

# Annual Securities Report

(The 29th 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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**[Cover]**

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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	29th
Year ended	April 1, 2017	March 2018	March 2019	March 2020
Operating revenues	-	4,762,269	4,840,849	4,651,290
Profit before taxes	-	1,141,690	1,002,635	867,951
Profit attributable to shareholders of NTT DOCOMO, INC.	-	790,830	663,629	591,524
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	-	802,460	656,026	558,130
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,490,685	5,665,107	5,371,853	5,249,927
Total assets	7,364,218	7,654,938	7,340,546	7,535,925
Equity attributable to shareholders of NTT DOCOMO, INC. per share (yen)	1,482.13	1,576.63	1,610.64	1,626.05
Basic earnings per share (yen)	-	214.27	187.79	179.92
Diluted earnings per share (yen)	-	-	-	-
Ratio of equity attributable to shareholders of NTT DOCOMO, INC. to total assets (%)	74.6	74.0	73.2	69.7
ROE (%)	-	14.2	12.0	11.1
Price earnings ratio (times)	-	12.7	13.1	18.8
Cash flows from operating activities	-	1,498,600	1,216,014	1,317,796
Cash flows from investing activities	-	(705,532)	(296,469)	(354,760)
Cash flows from financing activities	-	(690,768)	(1,090,052)	(783,901)
Cash and cash equivalents at end of year	287,910	390,468	219,963	398,745
Number of employees [Separately, average number of temporary employees] (persons)	26,734 [10,447]	27,464 [9,515]	26,564 [8,520]	27,558 [6,812]

Notes: 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

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

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	25th	26th	27th	28th	29th
Year ended	March 2016	March 2017	March 2018	March 2019	March 2020
Operating revenues	4,461,505	4,588,579	4,807,129	4,900,345	4,639,078
Recurring profit	750,261	937,816	969,966	986,280	805,832
Net income	461,006	629,165	848,155	680,080	601,682
Common stock	949,679	949,679	949,679	949,679	949,679
Total number of issued shares (shares)	3,958,543,000	3,899,563,000	3,782,299,000	3,335,231,094	3,335,231,094
Net assets	4,988,846	5,222,663	5,413,635	5,090,715	5,021,872
Total assets	6,595,645	6,829,897	7,140,451	6,867,028	6,905,208
Net assets per share (yen)	1,326.60	1,409.78	1,506.63	1,526.34	1,555.41
Dividends per share [Of the above, interim dividends per share] (yen)	70 [35]	80 [40]	100 [50]	110 [55]	120 [60]
Earnings per share (yen)	118.79	168.85	229.79	192.44	183.00
Diluted earnings per share (yen)	-	-	-	-	-
Equity ratio (%)	75.6	76.5	75.8	74.1	72.7
ROE (%)	9.1	12.3	15.9	12.9	11.9
Price earnings ratio (times)	21.5	15.4	11.8	12.7	18.5
Payout ratio (%)	58.9	47.4	43.5	57.2	65.6
Number of employees (persons)	7,616	7,609	7,767	7,884	8,100
Total shareholder return (%) [Benchmark: TOPIX Dividend included] (%)	125.7 [89.2]	131.5 [102.3]	142.2 [118.5]	134.8 [112.5]	184.9 [101.8]
Highest share price (yen)	2,888	2,946	2,907.5	3,095	3,475
Lowest share price (yen)	1,961	2,361	2,501.5	2,321	2,257.5

Notes: 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 (the 27th fiscal year) have been restated to retrospectively reflect the change in accounting policies.

## 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 business as a member of the NTT group, with NTT as the holding company.

The Company, its 96 subsidiaries and 27 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]

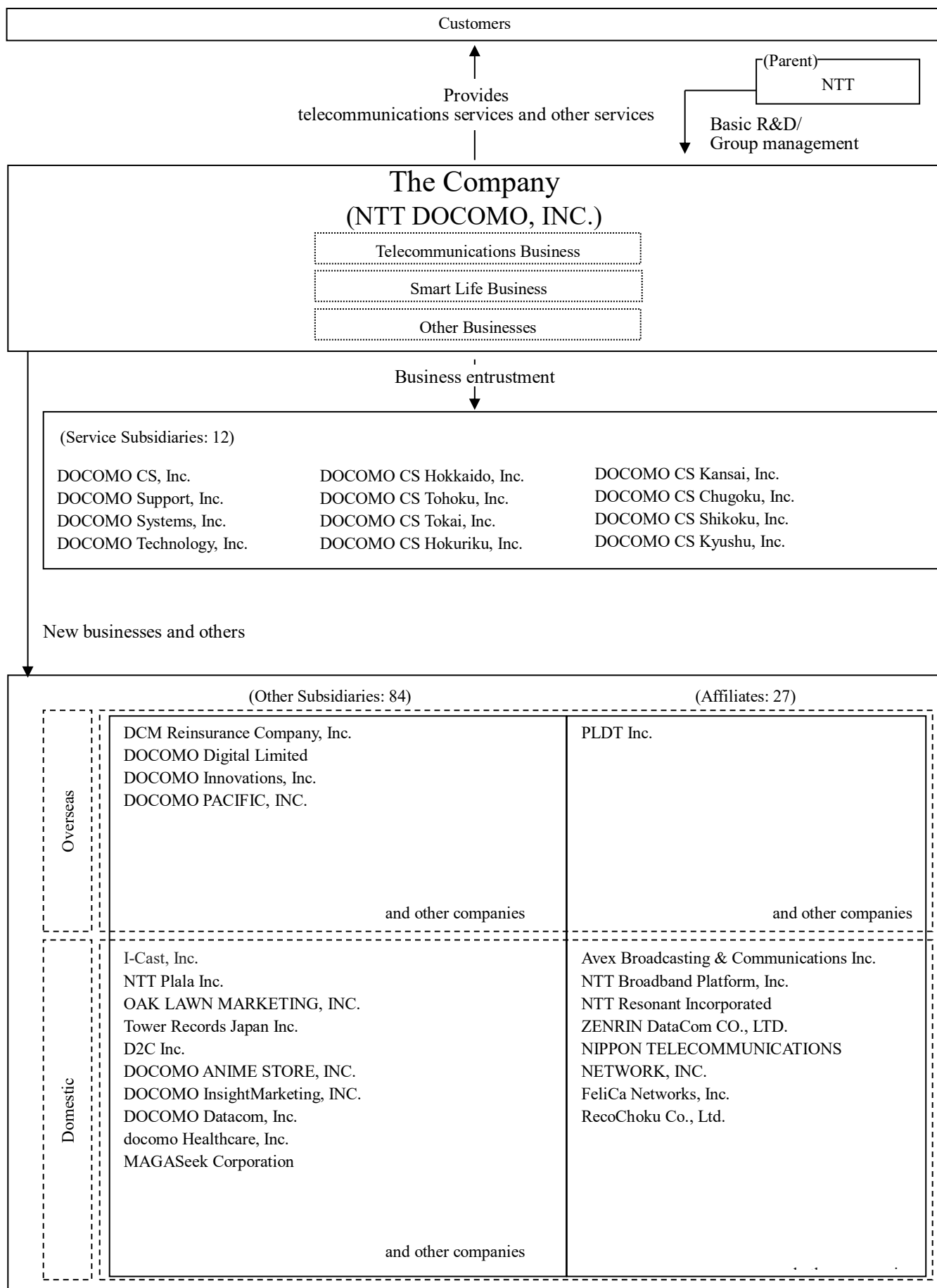
Name of business segment	Main business areas	Main affiliated companies
Telecommunications business	Mobile telecommunication services (5G services, LTE (Xi) services and FOMA services), optical-fiber broadband services, satellite mobile communications services, international services and the equipment 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. I-Cast, Inc. NTT Plala Inc. OAK LAWN MARKETING, INC. Tower Records Japan Inc. D2C Inc. DOCOMO ANIME STORE, INC. DOCOMO InsightMarketing, INC. docomo Healthcare, Inc. MAGASseek Corporation
Other businesses	“Mobile Device Protection Service,” Enterprise IoT solutions, 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 84 other subsidiaries and 27 affiliates comprise companies whose purpose is to develop new businesses in Japan and overseas.
- \* Effective April 1, 2020, the Company merged its consolidated subsidiary, docomo Healthcare, Inc., through an absorption-type merger.

