,156
Adjustment to retained earnings	¥ 154,083	¥ 160,114

	Millions of yen
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)	
Operating revenues	¥ (20,476)
Cost of equipment sold and services, and other expenses	32,368
Depreciation and amortization	(1,655)
Communication network charges	(828)
Loss on disposal of property, plant and equipment and intangible assets	(257)
Adjustment to profit before taxes	¥ 9,152

F. Levies

Under U.S. GAAP, expenditure of levies such as real estate tax was expensed over the relevant accounting period. Under IFRS, however, the amount of the expenditure is recognized as an expense in full at the time when payment obligation arises.

The impact of this change is as follows.

	Millions of yen	
	Transition date (April 1, 2017)	March 31, 2018
(Consolidated statement of financial position)		
Other current liabilities	(30,129)	(29,083)
Deferred tax assets	9,521	9,132
Adjustment to retained earnings	¥ (20,608)	¥ (19,951)

	Millions of yen
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)	
Cost of equipment sold and services, and other expenses	¥ 1,046
Adjustment to profit before taxes	¥ 1,046

G. Associates

Under U.S. GAAP, deferred tax liabilities recognized for taxable temporary differences associated with investment in associates were measured based on the future reversal of the taxable temporary differences resulting from the sale of investments, whereas under IFRS, those are measured based on the most likely manner of future reversal, such as the distribution of dividends.

In addition, as the equity-accounted associates adopted IFRS 15, the equity of those associates is modified as a result.

The impact of this change is as follows.

	Millions of yen	
	Transition date (April 1, 2017)	March 31, 2018
(Consolidated statement of financial position)		
Investments accounted for using the equity method	¥ 4,369	¥ 4,368
Deferred tax assets	28,320	42,570
Other components of equity	(15,007)	(17,121)
Adjustment to retained earnings	¥ 17,682	¥ 29,817

	Millions of yen
	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)	
Share of profits (losses) on equity method investments	¥ 1,253
Adjustment to profit before taxes	¥ 1,253

(6) Significant adjustment to the consolidated statement of cash flows

Fiscal year ended March 31, 2018

Under IFRS, net cash provided by operating activities decreased by ¥12,940 million, net cash used in investing activities decreased by ¥12,840 million, and net cash used in financing activities increased by ¥362 million compared with the consolidated statements of cash flows prepared under U.S. GAAP. These changes were mainly due to the change in classification of receivables associated with finance services. Under IFRS, these receivables are classified in operating activities while they were classified in investing activities under U.S. GAAP.

(2) Others

(Millions of yen, unless otherwise stated)

	Three Months Ended June 30, 2018	Six Months Ended September 30, 2018	Nine Months Ended December 31, 2018	Fiscal Year Ended March 31, 2019
Operating Profit	1,176,668	2,389,521	3,654,116	4,840,849
Income before income taxes and equity in net income (losses) of affiliates	317,062	621,136	911,635	1,002,635
Net income attributable to shareholders of NTT DOCOMO, INC.	218,318	407,057	607,551	663,629
Basic earnings per share attributable to NTT DOCOMO, INC. (yen)	60.76	113.29	169.08	187.79

	Q1 April 1, 2018 - June 30, 2018	Q2 April 1, 2018 - September 30, 2018	Q3 October1, 2018 - December 31, 2018	Q4 January 1, 2019 - March 31, 2019
Diluted earnings per share attributable to NTT DOCOMO, INC. (yen)	60.76	52.53	55.80	16.73

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheets

	Millions of yen	
	March 31, 2018	**March 31, 2019**
ASSETS		
Property, plant and equipment and intangible assets:		
Property, plant and equipment and intangible assets for telecommunications businesses		
Property, plant and equipment		
Machinery and equipment	¥ 3,605,641	**¥ 3,636,398**
Accumulated depreciation and amortization	(2,493,996)	**(2,468,475)**
Machinery and equipment, net	1,111,645	**1,167,923**
Antenna facilities	1,256,423	**1,279,949**
Accumulated depreciation and amortization	(718,661)	**(733,805)**
Antenna facilities, net	537,762	**546,143**
Telecommunications line facilities	120,979	**126,374**
Accumulated depreciation and amortization	(92,438)	**(95,080)**
Telecommunications line facilities, net	28,540	**31,294**
Pipe and hand holes	28,326	**29,085**
Accumulated depreciation and amortization	(14,386)	**(15,118)**
Pipe and hand holes, net	13,940	**13,967**
Buildings	665,845	**669,879**
Accumulated depreciation and amortization	(384,029)	**(398,584)**
Buildings, net	281,815	**271,295**
Structures	222,198	**224,774**
Accumulated depreciation and amortization	(155,010)	**(159,171)**
Structures, net	67,188	**65,603**
Other machinery and equipment	12,961	**14,164**
Accumulated depreciation and amortization	(10,616)	**(10,332)**
Other machinery and equipment, net	2,344	**3,831**
Vehicles	2,555	**2,117**
Accumulated depreciation and amortization	(1,857)	**(1,705)**
Vehicles, net	698	**411**
Tools, furniture and fixtures	366,431	**380,778**
Accumulated depreciation and amortization	(306,568)	**(309,703)**
Tools, furniture and fixtures, net	59,863	**71,074**
Land	196,488	**196,262**
Lease assets	841	**1,135**
Accumulated depreciation and amortization	(405)	**(368)**
Lease assets, net	435	**766**
Construction in progress	169,149	**160,520**
Total property, plant and equipment	2,469,872	**2,529,093**

		Millions of yen		
		March 31, 2018		**March 31, 2019**
Intangible assets				
Rights to use utility facilities		10,687		**9,956**
Software		487,114		**509,117**
Patents		69		**20**
Leasehold rights		57,393		**57,672**
Lease assets		4		**1**
Other intangible assets		29,369		**32,553**
Total intangible assets		584,639		**609,322**
Total property, plant and equipment and intangible assets for telecommunications businesses		*1 3,054,511		***1 3,138,415**
Investments and other assets				
Investment securities		290,608		**256,282**
Shares of affiliated companies		298,706		**252,547**
Other investments in affiliated companies		9,022		**9,311**
Contributions in affiliated companies		5,131		**4,839**
Long-term loan receivable in affiliated companies		18,153		**18,843**
Long-term prepaid expenses		34,139		**51,859**
Long-term accounts receivable, other		225,798		**221,926**
Deferred tax assets		174,946		**176,678**
Other investments and other assets		117,310		**119,334**
Allowance for doubtful accounts		(597)		**(603)**
Total investments and other assets		1,173,218		**1,111,020**
Total property, plant and equipment and intangible assets		4,227,729		**4,249,435**
Current assets:				
Cash and bank deposits		118,216		**15,196**
Notes receivable		-		**8**
Accounts receivable, trade		*2 566,027		***2 577,861**
Accounts receivable, other		*2 1,390,080		***2 1,546,794**
Inventories and supplies		203,492		**195,419**
Advances		8,763		**10,799**
Prepaid expenses		36,541		**39,926**
Deposits		571,053		**218,555**
Other current assets		*2 42,086		***2 43,085**
Allowance for doubtful accounts		(23,542)		**(30,056)**
Total current assets		2,912,721		**2,617,592**
Total assets	¥	7,140,451	¥	**6,867,028**