The following chart summarizes the description on the previous pages:



(As of March 31, 2020)

## (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 intends to conclude 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 and notification, 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 Ordinance 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 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;
  - (ii) Solicit a person (excluding telecommunications carriers) without first disclosing their name or that they are soliciting for a contract for the provision of telecommunication services stipulated in (i) and (ii) of 7) above (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);
  - (iii) 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); or
  - (iv) In addition to the conducts stipulated in (i) to (iii) above, conducts specified by an Ordinance of the Ministry of Internal Affairs and Communications as being likely to compromise the protection of the interests of users.
- 13)-1 The Minister for Internal Affairs and Communications may, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, designate a telecommunications carrier (excluding a telecommunications carrier for whom the proportion of the number of users of mobile telecommunications services which they provide in the total number of users of mobile telecommunications services does not exceed the proportion specified by the Ordinance of the Ministry of Internal Affairs and Communications as having minimal impact on proper competition with other telecommunications carriers), who is providing mobile telecommunications services (telecommunication services provided by using transmission-line facilities connected to mobile terminal facilities at one end, stipulated in (i) of 7) above, or telecommunications services stipulated in (ii) of 7) above that the Minister for Internal Affairs and Communications designates as services for which it is necessary to ensure proper competition among telecommunications carriers that provide such services in consideration of the state or provisions of telecommunications services and other circumstances), as a telecommunications carrier subject to the application of the provisions set forth in 13)-2 below. (Article 27-3, Paragraph 1)
- 13)-2 Telecommunications carriers designated in 13)-1 above shall not engage in the following conducts: (Article 27-3, Paragraph 2)
- (i) When concluding a contract for the sale of telecommunications facilities that are mobile terminal facilities necessary to receive the provision of mobile telecommunications services, promise or have a third party promise users of mobile telecommunications services pertaining to such contract that charges for the mobile telecommunications services will be more lucrative than if the contract is not concluded, or what is specified by an Ordinance of the Ministry of Internal Affairs and Communications as the provision of profit that may impair proper competition with other telecommunications carriers.
  - (ii) When concluding a contract for the provision of mobile telecommunications services, promise or have a person entrusted with intermediation and notification, etc. promise users of mobile telecommunications services, charges and other terms and conditions for the provision of mobile telecommunication services specified by an Ordinance of the Ministry of Internal Affairs and Communications as charges or terms and conditions that may impair proper competition with other telecommunications carriers by unreasonably hindering the termination of the contract.
- 14) 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 27-4)
- 15) Where the Minister for Internal Affairs and Communications finds that the business activities of a telecommunications carrier fall under certain grounds specified in the Telecommunications Business Act, the Minister may order the telecommunications carrier to improve the methods of conducting its business activities or take other measures within the limits necessary for ensuring the interests of users. (Article 29)
- 16) 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)

- 17) 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)
- 18) 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 18) above, where there are justifiable grounds specified by an Ordinance of the Ministry of Internal Affairs and Communications
- 19) 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)
- 20) 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 20) 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
- 21) 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)
  - 22) 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)
  - 23) 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)
  - 24) 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 18) above and other certain cases. (Article 35, Paragraph 1)
  - 25) In addition to the cases set forth in 24) 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)
  - 26) 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)
  - 27) In addition to the cases set forth in 26) 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 24) or 25) 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)
  - 28) 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)
  - 29) 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)
  - 30)-1 A person entrusted by a telecommunications carrier or person entrusted with intermediation, etc. that intends to conduct intermediation, etc. for concluding a contract for the provision of telecommunication services stipulated in (i) or (ii) of 7) above shall, as specified by an Ordinance of the Ministry of Internal Affairs and Communications, notify the Minister for Internal Affairs and Communications to that effect, attaching documents describing the following matters: (Article 73-2, Paragraph 1)
    - (i) Name and address and, in the case of a juridical person, the name of the representative;
    - (ii) Name and address of the entrusted telecommunications carrier or person entrusted with intermediation, etc.;
    - (iii) Name and address of the telecommunications carrier that provides telecommunications services in relation to the intermediation operations, etc.;
    - (iv) Which of (i) or (ii) of 7) above the telecommunications services in relation to the intermediation operations, etc.

fall under; and

- (v) In addition to the matters stipulated in (i) to (iv) of 30)-1 above, matters designated by an Ordinance of the Ministry of Internal Affairs and Communications.
- 30)-2 When a notifying person entrusted with intermediation, etc. that has filed a notification set forth in 30)-1 above has changed any of the matters stipulated in (i) to (v) of 30)-1 above, it shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 73-2, Paragraph 2)
- 30)-3 When a notifying person entrusted with intermediation, etc. has assigned the intermediation operations, etc. in whole, including intermediation, etc. for concluding a contract for the provision of telecommunication services stipulated in (i) or (ii) of 7) above relating to a notification according to the provisions of 30)-1 and 30)-2 above, or a merger, split or inheritance takes place involving the notifying person entrusted with intermediation, etc., a person assigned the intermediation operations, etc. in whole, a juridical person surviving after the merger or a juridical person newly established upon the merger, a juridical person that has succeeded to the intermediation operations, etc. in whole upon the split, or a heir inherits the status of notifying person entrusted with intermediation, etc. In such case, the person or juridical person that has inherited the status of notifying person entrusted with intermediation, etc. shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 73-2, Paragraph 3)
- 30)-4 When a notifying person entrusted with intermediation, etc. has abolished the intermediation operations, etc., it shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 73-2, Paragraph 4)
- 30)-5 When a juridical person that is a notifying person entrusted with intermediation, etc. has dissolved due to reasons other than a merger, the liquidator in charge or the trustee in bankruptcy shall notify the Minister for Internal Affairs and Communications to that effect without delay. (Article 73-2, Paragraph 5)
- 31) 7) and 12) above apply mutatis mutandis to a notifying person entrusted with intermediation, etc. and 13)-2 above applies mutatis mutandis to a notifying person entrusted with intermediation, etc. that conducts the intermediation operations, etc. for concluding a contract for the provision of mobile telecommunication services provided by a telecommunications carrier designated in 13) above. (Article 73-3)
- 32) When a notifying person entrusted with intermediation, etc. violates either 7) or 12) above or a notifying person entrusted with intermediation, etc. that conducts the intermediation operations, etc. for concluding a contract for the provision of mobile telecommunication services provided by a telecommunications carrier designated in 13)-1 above violates 13)-2, the Minister for Internal Affairs and Communications may order the notifying person entrusted with intermediation, etc. to improve the methods of conducting its operations or take other measures within the limits necessary for ensuring the interests of users. (Article 73-4)
- 33) 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.

- 34) 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)
- 35) Any person who falls under any of the following items may not obtain approval stipulated in 34) 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 39) 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 35) above
- 36) 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)
- 37)-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)
- 37)-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)
- 38) 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)
- 39) 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 35) 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 39) 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 (5G 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, 2020.

#### 4. Status of Parent Company, Subsidiaries and Affiliates

As of March 31, 2020

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	66.21	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.: 5 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
I-Cast, Inc.	Toshima-ku, Tokyo	30	Smart life business	100 (100)	Engaged mainly in broadcasting business in the Company's Smart Life Business and Other Businesses.  Concurrent appointments, etc.: 4 officers
NTT Plala Inc.	Toshima-ku, Tokyo	12,321	Smart life business	100	Engaged mainly in video distribution business 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
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
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.: 7 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

Name	Address	Capital (Millions of yen, unless otherwise stated)	Main business	Ratio of voting rights holding/held (%)	Description of relationship
docomo Healthcare, Inc.	Shibuya-ku, Tokyo	1,300	Smart life business	100	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
MAGASseek 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.: 4 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.: 3 officers
DOCOMO PACIFIC, INC.	Guam, U.S.	107,704 (thousand US dollars)	Telecommunications business	100 (100)	Operator of mobile telecommunications, fixed-line, cable TV and internet business in the Company's telecommunications business (overseas).  Concurrent appointments, etc.: 2 officers
Other 70 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 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, INC.	Chiyoda-ku, Tokyo	495	Network services business	40.02	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 19 affiliates	-	-	-	-	-

- Notes: 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.

## 5. Employees

### (1) Consolidated Companies

As of March 31, 2020

Segment name	Number of employees	
Telecommunications business		
Smart life business	25,083	[6,424]
Other businesses		
Corporate (common)	2,475	[388]
Total	27,558	[6,812]

Notes: 1. The number of employees include seconded personnel from other companies to consolidated companies (255 employees), but does not include seconded personnel from consolidated companies to other companies (110 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, 2020

Number of employees	Average age	Average years of service	Average annual salary (Thousands of yen)
8,100	40.1	16.9	8,704

Segment name	Number of employees
Telecommunications business	
Smart life business	7,167
Other businesses	
Corporate (common)	933
Total	8,100

Note:1. The number of employees include seconded personnel from other companies to the Company (695 employees), but does not include seconded personnel from the Company to other companies (5,972 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 (695 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.

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 “Item 2. Overview of Business, 2. Risks Relating to Our Business” and elsewhere in this report.

#### <Business Policy>

##### ■ General

Guided by our corporate philosophy of “creating a new world of communications culture,” 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.” In this medium-term management strategy, we set 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, 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. Our shareholder return policy is to accelerate shareholder returns through continuous dividend increases and our expeditious share purchase.

##### ■ Business structure

We primarily engage in the telecommunications business, wherein we provide mobile phone services, optical-fiber broadband services, satellite mobile communications services, international services and equipment sales related to those services, etc. In the smart life business, we are engaged in distribution services for video, music and electronic books, etc., finance/payment services, online shopping service and other life-related services, etc. In other businesses, we provide “Mobile Device Protection Service,” Enterprise IoT solutions, commissioned development/sales and maintenance of systems, etc.