		Millions of yen		
		March 31, 2018		**March 31, 2019**
LIABILITIES				
Long-term liabilities:				
Bonds	¥	50,000	¥	**50,000**
Lease obligations		297		**586**
Liability for employees' retirement benefits		160,893		**162,278**
Accrued liabilities for point programs		127,492		**135,374**
Provision for loss on business withdrawal		1,811		**1,584**
Asset retirement obligations		3,289		**3,120**
Other long-term liabilities		5,635		**6,580**
Total long-term liabilities		349,419		**359,525**
Current liabilities:				
Accounts payable, trade		*2 287,846		*2 **313,021**
Lease obligations		182		**203**
Accounts payable, other		*2,*3 626,835		*2,*3 **748,184**
Accrued expenses		12,606		**12,575**
Current portion of non-current liabilities		110,000		**-**
Accrued income taxes		144,778		**152,576**
Advances received		52,922		**59,287**
Deposits received		*2,*3 102,127		*2,*3 **115,739**
Provision for loss on business withdrawal		927		**226**
Asset retirement obligations		641		**-**
Other current liabilities		38,530		**14,972**
Total current liabilities		1,377,396		**1,416,787**
Total liabilities		1,726,815		**1,776,313**
NET ASSETS				
NTT DOCOMO, INC. shareholders' equity:				
Common stock		949,679		**949,679**
Capital surplus				
Capital legal reserve		292,385		**292,385**
Total capital surplus		292,385		**292,385**
Earned surplus				
Earned legal reserve		4,099		**4,099**
Other retained surplus				
Accelerated depreciation reserve		4		**0**
General reserve		358,000		**358,000**
Earned surplus brought forward		4,212,510		**3,466,908**
Total earned surplus		4,574,614		**3,829,008**
Treasury stock		(448,402)		**(0)**
Total NTT DOCOMO, INC. shareholders' equity		5,368,276		**5,071,072**
Valuation and translation adjustments:				
Net unrealized holding gains or losses on securities		45,359		**19,642**
Total valuation and translation adjustments		45,359		**19,642**
Total net assets		5,413,635		**5,090,715**
Total liabilities and net assets	¥	7,140,451	¥	**6,867,028**

2) Non-Consolidated Statements of Income

	Millions of yen	
	Year ended March 31, 2018	**Year ended March 31, 2019**
Recurring profits and losses		
Operating revenues and expenses		
Telecommunications businesses		
Operating revenues:		
Voice transmission services	¥ 967,539	¥ **999,022**
Data transmission services	2,288,106	**2,273,381**
Other	60,911	**52,814**
Total operating revenues	3,316,556	**3,325,218**
Operating expenses:		
Sales expenses	897,089	**919,943**
Facility maintenance expenses	330,486	**350,423**
General expenses	47,185	**45,389**
Administrative expenses	56,686	**62,591**
Research expenses	64,932	**67,220**
Depreciation and amortization	451,158	**434,477**
Loss on disposal of property, plant and equipment and intangible assets	61,944	**54,724**
Communication network charges	387,997	**429,378**
Taxes and public dues	47,719	**49,532**
Total operating expenses	2,345,199	**2,413,681**
Operating income from telecommunications businesses	971,357	**911,536**
Supplementary businesses		
Operating revenues	1,490,572	**1,575,126**
Operating expenses	1,542,647	**1,567,779**
Operating income (losses) from supplementary businesses	(52,074)	**7,347**
Operating income	919,283	**918,883**
Non-operating revenues:		
Interest income	523	**631**
Interest income-securities	126	**1**
Dividend income	*1 45,169	***1 52,005**
Gain on sales of investment securities	117	**9,952**
Rental income	*1 7,274	***1 7,295**
Miscellaneous income	9,586	**5,080**
Total non-operating revenues	62,797	**74,967**
Non-operating expenses:		
Interest expense	37	**56**
Interest expense-bonds	2,566	**964**
Foreign exchange losses	–	**1,117**
Write-down of investment securities	3,163	**3,388**
Loss on debt forgiveness of an affiliated company	*2 2,816	***2 –**
Miscellaneous expenses	3,530	**2,043**
Total non-operating expenses	12,114	**7,570**
Recurring profit	969,966	**986,280**

	Millions of yen	
	Year ended March 31, 2018	**Year ended March 31, 2019**
Extraordinary profit:		
Income from arbitration award	*3 147,646	***3 –**
Total extraordinary profit	147,646	–
Extraordinary loss:		
Write-down of investment in affiliated companies	*4 35,459	***4 35,759**
Total extraordinary loss	35,459	**35,759**
Income before income taxes	1,082,153	**950,521**
Income taxes-current	244,300	**270,000**
Income taxes-deferred	(10,302)	**440**
Total income taxes	233,997	**270,440**
Net income	¥ 848,155	**¥ 680,080**