#### <Business Environment>

Looking at the market environment surrounding the Company, competition is further intensifying due to the revision of the Telecommunications Business Act, the spread of low-cost smartphone services through Mobile Virtual Network Operators (MVNOs) and Mobile Network Operator (MNO) sub-brands, new entrants from different industries 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 such 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. In addition, new service competition is starting as each telecommunications carrier begins the provision of 5G.

According to an announcement by the Telecommunications Carriers Association, the mobile communications market in Japan saw a 6.79 million net increase in cellular subscriptions for the fiscal year ended March 31, 2020. The total number of cellular subscriptions in Japan grew to 182.15 million as of March 31, 2020, which represented a market penetration rate of approximately 145%. 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 4.1% and 3.9% for the years ended March 31, 2019 and 2020, 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 MVNOs as a result of the Ministry of Internal Affairs and Communications’ pro-competition policies, the deployment of sub-brands by other MNOs, the new entry in the MNO market by a player from a different industry and other factors.

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.

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, and an amendment to the Telecommunications Business Act was enforced in October 2019. 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.

#### <Business Model of the Telecommunications Business>

The telecommunications business segment includes mobile phone services (5G services, LTE (Xi) services and FOMA services), optical-fiber broadband services, satellite mobile communications services, international services and equipment sales related to these services, etc. We have a total subscription of 80.33 million, which represented 44.1% of all cellular subscriptions in Japan as of March 31, 2020. 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.

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 services, 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.

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, expanding use of our store visit reservations, and promoting handset sale through our web channel.

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 on 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 rate plan structure. ARPU consists of the two components of Mobile ARPU and docomo Hikari ARPU (optical fiber broadband).

#### <Business Model of the 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 distribution services for video, music and electronic books, etc., finance/payment services, online shopping service and other life-related services, etc.

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 services, 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 customers, 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.

#### <Business Model of the Other Businesses>

In other businesses, we provide “Mobile Device Protection Service” to our mobile subscribers and commissioned development/sales and maintenance of systems for 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 5G’s high-speed, large-capacity transmission, low latency, and massive device connectivity.

#### <Issues to be Addressed by the Group>

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.”

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 partners, 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 companywide “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.

To ensure sustainable growth in the 2020s, in the medium-term management strategy, we have set 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.”

■ “Revenue opportunity creation centered on customer base”

Expansion of customer base and promotion of “+d”

By focusing on expanding the number of “d POINT CLUB” members and corporate partners, we aim to reach 78 million members and 5,000 corporate partners in FY2021. We will link our membership base and corporate partners through DOCOMO’s assets to provide new value and create revenue opportunities in business areas such as smart life business and enterprise business.

Growth of smart life business

For finance/payment business in the smart life business segment, we plan to expand the number of locations where “d POINTs,” “d Payment” and “iD” can be used to two million locations in FY2021 with a view to improving customer convenience, and aim to reach ¥6 trillion in transactions.

Growth of enterprise business

In the enterprise business, our customers, the Corporate Sales and Marketing team and the R&D unit will work together as one in small “Top Gun” teams. Furthermore, we will conduct measures such as the “DOCOMO 5G Open Partner Program.” Through these efforts, we aim to bring in ¥120 billion in enterprise solutions revenue in FY2021.

■ “Growth driven by 5G”

Construction of 5G network

We will invest a total of ¥1 trillion in 5G network construction between FY2019 and FY2023, with a goal to install 20,000 5G base stations at the end of FY2021, aiming for an early rollout of the 5G network.

Creation of 5G services and solutions

For general customers, our 5G-based services and solutions will include stadium solutions and new sensory experience services such as VR, AR and MR. For corporate customers, we will work on remote medical services, disaster prevention and disaster mitigation, remote operation of construction machines and other services together with our diverse partners to contribute to the development of society and industry.

■ “Implementation of customer returns and evolved customer touchpoints”

Simple and great-value new rate plans

In response to feedback from customers, we will continue to improve customer returns by further enhancing our charge-related services to ensure long-lasting use of services with peace of mind.

Shortening of wait and attendance time

In addition to the simplification of our billing plans, we will carry out measures such as expanding use of our store visit reservations, reviewing and revising our methods of providing explanations, and enhancing our website to reduce docomo shop wait and attendance time.

Medium-term operation indicators (quantitative targets defined in the medium-term management strategy)

	FY2019 results	Targets	
“d POINT CLUB” members	75.09 million members	FY2021:	78 million members
Enterprise partners* <sup>1</sup>	3,400 partners	FY2021:	5,000 partners
Locations where payment/point service can be used	1.71 million places* <sup>2</sup>	FY2021:	2 million places
Transactions handled by Finance/Payment business	¥5.3 trillion	FY2021:	¥6 trillion
Enterprise solution revenues	¥89.0 billion	FY2021:	¥120 billion
Investment for 5G infrastructure buildout, etc.	¥52.0 billion	FY2019 - FY2023 cumulative total:	¥1 trillion
Wait time + attendance time	65 minutes	FY2019:	Approx. half of FY2018 (more than 2 hours on average)

\*1 Number of DOCOMO 5G Open Partner Program partners.

\*2 Locations where payment/point service can be used are the total of places where d POINTs, iD and d Payment (code and online payment) can be used. In the FY2019 result of the number of locations where payment/points can be used, only places where iD can be used are as of the end of February 2020.

Financial Targets

We plan to achieve ¥5 trillion in operating revenues in FY2021, and ¥990 billion in operating profit in FY2023, equivalent to the level of FY2017. Our shareholder return policy in the medium-term management strategy is to accelerate shareholder returns through continuous dividend increases and our expeditious share purchase.

(Reference) Management targets (operating revenues and operating profit) in the medium-term management strategy

	FY2018 (at the time of announcement)	FY2019	Final target
Operating revenues	¥4,840.8 billion	¥4651.3 billion	FY2021: ¥5 trillion
Operating profit	¥1,013.6 billion	¥854.7 billion	FY2023: ¥990.0 billion

FY2020 Priority Initiatives

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.” In this medium-term management strategy, we set 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, our Group positions FY2020 as the “start year for growth in the new era,” in which we will execute initiatives to ensure sustainable growth for the new era. The issues to be addressed by our Group include intensifying competition due to new entrants from different industries, the early construction of the 5G area to develop 5G services, intensifying competition in the cashless market following the consumption tax hike, and the creation of new revenue opportunities. In order to address these issues and realize growth in the new era, we will conduct business management as outlined below.

1) Further reinforcement of customer base

While we will enter a new competitive environment, such as the launch of commercial 5G services and the entry of new competitors, we will reinforce our customer base by working to roll out 5G early and enhance rate plans tailored to customer usage needs. In addition, through shortening attendance time, offering thorough basic support for customers, and strengthening website leads, we will work to improve customer experiences. Moreover, we will work to further enhance the attractiveness of membership programs and improve the “quality” of the membership base by expanding the number of “d POINTs” partner stores that are easier to use on a daily basis.

2) Full-scale execution of a business foundation centered on our membership base

We will go one step further in our pursuit of “a business foundation centered on our membership base,” one of the basic policies of our medium-term management strategy, to construct strong customer contact points and expand businesses by implementing optimal approaches through digital marketing. In addition, we will concentrate resources on growth areas. We will further expand finance/payment businesses by increasing the number of member stores and promoting the daily use of the “d CARD” and “d Payment,” and strengthen contents businesses centered on video and entertainment. Moreover, we will establish marketing solutions businesses that utilize our extensive membership base, such as by expanding

advertising businesses according to member attributes and enhancing CRM through data collaborations with strategic partners.

### 3) New value creation for the 5G era

For our sustained growth in the 2020s, we will tackle new value creation primarily through our commercial 5G service. We will realize new sensory and physical experiences in the 5G era focusing on video, such as 8KVR live video, multi-angle viewing and games. In addition, we will promote collaborative creation with our partners in order to create industries and resolve social issues, such as through the creation of new solutions that utilize the features of 5G. We will also work to create new businesses in XR, healthcare, sports, MaaS, etc.

Furthermore, we will promote structural reforms that support the new era. Looking toward the streamlining of business operations by strengthening 3G migration, we will work to make a smooth transition, including communication modules, and the early deconstruction of 3G areas. In addition, we will also focus on improving business process efficiency through the active utilization of the digital transformation, as well as shifting resources to growth areas.

#### Response to the Novel Coronavirus Pandemic

We consider the continuation of operations and the maintenance of communication network equipment as our challenge, and we will strive to operate those systems that are needed for the provision of our Group's services safely and stably. In addition, we will utilize our assets so we can contribute to meeting the various needs of society, such as through the provision of telework realization support, demographic analyses using "Mobile Spatial Statistics," learning support measures for customers under the age of 25\*, and the free provision of online health consultation through the "d healthcare" app.

Hereafter, we will correspond to the changes in social structure, which is shifting to remote, and work on creating new values and solving social issues.

\* "1GB addition option" and "speed mode" are provided free up to 50GB for those under 25 years old (scheduled to end on July 31, 2020).

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

### <Risk Management System>

We have established a system in which 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.

### <Major Risks>

Of the matters related to Overview of Business, Financial Information and other information stated in this annual securities report, management recognizes the major risks listed below that may have a material impact on the financial position, financial results and cash flows of consolidated companies. These major risks are discussed by Directors including independent Outside Directors, and determined based on their opinions.