Schedule of Operating Expenses from Telecommunications Businesses

	Millions of yen					
	Year ended March 31, 2018			**Year ended March 31, 2019**		
	Business expenses	Administrative expenses	Total	**Business expenses**	**Administrative expenses**	**Total**
Personnel expenses	60,955	10,369	71,325	**64,345**	**10,917**	**75,262**
Non-personnel expenses	1,275,419	46,316	1,321,735	**1,316,908**	**51,673**	**1,368,582**
Material and parts expenses	137	-	137	**85**	**10**	**95**
Supplies expenses	26,310	896	27,207	**22,424**	**1,001**	**23,425**
Rental expenses	47,666	7,425	55,091	**47,834**	**7,964**	**55,798**
Insurance expenses	8	192	201	**8**	**210**	**218**
Utilities expenses	45,229	1,336	46,566	**48,341**	**1,464**	**49,805**
Repair expenses	2,426	674	3,100	**4,492**	**822**	**5,315**
Transportation expenses	1,694	460	2,155	**1,794**	**486**	**2,280**
Telecommunications and transportation expenses	6,152	583	6,735	**6,328**	**603**	**6,931**
Advertising expenses	26,257	1,354	27,612	**26,155**	**628**	**26,784**
Entertainment expenses	3,071	111	3,182	**2,150**	**300**	**2,451**
Welfare expenses	208	3,713	3,921	**186**	**3,844**	**4,030**
Operations outsourcing expenses	405,155	18,730	423,885	**416,364**	**21,653**	**438,018**
Miscellaneous expenses	711,101	10,836	721,937	**740,742**	**12,682**	**753,425**
Business outsourcing expenses	3,278	-	3,278	**1,829**	**-**	**1,829**
Bad debt expenses	40	-	40	**(106)**	**-**	**(106)**
Subtotal	1,339,693	56,686	1,396,379	**1,382,977**	**62,591**	**1,445,568**
Depreciation and amortization			451,158			**434,477**
Loss on disposal of property, plant and equipment and intangible assets			61,944			**54,724**
Communication network charges			387,997			**429,378**
Taxes and public dues			47,719			**49,532**
Total			2,345,199			**2,413,681**

Notes: 1. “Business expenses” represent “sales expenses,” “facility maintenance expenses,” “general expenses” and “research expenses” less “administrative expenses.”

2. “Personnel expenses” include retirement benefit expenses of ¥3,931 million for the fiscal year ended March 31, 2018 and ¥5,959 million for the fiscal year ended March 31, 2019

3. “Miscellaneous expenses” includes commissions paid to sales agent, and also include provision for accrued liabilities for point programs of ¥(3,040) million for the fiscal year ended March 31, 2018 and ¥(22,845) million for the fiscal year ended March 31, 2019.

4. “Bad debt expenses” include provision for allowance for doubtful accounts of ¥37 million for the fiscal year ended March 31, 2018 and ¥(105) million for the fiscal year ended March 31, 2019.

5. NTT DOCOMO, INC. changed the accounting principle relating to liabilities for employees’ retirement benefits as described in “Item 5. Financial Information, 2.Non-Consolidated Financial Statements, Change in accounting principle.” As a result of this, the amount of "Personnel expenses", "Subtotal" and "Total" is resented after retrospective application.

3) Non-Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2018)

	Millions of yen					
	Shareholders' equity					
		Capital surplus		Earned surplus		
					Other earned surplus	
	Common stock	Capital legal reserve	Total capital surplus	Earned legal reserve	Accelerated depreciation reserve	General reserve
Balance as of April 1, 2017	949,679	292,385	292,385	4,099	21	358,000
Cumulative effect due to a change of accounting principle						
Balances of April 1, 2017 including the effect due to a change of accounting principle	949,679	292,385	292,385	4,099	21	358,000
Changes during the annual period						
Reversal of accelerated depreciation reserve					(16)	
Dividends from surplus						
Net income						
Purchase of treasury stock						
Retirement of treasury stock						
Net changes other than shareholders' equity						
The total amount of changes during the annual period	–	–	–	–	(16)	–
Balance as of March 31, 2018	949,679	292,385	292,385	4,099	4	358,000

	Millions of yen						
	Shareholders' equity				Valuation and translation adjustments		
	Earned surplus						
	Other earned surplus						
	Earned surplus brought forward	Total earned surplus	Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	Total valuation and translation adjustments	Total net assets
Balance as of April 1, 2017	3,979,505	4,341,626	(426,442)	5,157,248	65,415	65,415	5,222,663
Cumulative effect due to a change of accounting principle	(3,714)	(3,714)		(3,714)			(3,714)
Balance as of April 1, 2017 including the effect due to a change of accounting principle	3,975,790	4,337,911	(426,442)	5,153,533	65,415	65,415	5,218,948
Changes during the annual period							
Reversal of accelerated depreciation reserve	16	–		–			–
Dividends from surplus	(333,412)	(333,412)		(333,412)			(333,412)
Net income	848,155	848,155		848,155			848,155
Purchase of treasury stock			(300,000)	(300,000)			(300,000)
Retirement of treasury stock	(278,039)	(278,039)	278,039	–			–
Net changes other than shareholders' equity					(20,056)	(20,056)	(20,056)
The total amount of changes during the annual period	236,719	236,702	(21,960)	214,742	(20,056)	(20,056)	194,686
Balance as of March 31, 2018	4,212,510	4,574,614	(448,402)	5,368,276	45,359	45,359	5,413,635

(Year ended March 31, 2019)

	Millions of yen					
	Shareholders' equity					
	Common stock	Capital surplus		Earned surplus		
					Other earned surplus	
		Capital legal reserve	Total capital surplus	Earned legal reserve	Accelerated depreciation reserve	General reserve
Balance as of April 1, 2018	949,679	292,385	292,385	4,099	4	358,000
Changes during the annual period						
Reversal of accelerated depreciation reserve					(4)	
Dividends from surplus						
Net income						
Purchase of treasury stock						
Retirement of treasury stock						
Net changes other than shareholders' equity						
The total amount of changes during the annual period	–	–	–	–	(4)	–
Balance as of March 31, 2019	949,679	292,385	292,385	4,099	0	358,000

	Millions of yen						
	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Earned surplus		Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	Total valuation and translation adjustments	
	Other earned surplus	Total earned surplus					
	Earned surplus brought forward						
Balance as of April 1, 2018	4,212,510	4,574,614	(448,402)	5,368,276	45,359	45,359	5,413,635
Changes during the annual period							
Reversal of accelerated depreciation reserve	4	–		–			–
Dividends from surplus	(377,284)	(377,284)		(377,284)			(377,284)
Net income	680,080	680,080		680,080			680,080
Purchase of treasury stock			(599,999)	(599,999)			(599,999)
Retirement of treasury stock	(1,048,402)	(1,048,402)	1,048,402	–			–
Net changes other than shareholders' equity					(25,716)	(25,716)	(25,716)
The total amount of changes during the annual period	(745,601)	(745,606)	448,402	(297,203)	(25,716)	(25,716)	(322,919)
Balance as of March 31, 2019	3,466,908	3,829,008	(0)	5,071,072	19,642	19,642	5,090,715

Notes

i. Significant Accounting Policies

1. Valuation standards and valuation methods of securities

(1) Held-to-maturity securities

Held-to-maturity securities are stated at amortized cost, which is determined by the interest method.