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 our Group's business, financial results or financial position. Please note that potential risks and uncertainties are not limited to those listed below. Also, please note that implementing the following measures to address the risks will not necessarily reduce or eliminate the risks.

- (1) New market entrants and expanded uptake of low-cost smartphone services offered by MVNOs may cause significant changes in the market environment, which could limit the acquisition of new subscriptions and the retention of existing subscriptions by our Group, or could lead to ARPU diminishing at a greater than expected rate.

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 intend to further strengthen our customer base as a foundation for creating revenue opportunities. Our Group is exposed to intensifying competition from other businesses in the telecommunications industry caused by new market entrants, mergers among other service providers and other factors. For example, factors that can intensify competition include saturation in the Japanese mobile communications market, the development of sub-brands by MNOs, 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. Furthermore, with the full-scale expansion of new service operators into the telecommunications business in FY2020, there is a possibility that such new and other service operators will provide services that are more convenient for customers, or that rate competition will intensify further. Japan's mobile communications industry, in recent years, has seen significant progress in regulatory reform on many fronts. The revised Telecommunications Business Act was enforced in October 2019. The revised Telecommunications Business Act makes it compulsory, among other things, to completely unbundle communications tariffs from handset costs, and to rectify excessive retention measures such as time-binding contracts. Further changes in the regulatory environment could significantly affect the revenue structures and business models of players in the mobile communications industry including us.

The risk of an intensified competitive environment is an inherent risk in business operations, and since it is difficult to completely eliminate it through our Group's own measures, it may materialize on a daily basis in the course of business operations. In addition, it is difficult to make a definitive estimate because the degree of impact when a risk materializes will vary depending on the time of materialization and the manner in which it materializes. For example, 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. Further, 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 and after October 2019, we made new rate plans even more attractive through the “d CARD Oshiharai Wari” program, “Amazon Prime comes with



DOCOMO's plan" and "Gigaho' Gigalight' & 'Disney DELUXE' Set Discount." We will continue to actively promote the migration of customers to new rate plans that offer great value through measures including promoting the migration to smartphones to further solidify our customer base. In addition, we will enhance rate plans tailored to customer usage needs and work to roll out 5G early as a source of competition. We will also continue to refine customer experiences by shortening attendance time and strengthening website leads, as well as to enhance the attractiveness of membership programs and improve the "quality" of our membership base by expanding the number of "d POINTs" partner stores that are easier to use. Through these measures utilizing a variety of our assets, we aim to be a company that is continuously chosen by customers based on our comprehensive strength.

- (2) As we seek to expand our smart life business and enterprise business through collaborative creation with our partners and new value creation for the 5G era, if services we provide or propose cannot be developed as planned, if higher-than-expected expenses are incurred, or if competition with other service providers intensifies, our financial condition 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, while at the same time promoting digital marketing backed by this customer base and creating revenue opportunities for the smart life business and enterprise business through collaborative creation with our partners and new value creation for the 5G era. However, 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. In addition, a number of uncertainties may arise to prevent the creation of our businesses and constrain 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 Group with the partners needed to provide the services that we offer, with the software vendors that provide the operating systems and applications necessary to promote the use of services, etc., with handset manufacturers, and content providers;
- To provide planned new services as scheduled and keep costs needed for the deployment and expansion of such services within budget;
- The services 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 "+d" initiatives through collaborative creation with our partners and convergence with various businesses will be attractive to existing and potential subscribers and achieve continued or new growth;
- The services provided by our Group will be more competitive and sought after than similar services provided by other service providers;
- 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" and "d account" will grow according to our business plans and result in reform of our marketing model;
- To provide services such as 8KVR live video, multi-angle viewing, games, and video services that leverage the strengths of 5G, as well as the creation of solutions utilizing the DOCOMO Open Innovation Cloud, as scheduled.

Although it is difficult to make definitive estimates of the degree and certainty of the impact of the uncertainties described above, if we are unable to achieve the uncertainties described above and are unable to fully develop our services such as those in the smart life business, enterprise business and 5G business, or if we incur higher-than-expected costs due to intensified competition with other service operators, our financial condition and results of operation as well as our medium- to long-term growth may be adversely affected.

We have been creating new markets with the introduction of 5G, in addition to the fast-growing fields such as finance/payment and enterprise solutions in recent years. As we will continue to further deepen one of the basic policies of our medium-term management strategy, "a business foundation centered on our membership base," we will build strong customer contact points such as apps and media that customers use on a daily basis, and achieve an optimal approach through digital marketing to lead to the use of the services offered by our Group and our partners and the expansion of the solutions business. At the same time, we will focus our resources on growth areas such as finance/payment, content/lifestyle, and marketing solutions, work to create new value around 5G commercial services to realize new sensory and physical experiences in the 5G era, and provide full-fledged solutions to solve business and social issues through expanded collaborative creation with our partners in order to achieve further growth in the smart life business and other businesses. The Company will reorganize its organization to achieve these goals, including the establishment of Marketing Platform Division on July 1, 2020, which will be responsible for full-scale business operations centered on our membership base. We aim to achieve sustained growth in the 2020s through these measures.

- (3) In an effort to expand revenue opportunities through digital marketing using the member base, the inadequate handling by our Group or our partners of confidential business information (including personal data) including personal information could adversely affect our credibility or corporate image.

We are shifting from a customer base based on line contracts to a membership-based customer base. While we hope to expand revenue opportunities by promoting digital marketing using this membership base, there is a growing interest among companies and society on the use of personal data in a way that protects privacy. Under these circumstances, if there were to be an accidental leak or inadequate handling of confidential information, which includes a large amount of customer information, in the telecommunications business, the smart life business and other businesses that our Group holds, it could constrain our growth.

Although we take appropriate measures to protect personal information in accordance with the Law Concerning the Protection of Personal Information, it is difficult to completely eliminate risks, and such risks could materialize in the course of business operations. In addition, it is difficult to make a definitive estimate because the degree of impact when a risk materializes will vary depending on the manner in which it materializes. If such a risk materializes, our credibility and corporate image could be significantly harmed, which could have an adverse effect on our financial condition and results of operation, including an increase in the number of cancellations, an increase in costs due to compensation to parties, and a slowdown in the number of new contracts, as well as an adverse effect on our medium- to long-term growth.

We will continue to implement company-wide comprehensive security management that includes the thorough management of confidential business information including personal information, employee education, the thorough management and supervision of subcontractors and business partners, and the strengthening of technical security. In August 2019, we established and announced the NTT DOCOMO Personal Data Charter with the aim of clearly indicating the handling of personal data to our customers and providing them with peace of mind. In addition, since December, we have integrated the privacy policies previously established for each business field into a single policy and revised the structure and wording to make it easier for customers to understand the purposes for which personal data is used without changing the scope of handling personal data. We have also started to offer a tool that allows customers to check the main items to which they have given their consent regarding the handling of their personal data and to make changes within a certain range. In the future, we will strive to continuously provide new value to customers and society through the use of data and to achieve optimal privacy protection for customers.

- (4) Failure in our networks or disruption to our sales networks necessary for the provision of our services caused by natural or man-made disasters, events or incidents (including infectious diseases and cyber-attacks) may adversely affect the stable operation of our business, which could lead to a decline in our credibility and corporate image, or adversely affect our finances.

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. It is difficult to predict when natural disasters and incidents, etc. will occur, and it is also difficult to accurately predict the extent to which our business will be affected if they were to occur. System failures due to these factors 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. Although it is difficult to predict when such incidents will occur, and it is also difficult to accurately predict the extent to which our business will be affected if they were to occur, 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.

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.

In FY2020, the risk of an infectious disease epidemic has materialized due to the outbreak of the novel coronavirus (COVID-19). Although it is difficult to accurately predict the extent to which an outbreak of the novel coronavirus will affect our business, delays in the delivery of handsets, a decline in handset and service sales due to restraint in going out or reduced consumer spending, and a decline in the volume of financial/payment transactions could have an adverse effect on our financial condition and results of operations.

As a telecommunications carrier that is a designated public corporation, we believe that it is our mission to continue to provide stable communications to our customers, and we are working to expand our service area and to survey and improve signal conditions. In preparation for a disaster, we have established the “Three Principles of Disaster Preparedness,” which comprise the three pillars of “rapid restoration of communications services,” “ensuring essential communications” and “enhancing system reliability,” as continuous efforts to secure communications at the time of disaster. In addition, based on the lessons learned from the Great East Japan Earthquake and frequent torrential rains and typhoons, we have strengthened and enhanced our countermeasures, including uninterruptible base stations, installation of large-zone base stations, increased deployment of mobile power generation vehicles, and the decentralization of critical facilities, while conducting comprehensive disaster drills for large-scale disasters and annual disaster drills tailored to local characteristics.

We have set up a specialized organization that can take the necessary security measures, understand the trends of cyberattacks, check our own preparedness, and prepare for any incidents that may occur, in order to ensure that our customers can use our services with greater peace of mind and safety. In addition, we continue to provide training and drills to raise the awareness of employees toward information security and to alert customers of unauthorized access.