(2) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost, which is determined by the moving average method.

(3) Available-for-sale securities

Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the fiscal year. The holding gains and losses, net of applicable deferred tax assets/liabilities, are directly reported as a separate component of net assets instead of being reflected in earnings. The cost of securities sold is determined by the moving-average method with the exception of the cost of debt securities sold, which is determined by the first-in, first-out method.

Available-for-sale securities whose fair value is not readily determinable are stated at moving-average cost.

2. Valuation standards of derivatives and other financial instruments

Derivatives are stated at fair value.

3. Valuation standards and valuation methods of inventories

Inventories are stated at cost. The cost of terminal equipment to be sold is determined by the first-in, first-out method. The cost of other inventories is determined by the specific identification method. The amount of inventories in the non-consolidated balance sheet is reduced based on a decrease of profitability.

4. Depreciation and amortization methods of property, plant and equipment and intangible assets

(1) Property, plant and equipment (except for lease assets)

Depreciation of property, plant and equipment is computed by the straight-line method based on their estimated useful lives. The residual values of the assets are determined based on the historical expenses.

(2) Intangible assets (except for lease assets)

Amortization of intangible assets is computed by the straight-line method based on their estimated useful lives.
Internal-use software is amortized over the internal useful life (7 years or less) on a straight-line basis.

(3) Lease assets

Financial leases other than those deemed to transfer ownership of properties to lessees

Amortization of lease assets is computed by the straight-line method.

The useful lives of the assets are determined by the term of leases and the residual values of the assets equal to zero.

5. Translation standards of foreign currency denominated assets and liabilities

Foreign currency monetary assets and liabilities are translated into Japanese yen at the current spot rate at the end of the fiscal year and the subsequent translation gains or losses are reflected in earnings.

6. Accounting for allowances

(1) Allowance for doubtful accounts

NTT DOCOMO, INC. provides allowance for doubtful accounts principally in an amount computed based on the historical bad debt ratio during a certain reference period and the estimated uncollectible amount based on the analysis of certain individual accounts including claims in bankruptcy.

(2) Liability for employees' retirement benefits

In order to provide for employees' retirement benefits, NTT DOCOMO, INC. accrues the liability as of the end of the fiscal year in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year.

1) In calculating projected benefit obligations, the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

2) Actuarial losses (gains) are recognized as incurred at the end of the fiscal year.

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

(3) Accrued liabilities for point programs

The costs of awards under the point programs called “d POINT Service” and “docomo Points Service” that are reasonably estimated to be redeemed by the customers in the future based on historical data are accounted for as “Accrued liabilities for point programs.”

(4) Provision for loss on business withdrawal

The loss resulting from the withdrawal of the multimedia broadcasting business for mobile devices that are reasonably estimated to occur for the fiscal year ending March 31, 2020 and beyond, are accounted for as “Provision for loss on business withdrawal".

7. Consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

ii. New standards not yet adopted

(Notes on accounting standards not yet adopted)
"Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan Statement No.29, March 30, 2018) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan Guidance No.30, March 30, 2018)

(1) Approximation

Based on the following 5-steps approach, DOCOMO will recognize revenue in an amount that reflects the consideration to which DOCOMO expects to be entitled in exchange for transferring promised goods or services to a customer.

Step 1: Identify the contracts with the customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when (or as) the performance obligation is satisfied

(2) The date of initial application

DOCOMO is currently considering the date of initial application.

(3) The effect by application of the standards

DOCOMO is currently evaluating the effect of adopting the standards.

iii. Change in accounting policy

(Change in accounting relating to liabilities for employees' retirement benefits)

NTT DOCOMO, INC. previously accounted for the contribution to the Special Accounting Fund for the NTT CDBP (formally Special Accounting Fund for NTT Employees' Welfare Pension) as an expense, given that the plan is a social welfare pension plan which is considered as a multi-employer defined benefit plan for accounting purposes. Since the fiscal year ended March 31, 2019, however, sufficient information has become available to use defined benefit accounting for the plan and DOCOMO, INC. has applied a new accounting treatment that a provision for the plan is recognized as a liability. The provision is measured based on the present value of the benefits attributed to current and prior years.

DOCOMO applied the changed accounting policy retrospectively to the non-consolidate financial statement of NTT DOCOMO as of March 31, 2018.

This application resulted in increase of "Liability for employees' retirement benefits" by ¥4,746 million and decrease of "Earned surplus brought forward" by ¥3,295 million respectively on the balance sheet as of the fiscal year ended March 31, 2018. These changes also resulted in decreases of "Sales expenses" by ¥306 million, "Facility maintenance expenses" by ¥95 million, "General expenses" by ¥31 million, "Administrative expenses" by ¥80 million and "Research expenses" by ¥89 million, while increases of "Operating income from telecommunications businesses", "Operating income", "Recurring profit" and "Income before income tax" by ¥604 million respectively on the statements of income for the fiscal year ended March 31, 2018.

Compared before retrospective application, the amount of net assets per share decreased by ¥0.92 and earnings per share increased by ¥0.11 respectively for the fiscal year ended March 31, 2018.

iv. Change in presentation

(Changes by the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

NTT DOCOMO, INC. has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (The Accounting Standards Board of Japan Statement No.28, February 16, 2018) from the beginning of the fiscal year ended 31, 2019 (April 1, 2018) and “Deferred tax assets” is presented in “Investments and other assets”. As a result of this, “Deferred tax assets” which was presented in “Current assets”¥61,414 million on the Balance Sheet as of March 31, 2018 is included in “Deferred tax assets” ¥174,946 million in “Investments and other assets”.

(Non-consolidated statement of income)

“Gain on sales of investment securities”, which was included in “Miscellaneous income” for the previous year, is presented separately for the fiscal year ended March 31, 2019 since its amount became significant.

NTT DOCOMO, INC. reclassified non-consolidated financial statements for reflecting this change in presentation. As a result of this, the amount of ¥9,703 million presented as "Miscellaneous income" as of the fiscal year ended March 31, 2018 was reclassified to "Gain on sales of investment securities" ¥117 million and "Miscellaneous income" ¥9,586 million.

(Non-consolidated Statements of Changes in Net Assets)

Notes related to dividends stipulated in Article 109-1 of Regulation of Financial Statements are omitted pursuant to the Article 109-2.

v. Notes to Non-Consolidated Balance Sheets

*1 Property, plant and equipment and intangible assets for telecommunications businesses include those used in supplementary businesses, because these amounts are not material.

*2 Accounts receivable from and payable to affiliated companies

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Short-term accounts receivable	¥ 49,168	**¥ 48,371**
Short-term accounts payable	309,822	**403,958**

*3 Assets and liabilities relating to affiliated companies whose amounts exceed one percent of total assets or a combined total of liabilities and net assets of the Company are as follows:

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Accounts payable, other	¥ 212,764	**¥ 290,611**
Deposits received	93,366	**105,819**

*4 Loan commitments

(1) The Company conducts cash advance services accompanying the credit card business. Outstanding credit lines, etc. relating to loan commitments for the services are as follows:

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Total loan commitments	¥ 186,727	**¥ 208,464**
Outstanding credit lines	10,821	**12,655**
Difference	¥ 175,905	**¥ 195,809**

Credit lines are not necessarily executed to the full amount because these contracts contain a clause to lower the credit lines if there are reasonable grounds.

(2) The Company enters into revolving credit loan agreements and other agreements with certain consolidated subsidiaries. Outstanding credit lines and other information relating to loan commitments of the agreements and other agreements were as follows:

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Total loan commitments	¥ 73,689	**¥ 70,055**
Outstanding credit lines	13,247	**13,773**
Difference	¥ 60,441	**¥ 56,282**

vi. Notes to Non-Consolidated Statements of Income

*1 Non-operating revenues of affiliated companies whose amounts exceed 10% of total non-operating revenues of the Company are as follows:

	Millions of yen			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
Dividend income	¥	36,743	**¥**	**42,170**
Rental income		6,061		**6,111**

*2 Non-operating expenses of affiliated companies whose amounts exceed 10% of the total non-operating expenses of the Company are as follows:

	Millions of yen	
	Year ended March 31, 2018	**Year ended March 31, 2019**
Loss on debt forgiveness of an affiliated company	2,816	**-**

Loss on debt forgiveness of an affiliated company is related to loans receivable from a subsidiary Radishbo-ya Co., Ltd. for the fiscal year ended March 31, 2018.

*3 Extraordinary profit

	Millions of yen			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
Income from arbitration award	¥	147,646	**¥**	**-**

This arbitration award was received from Tata Sons Limited ("Tata Sons") for the fiscal year ended March 31, 2018 in accordance with a binding arbitration award from the London Court of International Arbitration as to no fulfillment of obligation by Tata Sons regarding execution of an option for sale of stake in Tata Teleservices Limited ("TTSL") pursuant to the shareholders agreement among TTSL, Tata Sons and the Company.

*4 Write-down of investment in affiliated companies is mainly related to losses on impairment of investments in the following affiliated companies.

	Millions of yen			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
DOCOMO Digital Limited	¥	-	**¥**	**21,364**
Tecworld Limited		16,785		**5,630**

vii. Notes to Non-Consolidated Statements of Changes in Net Assets

The class and number of the treasury stock

Year ended March 31, 2018

Class of shares	Number of shares as of April 1, 2017	Increase during the year ended March 31, 2018	Decrease during the year ended March 31, 2018	Number of shares as of March 31, 2018
Shares of common stock of the Company	194,977,467	111,401,020	117,264,000	189,114,487

Note: An increase in treasury stock of 111,401,020 shares resulted from repurchases of the shares through market purchases, tender offer and compulsory acquisition of less-than-one-unit shares upon request.
A decrease in treasury stock of 117,264,000 shares resulted from the retirement of treasury stock.

Year ended March 31, 2019

Class of shares	Number of shares as of April 1, 2018	Increase during the year ended March 31, 2019	Decrease during the year ended March 31, 2019	Number of shares as of March 31, 2019
Shares of common stock of the Company	189,114,487	257,953,552	447,067,906	133

Note: An increase in treasury stock of 257,953,552 shares resulted from repurchases of the shares through tender offer and compulsory acquisition of less-than-one-unit shares upon request.
A decrease in treasury stock of 447,067,906 shares resulted from the retirement of treasury stock.

viii. Securities

Investments in subsidiaries and affiliates

March 31, 2018

(Millions of yen)

	Balance sheet amount	Fair value	Difference
Shares of affiliated companies	1,246	2,024	777

March 31, 2019

(Millions of yen)

	Balance sheet amount	Fair value	Difference
Shares of affiliated companies	2,318	3,157	839

Note: Balance sheet amounts of shares of subsidiaries and affiliates whose fair values cannot be reliably determined

	Millions of yen	
	Year ended March 31, 2018	**Year ended March 31, 2019**
Shares of subsidiaries	¥ 172,862	¥ **119,265**
Shares of affiliated companies	124,597	**130,964**

The above shares have not been included in “investments in subsidiaries and affiliates,” as their fair values are not reliably determinable due to them not having a quoted market price and since future cash flows cannot be estimated.

ix. Tax Effect Accounting

1. Main factors for recognizing deferred tax assets and deferred tax liabilities

	Millions of yen	
	March 31, 2018	**March 31, 2019**
Deferred tax assets		
Liability for employees' retirement benefits	¥ 49,201	¥ **48,513**
Accrued liabilities for point programs	38,987	**41,397**
Write-down of investment in affiliated companies	25,144	**35,378**
Write-down of investment securities	29,690	**29,442**
Depreciation and amortization	34,881	**27,451**
Commissions paid to agent resellers	23,643	**20,617**
Allowance for doubtful accounts	7,381	**9,375**
Accrued enterprise tax	6,837	**8,038**
"Zutto Kurikoshi" services and "Packet Kurikoshi" services	5,986	**4,781**
Others	24,836	**20,636**
Deferred tax assets subtotal	246,592	**245,633**
Valuation allowance	(51,154)	**(50,019)**
Total deferred tax assets	195,437	**195,613**
Deferred tax liabilities		
Net unrealized holding gains or losses on available-for-sale securities	(18,390)	**(16,038)**
Prepaid pension cost	(1,193)	**(2,006)**
Retirement expenses corresponding to asset retirement obligations	(262)	**(260)**
Others	(644)	**(629)**
Total deferred tax liabilities	(20,491)	**(18,935)**
Net deferred tax assets (liabilities)	¥ 174,946	¥ **176,678**

Notes: NTT DOCOMO, INC. changed the accounting principle relating to liabilities for employees' retirement benefits as described in "Item5. Financial Information, 2.Non-Consolidated Financial Statements, Change in accounting policy". As a result of this, the amounts of Liability for employees' retirement benefits, Deferred tax assets and Net deferred tax assets (liabilities) are presented after retrospective application.