In response to COVID-19, we are striving to provide stable communications services to fulfill our social responsibility as a telecommunications carrier while taking measures to prevent infection, after first ensuring the health and safety of our customers and employees as a top priority. We will continue to consider what we can do as a corporate group to support our customers, local governments and the Japanese government while keeping a close watch on trends and assessing effects on our business so that we can take appropriate measures.

(5) The introduction or revision of various laws, regulations or systems inside and outside of Japan, or the application of such introduced or revised laws, regulations and systems to our 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 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 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 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 Group;

- Review of the rules for consumer protection and advertising;
- Other measures to promote competition that would restrict our 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 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. In addition, if the governance systems of listed subsidiaries with controlling shareholders were to be reviewed, our business operations could be adversely affected. Furthermore, our 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 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 occur that may impact the mobile telecommunications business or our “+d” initiatives, or if laws, regulations or systems are introduced, revised or become applicable to our Group, we may experience constraints on the provision of our services, which may have an adverse effect on our financial condition and results of operations.

We will collect information on changes in governmental and legislative policies and economic conditions that could affect our business operations, and we will present our opinions in response to public comments made by relevant ministries and agencies in order to promote an understanding of our opinions among stakeholders. In addition, based on the principles of the Corporate Governance Code, we will strive to achieve sustainable growth and further enhance our corporate value over the **medium- to long- term** in order to earn the trust and reputation of stakeholders including shareholders and customers.

### **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 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 and Analysis from Management’s Perspective
  - 1) Operating Result Overview
  - 2) Recognition, Analysis and Examination of Operating Results and Financial Conditions for the fiscal year ended March 31, 2020
  - 3) Segment Analysis
  - 4) Financial Conditions
  - 5) Cash Flow Conditions
  - 6) Information on Source of Capital and Liquidity of Funds
  - 7) Prospects for the fiscal year ending March 31, 2021
  - 8) Initiatives toward Realization of a Sustainable Society
  - 9) Conditions of Production, Order Received and Sales
  - 10) Non-Consolidated Statement of Income for Mobile Communications Services of the Company
- (2) Significant Accounting Estimates and Underlying Assumptions

## (1) Operating Results and Analysis from Management's Perspective

### 1) Operating Result Overview

Looking at the market environment surrounding the Company, competition is further intensifying due to the revision of the Telecommunications Business Act, the spread of low-cost smartphone services through MVNO and MNO sub-brands, and new entrants from different industries. 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 such expansion of business domains, competition beyond the conventional boundaries of the telecommunications business is shifting into high gear with new competitors from different industries such as EC. In addition, new service competition is starting as each telecommunications carrier begins the provision of 5G.

Positioning FY2019 as the “year to execute ‘change’ to propel further growth,” the Company anticipated change itself and, together with its partners, continued to provide “new value” to customers and the world. We worked to provide value to our customers by providing returns to customers through the simple and great-value new rate plans “Gigaho” and “Gigalight,” introducing the new d POINTs return program, and continuing to make “d POINTs” available at more locations.

As a result, we achieved a total of 75.09 million “d POINT CLUB” members, the total “d POINTs” used amounted to 199.8 billion points, 3,400 corporate partners\* and 1,250 “+d” partners. By linking these to our assets, we provided new value for our customers and partners, and carried out “revenue opportunity creation centered on customer base.” Meanwhile, in order to realize optimal privacy protection and ensure that customers are able to use docomo services safely, we published the NTT DOCOMO Personal Data Charter and, based on the behavioral principles stipulated in the Charter, reorganized and began to apply the NTT DOCOMO Privacy Policy.

Additionally, we achieved 80.33 million mobile phone subscriptions, churn rate of 0.54% and 6.49 million “docomo Hikari” subscriptions.

Regarding 3G (FOMA services), we ended new registrations for 3G (FOMA service) at the end of FY2019 and announced that this service will be terminated at the end of FY2025. The Company, by providing a lineup of devices and various measures that will make it easy for customers to transition from 3G and proposing to corporate customers system migrations that utilize 4G modules, will work on a smooth transition to 4G and also concentrate management resources on 5G.

\* Number of DOCOMO 5G Open Partner Program partners.

For the fiscal year ended March 31, 2020, operating revenues decreased by ¥189.6 billion from the previous fiscal year to ¥4,651.3 billion. This was mainly due to a decrease in equipment sales as well as a decrease in mobile communication services revenues because of the expansion of customer returns. This decrease in revenues exceeded an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” users. Operating expenses decreased by ¥30.6 billion from the previous fiscal year to ¥3,796.6 billion. This was mainly due to a decrease in the cost of equipment sold associated with a decrease in equipment sales. This decrease in expenses was greater than an increase in expenses attributable to NTT Plala Inc. which became a subsidiary in July 2019, and an increase in expenses associated with the expansion of “docomo Hikari” revenues.

As a result, operating profit decreased by ¥159.0 billion from the previous fiscal year to ¥854.7 billion for the fiscal year ended March 31, 2020.

Consolidated results of operations for the fiscal years ended March 31, 2020 were as follows:

<Results of operations>

	Billions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Increase (Decrease)	
Operating revenues	¥	4,840.8	¥	<b>4,651.3</b>	¥	(189.6) (3.9) %
Operating expenses		3,827.2		<b>3,796.6</b>		(30.6) (0.8)
Operating profit		1,013.6		<b>854.7</b>		(159.0) (15.7)
Finance income		7.5		<b>15.3</b>		7.8 103.2
Finance costs		6.5		<b>5.6</b>		(0.9) (14.0)
Share of profits (losses) on equity method investments		(12.0)		<b>3.6</b>		15.6 -
Profit before taxes		1,002.6		<b>868.0</b>		(134.7) (13.4)
Income taxes		337.8		<b>273.2</b>		(64.6) (19.1)
Profit		664.9		<b>594.8</b>		(70.1) (10.5)
Shareholders of NTT DOCOMO, INC.		663.6		<b>591.5</b>		(72.1) (10.9)
Noncontrolling interests	¥	1.2	¥	<b>3.3</b>	¥	2.0 166.5
ROE		12.0 %		<b>11.1 %</b>		(0.9) point -

<Operating revenues>

	Billions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Increase (Decrease)	
Telecommunications services	¥	3,130.7	¥	<b>3,094.3</b>	¥	(36.4) (1.2) %
Mobile communications services revenues		2,844.4		<b>2,757.8</b>		(86.6) (3.0)
Optical-fiber broadband service and other telecommunications services revenues		286.3		<b>336.4</b>		50.2 17.5
Equipment sales		844.4		<b>608.2</b>		(236.2) (28.0)
Other operating revenues		865.8		<b>948.8</b>		83.0 9.6
Total operating revenues	¥	4,840.8	¥	<b>4,651.3</b>	¥	(189.6) (3.9) %

## Key Financial Consolidated Indicators

The underlying operational data for the above-mentioned financial results for the fiscal years ended March 31, 2020 and 2019 are provided below:

### <EBITDA>

EBITDA= Operating profit + Depreciation and amortization + Loss on sale or disposal of property, plant and equipment + Impairment loss

	Billions of yen	
	Year ended March 31, 2019	Year Ended March 31, 2020
EBITDA	¥ 1,559.0	¥ 1,473.8
Depreciation and amortization	(470.9)	(580.8)
Loss on sale or disposal of property, plant and equipment	(41.6)	(36.1)
Impairment loss	(32.8)	(2.2)
Operating profit	1,013.6	854.7
a. Profit attributable to NTT DOCOMO, INC.	663.6	591.5
b. Operating revenues	4,840.8	4,651.3
Net profit margin (=a/b)	13.7%	12.7%

EBITDA	¥ 1,559.0	¥ 1,473.8
Impact of the application of IFRS16	-	(94.6)
EBITDA excluding impact of the application of IFRS 16	1,559.0	1,379.1

### <ROE>

ROE=Profit attributable to shareholders of NTT DOCOMO, INC. / Total equity attributable to shareholders of NTT DCOMO, INC.

	Billions of yen	
	Year ended March 31, 2019	Year Ended March 31, 2020
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥ 663.6	¥ 591.5
b. Total equity attributable to shareholders of NTT DOCOMO, INC.	5,518.5	5,310.9
ROE (=a/b)	12.0%	11.1%

Note: Total equity attributable to shareholders of NTT DOCOMO, INC. = The average of equity attributable to shareholders of NTT DOCOMO, INC. each as of March 31, 2020 (or 2019) and March 31, 2019 (or 2018).



2) Recognition, Analysis and Examination of Operating Results and Financial Conditions for the fiscal year ended March 31, 2020

**Analysis of operating results for the fiscal year ended March 31, 2020 and comparison with the previous fiscal year**

An analysis of the results of each business segment is provided under “(1) Operating Results and Analysis from Management’s Perspective 3) Segment Analysis.”

The operating revenues and expenses of the overall business represent the amounts after eliminating intersegment transactions. Accordingly, the operating revenues and expenses 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.

**Operating revenues**

Operating revenues for the fiscal year ended March 31, 2020 recorded a decrease of ¥189.6 billion or 3.9% from the previous fiscal year to ¥4,651.3 billion, due mainly to a drop in the operating revenues from “telecommunications business” of ¥290.1 billion, or 7.3% year-on-year, caused by a decline in equipment sales revenues and an expansion of returns provided to customers.

Operating revenues from “smart life business,” on the other hand, grew by ¥95.5 billion, or 21.3%, and the operating revenues from “other businesses” increased by ¥12.7 billion or 2.9% compared to the previous fiscal year.

**Operating expenses**

Operating expenses for the fiscal year ended March 31, 2020 dropped by ¥30.6 billion or 0.8% from the previous fiscal year to ¥3,796.6 billion. The main drivers behind this decline include the rise in operating expenses in “smart life business” of ¥132.2 billion or 34.9% caused by an increase in expenses resulting from the consolidation of NTT Plala Inc. in July 2019 and the growth of expenses linked with the expansion of revenues generated by finance/payment services, which was offset by the decrease in operating expenses from “telecommunications business” of ¥130.3 billion or 4.2% achieved through the reduction of cost of equipment sold, which came down in tandem with the decline in equipment sales revenues and the decrease in operating expenses from “other businesses” of ¥24.9 billion or 6.8% year-on-year.

**Operating profit**

Operating profit for the fiscal year ended March 31, 2020 decreased by ¥159.0 billion or 15.7% from the previous fiscal year to ¥854.7 billion. The key factors behind the decline were the drop in operating profits from “telecommunications business,” and “smart life business” of ¥159.8 billion or 18.4% and ¥36.7 billion or 53.0%, respectively. Operating profit from “other business,” on the other hand, increased by ¥37.5 billion, or 48.0%.

Operating profit margin dropped to 18.4% compared to 20.9% for the previous fiscal year. This was mainly attributable to the margin deterioration of “telecommunications business” to 19.2% from 21.8% for the previous fiscal year and of “smart life” to 6.0% from 15.4% for the previous fiscal year. Meanwhile, the operating profit margin of “other businesses” improved to 25.5% compared to 17.7% for the previous fiscal year.

**Share of profit (losses) on equity method investments**

Share of profit on equity method investments for the fiscal year ended March 31, 2020 increased by ¥15.6 billion or -% from the previous fiscal year to ¥3.6 billion. This was mainly attributable to the impairment losses recorded in our affiliate overseas telecommunications carrier in the previous fiscal year.

**Profit before taxes**

As a result of the foregoing, profit before taxes decreased by ¥134.7 billion or 13.4% from the previous fiscal year to ¥868.0 billion yen.

**Income taxes**

Income taxes for the fiscal year ended March 31, 2020 decreased by ¥64.6 billion or 19.1% from the previous fiscal year to ¥273.2 billion, due primarily to a decline in profit before taxes.

**Profit Attributable to Shareholders of NTT DOCOMO, INC.**

Consequently, profit attributable to shareholders of NTT DOCOMO, INC. decreased by ¥72.1 billion or 10.9% from the previous fiscal year to ¥591.5 billion.

## Our Medium-Term Initiatives

The initiatives we have implemented toward the delivery of our medium-term strategy and our business management policies for the fiscal year ending March 31, 2021 are also explained in the section of “Business Policy, Business Environment, Issues to Address, etc.”

Although operating revenues and operating profits decreased in the fiscal year ended March 31, 2020 compared with the previous fiscal year, we are making a steadfast progress to realize “Declaration beyond” and our Medium-Term Operation Indicators.

### Medium-Term Strategy 2020 “Declaration beyond”

The key initiatives implemented during the fiscal year ended March 31, 2020 under each declaration are summarized in the table below:

Declaration	Principal initiatives
Declaration 1 Market Leader	<ul style="list-style-type: none"> <li>● Introduction of new rate plans, “Gigaho” and “Gigalight”</li> <li>● Functional enhancement of “+Message” service</li> <li>● Addition of wallet feature to “d Payment” smartphone payment service</li> <li>● Launch of “Amazon Prime comes with DOCOMO’s plans” campaign</li> <li>● Launch of “ ‘Gigaho’ ‘Gigalihgt’ &amp; ‘Disney DELUXE’ Set discount”</li> <li>● Execution of “Gigaho Zouryou Campaign” and “Unlimited data campaign”</li> <li>● Commencement of 5G service</li> </ul>
Declaration 2 Style Innovation	<ul style="list-style-type: none"> <li>● Provision of “FACE LOG,” a health support service based on skin analysis</li> <li>● Commenced provision of “d Meal Kit powered by Oisix” service</li> <li>● Start of joint business for “embot” programming education service with TOMY Company Ltd.</li> <li>● Conclusion of “Top Partner” agreement with T.LEAGUE</li> <li>● Launch of seven new 5G-enabled services</li> </ul>
Declaration 3 Peace-of-Mind and Comfort Support	<ul style="list-style-type: none"> <li>● Renewal of former “Anshin Pack” into “Anshin Pack Mobile” and “Anshin Pack Home”</li> <li>● Free-of-charge handset initial setup support and data transfer service at all docomo shops</li> <li>● Commenced provision of “d Wi-Fi” public Wi-Fi service for “d POINT CLUB” members</li> <li>● Stepped up disaster preparedness measures at docomo shops</li> </ul>
Declaration 4 Industry Creation	<ul style="list-style-type: none"> <li>● Commencement of “Touch-de-Kaiwa,” an enterprise service that provides support for conversation with foreign travelers visiting Japan</li> <li>● Start of 5G service in Guam (FWA* service for enterprises)</li> <li>● Launch of an AI-based “Oshaberi Annaiban” multilingual information board service compatible with natural dialogue</li> <li>● Started provision of 22 5G-enabled solutions</li> </ul>
Declaration 5 Solution Co-creation	<ul style="list-style-type: none"> <li>● Started provision of “docomo IoT Manufacturing Line Analysis” solution for manufacturers</li> <li>● Started provision of Mobile Spatial Statistics “Real-Time Population Survey”</li> <li>● Started taking formal orders for “OMNI edge,” an IoT service for the manufacturing industry jointly developed by THK Co. Ltd., NTT DOCOMO, Cisco Systems G.K., and ITOCHU Techno-Solutions Corporation</li> <li>● Commenced commercial operation of “DOCOMO Open Innovation Cloud”</li> </ul>
Declaration 6 Partner Business Expansion	<ul style="list-style-type: none"> <li>● Launch of “Fan Connect SP,” an enterprise CRM solution that leverage “d POINT” membership base</li> <li>● Started providing “docomo Lending Platform” to financial institutions</li> <li>● Conclusion of capital and business alliance agreement with Showcase Gig Co., Ltd.</li> <li>● Started handling “d POINT”-based equity investment service, “Nikko Froggy + docomo”</li> </ul>

\*: Abbreviation for Fixed Wireless Access, a data communication system that connects the subscriber circuit between the user and internet service provider through wireless connectivity.

## Medium-Term management strategy

The progress of achievement of our medium-term management strategy which defines the concrete directions and quantitative targets under “Declaration beyond” is provided below:

### Financial indicators: Progress

(Billions of yen)

	FY2018 (Results)	FY2019 (Results)	Target
Operating revenue	4,840.8	4,651.3	FY2021 5,000.0
Operating profit	1,013.6	854.7	FY2023 990.0

### Medium-Term Operation Indicators: Progress

Creation of revenue opportunities centered around our membership base

	FY2018 (Results)	FY2019 (Results)	FY2021 (Target)
“d POINT CLUB” members	70.15 million	75.09 million	78.00 million
Enterprise Partners* <sup>1</sup>	2,487	3,400	5,000
Transactions handled by Finance/Payment business	¥3.9 trillion	¥5.3 trillion	¥6 trillion
Locations where payment/point service can be used	1.05 million	1.71 million* <sup>2</sup>	2 million
Enterprise solution revenues	¥73 billion	¥89 billion	¥120 billion

\*1: Number of DOCOMO 5G Open Partner Program partners.

\*2: Locations where payment/point service can be used represent the combined number of locations where “d POINT,” “iD” and “d Payment” (code and online payment) can be used. The number of locations where “iD” can be used for FY2019 is based on the actual data as of Feb. 29, 2020.

### Growth driven by 5G

	FY2018 (Results)	FY2019 (Results)	Target
Investment for 5G infrastructure buildout, etc.	Nondisclosure	¥52.0 billion	FY2019-23: cumulative ¥1 trillion

### Reinforcement of Customer Touchpoints

	FY2018 (Results)	FY2019 (Results)	Target
Wait time + attendance time	Average over 2 hours	65 minutes	FY2019: Approx. half of FY2018 level

### 3) Segment Analysis

The historical changes in operating revenues, operating profit and operating profit margin are provided in the tables below:

#### <Operating revenues>

(Billions of yen)

Fiscal Year	27th	28th	29th
Year Ended	March 2018	March 2019	March 2020
Telecommunications Business	3,894.4	3,977.1	3,687.0
Smart Life Business and Other Businesses*	890.6	889.5	997.7
Smart Life Business	450.8	448.2	543.7
Other Businesses	439.8	441.3	454.0
<b>Total</b>	<b>4,762.3</b>	<b>4,840.8</b>	<b>4,651.3</b>

\*The columns for “smart life business and other businesses” represent the sum for “smart life business” and “other businesses”.