2. Major components of difference between statutory effective tax rate and actual effective tax rate after application of tax effect accounting

	March 31, 2018	**March 31, 2019**
Statutory effective tax rate	30.8 %	**30.6 %**
(Reconciliation)		
Donations not deductible for tax purposes	0.1 %	**-%**
Permanent non-taxable items such as dividend income	(1.0)%	**(1.6)%**
Research and development tax credits	(0.4)%	**(0.5)%**
Changes in valuation allowance	(8.0)%	**(0.1)%**
Others	0.1 %	**0.1 %**
Actual effective tax rate after application of tax effect accounting	21.6 %	**28.5 %**

x. Per Share Information

	Yen			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
Net assets per share	¥	1,506.63	**¥**	**1,526.34**
Earnings per share		229.79		**192.44**

Notes: 1. Diluted earnings per share is not stated, as no dilutive shares such as bonds with subscription rights to shares were issued.

2. NTT DOCOMO, INC. changed the accounting policy relating to liabilities for employees' retirement benefits for the fiscal year ended March 31, 2019 as described in "Item5. Financial Information, 2.Non-Consolidated Financial Statements, Change in accounting policy". As a result of this, the amount of "Net assets per share" and "Earning per share" are presented after retrospective application.

3. The basis for calculation is as follows.

1. Net assets per share

	Millions of yen, unless otherwise stated			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
Total net assets	¥	5,413,635	**¥**	**5,090,715**
Amounts to be deducted from total net assets		-		**-**
Net assets at the end of the year related to common stock		5,413,635		**5,090,715**
Number of common stock at the end of the year used to calculate net assets per share (shares)		3,593,184,513		**3,335,230,961**

2. Earnings per share

	Millions of yen, unless otherwise stated			
	Year ended March 31, 2018		**Year ended March 31, 2019**	
Net income	¥	848,155	**¥**	**680,080**
Amounts not attributable to common shareholders		-		**-**
Net income relating to common stock		848,155		**680,080**
Number of weighted average common stock outstanding (shares)		3,690,843,188		**3,533,819,862**

xi. Events after the reporting period

(Sale of shares in an affiliate)

As of March 31, 2019, DOCOMO held 34% of the outstanding common shares of Sumitomo Mitsui Card Company, Limited (“Sumitomo Mitsui Card.”) Sumitomo Mitsui Card is a credit card operator in Japan and a privately held company.

In September 2018, we entered into an agreement with Sumitomo Mitsui Card and Sumitomo Mitsui Financial Group, Inc. (SMFG) to sell all Sumitomo Mitsui Card shares in our possession to SMFG in April 2019.

As of April 1, 2019, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG.

We expect to record ¥135,446 million as gain on sale of shares in an affiliate for the fiscal year ending March 31, 2020.

(Repurchase of treasury stock)

On April 26, 2019, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 128.3 million outstanding shares of its common stock for an amount in total not exceeding ¥300,000 million during the period from May 7, 2019 through April 30, 2020.

NTT DOCOMO, INC. repurchased 9,271,200 shares of its common stock at ¥22,854 million until May 31, 2019 based on the resolution.

Supplementary schedules (Fiscal year ended March 31, 2019)

The supplementary schedules of the Company are prepared pursuant to the provision of Article 122, Item 6 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc.

Schedule of property, plant and equipment and other non-current assets

(Millions of yen)

Assets	Balance as of April 1, 2018	Increase during the year ended March 31, 2019	Decrease during the year ended March 31, 2019	Balances of March 31, 2019	Accumulated depreciation/amortization		Net balance as of March 31, 2019	Remarks
						Depreciation/ amortization for the year ended March 31, 2019		
Property, plant and equipment								
Machinery and equipment	3,605,641	294,341	263,584	3,636,398	2,468,475	195,179	1,167,923	
Antenna facilities	1,256,423	51,973	28,447	1,279,949	733,805	37,495	546,143	
Telecommunications line facilities	120,979	6,620	1,225	126,374	95,080	3,423	31,294	
Pipe and hand holes	28,326	923	164	29,085	15,118	814	13,967	
Building	665,845	11,697	7,663	669,879	398,584	20,298	271,295	
Structures	222,198	3,478	902	224,774	159,171	4,865	65,603	
Other machinery and equipment	12,961	2,107	904	14,164	10,332	591	3,831	
Vehicles	2,555	55	494	2,117	1,705	189	411	
Tools, furniture and fixtures	366,431	34,285	19,938	380,778	309,703	17,687	71,074	
Land	196,488	471	696	196,262	-	-	196,262	
Lease assets	841	535	242	1,135	368	198	766	
Construction in progress	169,149	405,195	413,824	160,520	-	-	160,520	
Total property, plant and equipment	6,647,843	811,685	738,089	6,721,439	4,192,346	280,743	2,529,093	
Intangible assets								
Rights to use utility facilities	22,543	322	200	22,665	12,708	977	9,956	
Software	2,638,322	183,990	20,026	2,802,285	2,293,167	157,382	509,117	
Patents	520	-	0	519	499	49	20	
Leasehold rights	57,393	367	88	57,672	-	-	57,672	
Lease assets	18	-	15	2	1	3	1	
Other intangible assets	103,271	184,211	180,805	106,677	74,123	318	32,553	
Total intangible assets	2,822,069	368,891	201,137	2,989,823	2,380,501	158,732	609,322	
Long-term prepaid expenses	34,139	33,832	16,111	51,859	-	-	51,859	

Notes: 1. Major changes in property, plant and equipment are as follows.

(1) Major increases

Machinery and equipment:	Base station facilities..	186,125
	Cable transmission facilities..	32,036
Construction in progress:	Construction of telecommunications facilities..........	358,542

(2) Major decreases

Machinery and equipment:	Base station facilities..	188,643
	Wireless transmission facilities..	13,367

2. Major changes in intangible assets are as follows.

(1) Major increases

Software:	Software for telecommunications...............................	84,449
	Software for internal use...	56,936
Other intangible assets:	Construction in progress associated with software....	184,059

(2) Major decreases

Other intangible assets:	Construction in progress associated with software....	180,640

3. Since long-term prepaid expenses are not assets subject to amortization but are allocation of expenses over periods, information of accumulated depreciation/amortization is omitted.

Schedule of securities

<table>
<tr><td rowspan="13">Equity</td><td colspan="2">Name</td><td>Number of shares (Shares)</td><td>Balance sheet amounts (Millions of yen)</td><td>Remarks</td></tr>
<tr><td rowspan="11">Investment securities</td><td>PLDT Inc.</td><td>31,330,155</td><td>76,102</td><td>Available-for-sale securities (Note 1)</td></tr>
<tr><td>Far EasTone Telecommunications Co., Ltd.</td><td>153,543,573</td><td>40,955</td><td>Available-for-sale securities</td></tr>
<tr><td>KT Corporation</td><td>22,711,035</td><td>38,929</td><td>Available-for-sale securities (Note 2)</td></tr>
<tr><td>FamilyMart UNY Holdings Co., Ltd.</td><td>7,251,200</td><td>20,455</td><td>Available-for-sale securities</td></tr>
<tr><td>Nippon Television Holdings, Inc.</td><td>7,779,000</td><td>12,913</td><td>Available-for-sale securities</td></tr>
<tr><td>Lawson, Inc.</td><td>2,092,000</td><td>12,844</td><td>Available-for-sale securities</td></tr>
<tr><td>FUJI MEDIA HOLDINGS, INC.</td><td>7,700,000</td><td>11,765</td><td>Available-for-sale securities</td></tr>
<tr><td>TOKYO BROADCASTING SYSTEM HOLDINGS, INC.</td><td>5,713,000</td><td>11,574</td><td>Available-for-sale securities</td></tr>
<tr><td>Robi Axiata Limited</td><td>297,299,960</td><td>4,116</td><td>Available-for-sale securities</td></tr>
<tr><td>Edulab, Inc</td><td>429,200</td><td>2,424</td><td>Available-for-sale securities</td></tr>
<tr><td>JapanTaxi Co.,Ltd. and 52 other issues</td><td>8,316,101.68</td><td>15,798</td><td>Available-for-sale securities</td></tr>
<tr><td colspan="2">Total</td><td>544,165,224.68</td><td>247,880</td><td></td></tr>
<tr><td rowspan="3">Bond</td><td colspan="2">Name</td><td>Total face value (Millions of yen)</td><td>Balance sheet amounts (Millions of yen)</td><td>Remarks</td></tr>
<tr><td>Investment securities</td><td>Philippine government security Series 10-55</td><td>4</td><td>4</td><td>Available-for-sale securities</td></tr>
<tr><td colspan="2">Total</td><td>4</td><td>4</td><td></td></tr>
<tr><td rowspan="3">Others</td><td colspan="2">Type and name</td><td>Number of invested units, etc. (Units)</td><td>Balance sheet amounts (Millions of yen)</td><td>Remarks</td></tr>
<tr><td>Investment securities</td><td>LONGREACH CAPITAL PARTNERS 1, L.P.and 6 other issues</td><td>10</td><td>8,397</td><td>Available-for-sale securities (Note 3)</td></tr>
<tr><td colspan="2">Total</td><td>10</td><td>8,397</td><td></td></tr>
</table>

Notes: 1. The number of shares and balance sheet amount for PLDT Inc. include 8,533,253 shares and ¥20,523 million in the form of American Depositary Receipts (“ADRs”).

2. The number of shares and balance sheet amount for KT Corporation include 16,906,444 shares and ¥23,342 million in the form of ADRs.

3. These are securities as stipulated in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act.

Schedule of provisions

(Millions of yen)

Item	Balance as of April 1, 2018	Increase during the year ended March 31, 2019	Decrease during the year ended March 31, 2019		Balance as of March 31, 2019	Remarks
			For specified use	Other		
Allowance for doubtful accounts	24,139	30,487	6,553	17,415	30,659	The amount in the “Other” of “Decrease during the fiscal year ended March 31, 2019” is a reversal due to revaluation.
Liability for employees’ retirement benefits	160,893	14,314	12,929	-	162,278	NTT DOCOMO, INC. changed the accounting for the contribution to the Special Accounting Fund for the NTT CDBP for the fiscal year ended March 31, 2019. See Note on Non-Consolidated Statements “Change in accounting policy”
Accrued liabilities for point programs	127,492	75,262	48,276	19,104	135,374	The amount in the “Other” of “Decrease during the fiscal year ended March 31, 2019” is a decrease due to expiration/cancellation of “d POINTs” and “docomo Points.”
Provision for loss on business withdrawal	2,738	-	927	-	1,811	–

(2) Details of major assets and liabilities

Statement is omitted, as the Company prepares the consolidated financial statements.

(3) Others

None.

Item 6. Overview of Operational Procedures for Shares of NTT DOCOMO, INC.

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	June
Date of record	March 31
Record date of dividends from surplus	September 30 (Interim dividend) March 31 (Year-end dividend)
The number of shares per unit	100 shares
Purchase of less-than-one unit shares or demand for sale	
Handling office	(Special account) Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	(Special account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Place of agency	—
Commission for purchase or sale	Free of charge
Method of public notice	The method of public notice of the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or other unavoidable reason, public notices shall be given in the Nihon Keizai Shimbun.
Benefits for shareholders	None.

Notes: It is prescribed in the Articles of Incorporation that the Company's shareholders may not exercise rights, other than the following, with respect to less-than-one unit shares that they hold.

1. The rights listed in the items of Article 189, Paragraph 2 of the Companies Act
2. The right to claim pursuant to provisions of Article 166, Paragraph 1 of the Companies Act
3. The right to receive an allotment of shares to be offered and an allotment of share acquisition rights to be offered according to the number of shares owned by the shareholders
4. The right to make a claim for sale of less-than-one unit shares

Item 7. Reference Information on NTT DOCOMO, INC.