#### <Operating profit>

(Billions of yen)

Fiscal Year	27th	28th	29th
Year Ended	March 2018	March 2019	March 2020
Telecommunications Business	854.2	866.3	706.5
Smart Life Business and Other Businesses	132.7	147.3	148.1
Smart Life Business	60.3	69.2	32.5
Other Businesses	72.4	78.1	115.6
<b>Total</b>	<b>987.0</b>	<b>1,013.6</b>	<b>854.7</b>

#### <Operating profit margin>

Fiscal Year	27th	28th	29th
Year Ended	March 2018	March 2019	March 2020
Telecommunications Business	21.9%	21.8%	19.2%
Smart Life Business and Other Businesses	14.9%	16.6%	14.8%
Smart Life Business	13.4%	15.4%	6.0%
Other Businesses	16.5%	17.7%	25.5%
<b>Total</b>	<b>20.7%</b>	<b>20.9%</b>	<b>18.4%</b>

<Composition of operating profit>

The contributions from “smart life business” and “other businesses” to our total operating profit have been rising in the recent periods.

Fiscal Year	27th	28th	29th
Year Ended	March 2018	March 2019	March 2020
Telecommunications Business	86.6%	85.5%	82.7%
Smart Life Business and Other Businesses	13.4%	14.5%	17.3%
Smart Life Business	6.1%	6.8%	3.8%
Other Businesses	7.3%	7.7%	13.5%
Total	100.0%	100.0%	100.0%

(i) Telecommunications Business—

<Results of operations>

	Billions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Increase (Decrease)	
Operating revenues from telecommunications business	¥	3,977.1	¥	<b>3,687.0</b>	¥ (290.1)	(7.3)%
Operating expenses from telecommunications business		3,110.8		<b>2,980.5</b>	(130.3)	(4.2)
Operating profit (loss) from telecommunications business		866.3		<b>706.5</b>	(159.8)	(18.4)

Telecommunications business is an important business that accounts for a large proportion of our operating revenues and profit.

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

Mobile communications services revenues = No. of active users x Mobile ARPU

Optical-fiber broadband services revenues = No. of active users x “docomo Hikari” ARPU

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 users 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).

Revenues from our telecommunications business could be affected by various factors including the following:

- Number of telecommunications services subscriptions
- Average monthly revenue per unit (ARPU)
- Churn rate
- Number of smartphone and tablet device users
- Handset procurement cost per unit from manufacturers
- Number of wholesale handsets sold to agent resellers and the wholesale price per unit
- Amount of handset discounts, commissions and other incentives payable to agent resellers
- The number of subscriptions who have joined or applied with handset purchase program
- Network-related capital expenditures
- Regulations

Operating revenues from the telecommunications business for the fiscal year ended March 31, 2020 decreased by ¥290.1 billion, or 7.3%, to ¥3,687.0 billion from ¥3,977.1 billion for the previous fiscal year. This was mainly attributable to the decline in mobile communications services revenues caused by the drop in equipment sales revenues and the expanded impact from the customer return measures, which outweighed the growth of optical-fiber broadband communications services revenues achieved through the expansion of “docomo Hikari” subscriptions.

Operating expenses from the telecommunications business, on the other hand, recorded a decrease of ¥130.3 billion, or 4.2%, to ¥2,980.5 billion from ¥3,110.8 billion for the previous fiscal year. This was due primarily to the cost of equipment sold that came down in tandem with the drop in equipment sales revenues, which more than offset the growth of expenses associated with the expansion of “docomo Hikari” revenues.

As a result, operating profit from telecommunications came in at ¥706.5 billion, posting a decrease of ¥159.8 billion, or 18.4%, from ¥866.3 billion for the previous fiscal year.

A detailed description on the factors that affected the operating revenues and profit from telecommunications business is provided below:

**Factors that positively affected operating revenues**

- Reduced impact from “Monthly Support” discount package (resulting in an increase of Mobile ARPU).
- Growth of optical-fiber broadband services revenues driven by an increase in “docomo Hikari” subscriptions (resulting in a growth of “docomo Hikari” 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**

- Reduced equipment sales revenues caused by a drop in the number of wholesale handsets sold.
- A decrease in mobile communications services revenues caused by the enrichment of customer return measures aimed at reinforcing our competitiveness.

**Factors that caused an increase in operating expenses**

- Increase of communication network charges payable by the Company, which rises in proportion to the growth of revenues from “docomo Hikari” optical-fiber broadband service.

**Factors that caused a decrease in operating expenses**

- A drop in cost of equipment sold resulting from a decrease in the number of wholesale handsets sold.
- Ongoing cost efficiency improvement initiatives

<<Key Topics>>

● Enhanced Customer Returns and Encouraging Switch to Smartphones

As the market environment changes drastically, in order to be competitive as a market leader, in June 2019 the Company launched the new rate plans “Gigaho,” “Gigalight” which feature simple structure and great value and the “Sumaho Okaeshi Program” that makes it easy for customers to purchase smartphone devices. In addition, together with lowering cancellation fees for two-year term contracts and monthly rates for non-term contracts in mobile telecommunications services from October, we launched the “d CARD Oshiharai Wari” discount program and expanded options for economical rate plans with no cancellation fees.

In addition, as a result of rolling out campaigns such as “Amazon Prime comes with DOCOMO’s plan” and working to provide optimal rate plans through “Shikkari Ryokin Simulation,” the number of applications\* for the new rate plans totaled 16.51 million and, out of such, the number of subscriptions\* topped 14.94 million.

Furthermore, due to the provision of the “Oshaberi Wari 60” and “Hajimete Sumaho Kounyu Support,” the number of smartphone and tablet users topped 42.04 million.

\* The number of applications is the total number of subscriptions and reservations (including those cancelled after application). Each of the number of applications and the number of subscriptions is the total of “Gigaho,” “Gigalight,” “5G Gigaho,” “5G Gigalight,” “Keitai Plan,” “Kids Keitai Plan,” “Data Plus” and “5G Data Plus”

Launch Date	Principal Initiatives
June 2019	“Gigaho” and “Gigalight,” simple and great-value new rate plans
June 2019	“Sumaho Okaeshi Program” in which, when a device is purchased in 36 installments, payments for up to 12 installments will be exempted if the purchased device is returned.
October 2019	Lowered cancellation fees for two-year term contracts from ¥9,500 to ¥1,000.
October 2019	“d CARD Oshiharai Wari” which enables the application of the same monthly rate as two-year term contracts even with non-term contracts when d CARD is selected as the payment method for docomo usage fees.
November 2019	“Oshaberi Wari 60” which discounts voice call options for customers aged 60 or over who change to smartphone plans, and “Hajimete Sumaho Kounyu Support” which discounts device prices when customers switch to a smartphone from a FOMA phone.
December 2019	“Amazon Prime comes with DOCOMO’s plan” which provides “Amazon Prime*,” Amazon’s paid membership program, for one year.
December 2019	““Gigaho” ‘Gigalight’ & ‘Disney DELUXE’ Set Discount” which provides a ¥700 discount from monthly rates for one year.
December 2019	“docomo Student Discount” which provides a maximum ¥1,500 monthly discount for customers under 25 years old from “Gigaho” and “Gigalight” usage fees for one year.
January 2020	“Gigaho Zouryou Campaign” which allows “Gigaho” subscribers to use up to 60GB monthly.
March 2020	“5G Gigaho” and “5G Gigalight,” rate plans for 5G “Unlimited data campaign” which allows “5G Gigaho” subscribers unlimited use of monthly data.

\* Amazon Prime annual membership fee is ¥4,900 (tax included; as of June 16, 2020). The Company bears the Amazon Prime annual membership fee for one year.

● Evolved Customer Touchpoints

Aiming for thorough responses that satisfy customers, we worked to acquire further knowledge, enhance response skills and foster compliance awareness through regular training.

In addition, we sequentially opened “d garden” from April 2019 as a proof-of-concept shop for providing “new customer experience value” that meet the diverse needs of regions and customers. The shop provides a space to experience various services and contents, even for customers who do not have docomo subscriptions.

In order to enhance customer support at docomo shops, we worked to provide free “initial settings and data transfer” support for customers who purchased devices in shops, and increased shops with expanded store visit reservations so that we were able to accept many customers without having them wait. Moreover, at our “docomo Smartphone classes,” which have 5 million participants annually, we developed programming classes, toward the 2020 mandating of programming education at elementary schools.

Further, working to raise customer satisfaction, we enhanced convenience and support at every customer contact point, such as by launching “simple procedures” on the docomo online shop so that devices can be purchased smoothly.