1. Information on Parent Company, etc. of NTT DOCOMO, INC.

The Company does not have the Parent Company, etc. prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of the fiscal year ended March 31, 2019 until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report, the attachments and confirmation	The 27th Fiscal Year	From April 1, 2017 to March 31, 2018	Filed on June 20, 2018 to the Director, Kanto Local Finance Bureau
(2) Internal Control Report and the attachments			Filed on June 20, 2018 to the Director, Kanto Local Finance Bureau
(3) Quarterly Securities Report and confirmation	(The First Quarter for the 28th Fiscal Year)	From April 1, 2018 to June 30, 2018	Filed on August 8, 2018 to the Director, Kanto Local Finance Bureau
	(The Second Quarter for the 28th Fiscal Year)	From July 1, 2018 to September 30, 2018	Filed on November 6, 2018 to the Director, Kanto Local Finance Bureau
	(The Third Quarter for the 28th Fiscal Year)	From October 1, 2018 to December 31, 2018	Filed on February 7, 2019 to the Director, Kanto Local Finance Bureau
(4) Extraordinary Securities Report The Extraordinary Securities Report pursuant to Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the general meeting of shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Affairs			Filed on June 20, 2018 to the Director, Kanto Local Finance Bureau
(5) Amended Shelf Registration Statement			Filed on June 20, 2018 to the Director, Kanto Local Finance Bureau
(6) Share Buyback Report			Filed on November 15, 2018, December 7, 2018, January 10, 2019, February 7, 2019, March 7, 2019, April 5, 2019, May 13, 2019 and June 7, 2019 to the Director, Kanto Local Finance Bureau

Section 2 Information about Company which Provides Guarantee to NTT DOCOMO, INC.

None.

Note: Names of companies and products mentioned in this Annual Securities Report are trademarks or registered trademarks of their respective companies.

<u>Independent Auditor’s Report on the Financial Statements</u>
<u>and</u>
<u>Internal Control Over Financial Reporting</u>

June 18, 2019

To the Board of Directors of
NTT DOCOMO, INC.

KPMG AZSA LLC

Kensuke Sodekawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hirotaka Nakata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Nakane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Financial Statement Audit

We have audited the accompanying consolidated financial statements of NTT DOCOMO, INC. and its consolidated subsidiaries provided in the “Financial Information” section in NTT DOCOMO, INC.’s Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statement of profit or loss and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance withInternational Financial Reporting Standards pursuant to the Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we considere internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NTT DOCOMO, INC. and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Internal Control Audit

We also have audited the accompanying internal control report of NTT DOCOMO, INC. as at March 31, 2019, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the internal control report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on the auditor's judgment, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment determined and presented by management, and the overall internal control report presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the internal control report, in which NTT DOCOMO, INC. states that internal control over financial reporting was effective as at March 31, 2019, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting :

Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting herein is the English translation of the Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting as required by the Financial Instruments and Exchange Act of Japan.

Independent Auditor's Report on the Non-Consolidated Financial Statements

June 18, 2019

To the Board of Directors of
NTT DOCOMO, INC.

KPMG AZSA LLC

Kensuke Sodekawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hirotaka Nakata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Nakane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the accompanying non-consolidated financial statements of NTT DOCOMO, INC. provided in the "Financial Information" section in NTT DOCOMO, INC.'s Annual Securities Report, which comprise the non-consolidated balance sheet as at March 31, 2019 and the non-consolidated statement of income and statement of changes in net assets for the year then ended, and significant accounting policies and other explanatory information and the supplementary schedules, in accordance with Article 193-2, Paragraph1 of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to independently express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of NTT DOCOMO, INC. as at March 31, 2019, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report on the Non-Consolidated Financial Statements:
The Independent Auditor's Report on the Non-Consolidated Financial Statements herein is the English translation of the Independent Auditor's Report on the Non-Consolidated Financial Statements as required by the Financial Instruments and Exchange Act of Japan.

[Cover]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 19, 2019
[Company Name]	Kabushiki Kaisha NTT DOCOMO
[Company Name in English]	NTT DOCOMO, INC.
[Title and Name of Representative]	Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
[Title and Name of Chief Financial Officer]	Osamu Hirokado, Executive Vice President
[Address of Head Office]	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
[Place Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Basic Framework of the Internal Control Involved with the Financial Reporting

Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer of NTT DOCOMO,INC. (the "Company") and Osamu Hirokado, Chief Financial Officer of the Company, having the responsibility to design and operate internal control over financial reporting of the Company and its consolidated subsidiaries (hereinafter collectively, the "Group"), designs and operates such internal control of the Company in accordance with the basic framework set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated, and function as a whole. Thus, internal control over financial reporting may not be able to completely prevent or detect misstatement in financial reporting.

2. Scope of Evaluation, Record Date and Evaluation Procedures

Assessment of internal control over financial reporting was performed as of March 31, 2019 (i.e., the last day of this fiscal year) in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, the management first assessed company-level control which would have a material impact on the reliability of overall financial reporting on a consolidated basis, and based on such result, the management then selected the business processes to be assessed. In the process-level control assessment, the management assessed the effectiveness of internal control by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

Management determined the scope of assessment of internal control over financial reporting, by selecting the Company, consolidated subsidiaries and companies accounted for by the equity method based on their materiality of impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects, and the management reasonably determined the scope of assessment of process-level control based on the result of the company-level control assessment, which included the Company and its 13 significant consolidated subsidiaries. Also, the evaluation scope of company-level controls does not include equity method affiliates which was evaluated little importance both quantitative and qualitative aspects.

For the purpose of determining the scope of process-level control assessment, 1 business location was selected as "Significant Business Locations", which comprises the Company and its consolidated subsidiaries selected in descending order based on their fiscal year's consolidated net sales (after elimination) and contributed approximately two-thirds of the Company's consolidated net sales in the aggregate. Note that the management confirmed that the scope of internal control assessment was sufficient based on this fiscal year's consolidated net sales. In such Significant Business Locations, all business processes related to the accounts that are closely associated with the Company's business objectives, such as operating revenues, trade and other receivables, inventories and wireless telecommunications equipment were included in the scope of assessment. Furthermore, regardless of the Significant Business Locations, certain business processes related to significant accounts involving estimates and management's judgment and business processes on businesses or operations in which transactions involving significant risks are conducted were added to the scope of assessment as business processes with material impact of financial reporting.

3. Evaluation Results

Based on the above mentioned assessment results, the management concluded that the internal control over financial reporting of the Group at the end of this fiscal year was effective.

4. Supplementary Information

None

5. Special Notes

None

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 19, 2019
[Company Name]	Kabushiki Kaisha NTT DOCOMO
[Company Name in English]	NTT DOCOMO, INC.
[Title and Name of Representative]	Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
[Title and Name of Chief Financial Officer]	Osamu Hirokado, Executive Vice President
[Address of Head Office]	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
[Place Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Appropriateness of Contents in the Annual Securities Report

Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer of the Company, and Osamu Hirokado, Chief Financial Officer of the Company confirmed that the content in the Company's Annual Securities Report for the 28th Fiscal Year (from April 1, 2018 to March 31, 2019) was appropriately stated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.

2. Special Notes

There are no significant matters to report regarding the confirmation.