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

<Number of subscriptions by services>

	Thousand subscriptions			
	March 31, 2019	March 31, 2020	Increase (Decrease)	
Mobile telecommunication services	78,453	80,326	1,873	2.4 %
Mobile telecommunication services (5G)	-	14	14	-
Mobile telecommunication services (LTE(Xi))	55,872	61,664	5,792	10.4
Mobile telecommunication services (FOMA)	22,581	18,648	(3,933)	(17.4)
“docomo Hikari” optical broadband service	5,759	6,490	731	12.7 %

Note: Number of subscriptions to Mobile telecommunications services, Mobile telecommunications services (LTE(Xi)) and Mobile telecommunications services (FOMA) includes mobile line subscriptions of MVNOs and Communication Module services subscriptions.

< Number of units sold>

	Thousand units			
	Year ended March 31, 2019	Year ended March 31, 2020	Increase (Decrease)	
Number of handsets sold	24,429	22,706	(1,723)	(7.1)%
Mobile telecommunication services (5G)				
New 5G subscription*1	-	1	-	-
Change of subscriptions from LTE(Xi) and FOMA*1	-	13	-	-
5G handset upgrade*1 by 5G subscribers*4	-	0	-	-
Mobile telecommunication services (LTE(Xi))				
New LTE(Xi) subscription*1	9,930	9,950	20	0.2
Change of subscriptions from 5G and FOMA*1	3,021	2,980	(41)	(1.3)
LTE(Xi) handset upgrade*1 by LTE(Xi) subscribers*4	10,082	9,004	(1,078)	(10.7)
Mobile telecommunication services (FOMA)				
New FOMA subscription*1	924	506	(418)	(45.3)
Change of subscriptions from 5G and LET(Xi)*1	28	23	(5)	(18.9)
FOMA handset upgrade*1 by FOMA subscribers*4	444	229	(215)	(48.5)
Churn rate*2	0.57 %	0.54 %	(0.02) point	-
Handset churn rate*3	0.47 %	0.44 %	(0.04) point	-

\*1: New subscriptions (including mobile line subscriptions of MVNOs and Communication Module subscriptions)

Change of subscription (including Communication Module subscriptions)

Handset upgrade (including Communication Module subscriptions)

\*2: Churn rate (including handset churn rate) is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.

\*3: Churn rate of billing plans that offer voice communication service (excluding 2in1 service).

\*4: Number of handset upgrade for fiscal year ended March 31, 2019 does not include “DOCOMO rental service for business.”

<Trend of ARPU and MOU>

	Yen			
	Year ended March 31, 2019	Year ended <b>March 31, 2020</b>	Increase (Decrease)	
Aggregate ARPU	¥ 4,800	¥ 4,740	¥ (60)	(1.3) %
Mobile ARPU	4,360	<b>4,230</b>	(130)	(3.0)
“docomo Hikari” ARPU	440	<b>510</b>	70	15.9
MOU (minutes)	134	<b>133</b>	(1)	(0.7)%

Notes:

1. Definition of ARPU and MOU

a. ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure 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 “5G,” “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 POINT” are not included in the ARPU calculation.

(ii) Smart life business—

<Results of operations>

	Billions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Increase (Decrease)	
Operating revenues from smart life business	¥	448.2	¥	543.7	¥	95.5 21.3%
Operating expenses from smart life business		379.0		511.2		132.2 34.9
Operating profit (loss) from smart life business		69.2		32.5		(36.7) (53.0)

Smart life business is a segment of business that we have been strengthening toward the goal of creating new revenue sources.

Revenues from Smart life business could be affected by various factors including the following:

- Total amount of transactions processed by our finance/payment services
- Rate of commissions payable to merchants
- Number of subscribers of monthly subscription-based services
- Sales promotion expenses for the expansion of customer base of various services
- Acquisition of or investment in other companies

Operating revenues from Smart life business for the fiscal year ended March 31, 2020 increased by ¥95.5 billion, or 21.3%, to ¥543.7 billion from ¥448.2 billion for the previous fiscal year, driven mainly by the growth of revenues associated with the consolidation of NTT Plala Inc. as a wholly-owned subsidiary in July 2019 and the increase of finance/payment services revenues.

Operating expenses from Smart life business grew by ¥132.2 billion, or 34.9%, from ¥379.0 billion for the previous fiscal year to ¥511.2 billion. This was mainly due to an increase in expenses incurred at NTT Plala Inc. that was integrated as a subsidiary in July 2019 as well as the rise in expenses linked with the revenues from finance/payment services.

Consequently, operating profit from Smart life business recorded a drop of ¥36.7 billion, or 53.0%, from ¥69.2 billion for the previous fiscal year to ¥32.5 billion.

Below is a detailed explanation on the factors that affected the operating revenues and profit from Smart life business:

**Factors that positively affected operating revenues**

- Increase in revenues from NTT Plala Inc. that was consolidated as a wholly-owned subsidiary in July 2019.
- Increase in the amount of transactions processed with our finance/payment services achieved through the expansion of “d CARD” membership base and stepped up efforts to promote the usage “d Payment” service.

**Factors that negatively affected operating revenues**

- Reduction in revenues caused by the sale of former subsidiaries, e.g., ABC Cooking Studio Co. Ltd., Nihon Ultramar INC., etc.

**Factors that caused an increase in operating expenses**

- Increase in expenses incurred at NTT Plala Inc. that was consolidated as a wholly-owned subsidiary.
- Active investments aimed at propelling future growth, such as measures for boosting the usage and cultivating new merchants of our cashless payment services (e.g., “d Payment,” credit card, etc.), sales promotion of Disney DELUXE and other new services, and creation of new businesses in the area of Fintech, etc.

**Factors that caused a decrease in operating expenses**

- Ongoing cost efficiency improvement initiatives.
- Reduced outlays resulting from the sale of former subsidiaries, e.g., ABC Cooking Studio Co. Ltd. and Nihon Ultramar INC.

The principal actions implemented to drive growth of Smart life business and its operating trends are explained below:

### **Content/Lifestyle**

The principal services offered under this business category include various monthly subscription-based services and the online shopping service provided via Oak Lawn Marketing, Inc.

Although the operating profit from the content/lifestyle category showed a temporary deterioration due to the drop in revenues caused by the change of sales method and the impact of upfront expenditure required for the sales promotion of Disney DELUXE and other new services, etc., we will strive to achieve a growth in both revenues and profit over the medium term by continuing our sales practice that will allow us to garner customers' long-term use of services.

### **Finance/Payment**

In recent years, we have addresses finance/payment business as one of our priority areas. The key offerings in this business category include credit card and "d Payment" cashless payment services, etc.

The total amount of transactions processed with our finance/payment services grew by approximately 36% year-on-year to approximately ¥5.3 trillion. In particular, the transactions handled with our "d Payment" service recorded a remarkable 3.2-fold increase over the previous year and reached approximately ¥400 billion.

In finance/payment business, it is vital to enhance the convenience of users through the expansion of locations where the service is available. We are therefore tackling the expansion of our merchant network considering this an important challenge. We set a target to grow the number of locations where our payment and point programs can be used to two million before March 31, 2022, and already achieved a favorable progress with the number reaching 1.71 million as of March 31, 2020.

Despite the temporary decrease in operating profit caused by the upfront outlays to promote the use of cashless payment services, we will aim to boost both our revenues and profit over the medium term by garnering customers' continued usage after having them try our services through promotional measures, and by further evolving our offerings through functional upgrades.

## <<Key Topics>>

### ● Initiatives for Growth of Finance/Payment Businesses

Strengthening coordination between d POINTs and various payment services, such as the “d CARD” credit card, “iD” electric money service, and “d Payment” smartphone payments, we provided services for easy, convenient and beneficial experience.

For “d Payment,” together with adding wallet functions and launching “Kazasu (scanning)” payment via the “d Payment mini app” and “iD” electric money service, we performed various reward point campaigns for d POINTs throughout the year in order to increase the number of users. In addition, we worked to make “d Payment” available at more locations and, as a result, it became available for use at “7-Eleven” convenience stores, operated by SEVEN-ELEVEN JAPAN CO., LTD., and “Gyu-Kaku,” “Shabu-Shabu ONYASAI,” “Kappa-Sushi” and other restaurants, operated by group companies of COLOWIDE CO., LTD. Moreover, aiming to further improve customer convenience and services, promote cashless payments, and consider new businesses, we agreed on a business partnership with Mercari, Inc. and Merpay, Inc.

As a result of these initiatives, the total number of “d Payment” users<sup>\*1\*2</sup> as of March 31, 2020 grew to 25.26 million, an increase of 12.86 million from March 31, 2019, and the amount of “d Payment” transactions<sup>\*1\*3</sup> was ¥399.1 billion, an increase of ¥275.2 billion from the previous fiscal year. The total number of “d CARD” subscribers<sup>\*1</sup> as of March 31, 2020 grew to 12.97 million, an increase of 1.56 million from March 31, 2019. Of these, the total number of “d CARD GOLD” subscribers was 6.85 million, and the amount of “d CARD” transactions<sup>\*1</sup> was ¥4,147.0 billion, an increase of ¥1,007.2 billion from the previous fiscal year.

In addition, the total amount of transactions through our finance/payment services reached ¥5,323.6 billion for the fiscal year ended March 31, 2020, an increase of ¥1,412.1 billion from the previous fiscal year.

Launch Date	Principal Initiatives
September 2019	Added wallet functions to “d Payment” which allow charging and transfers as well as sending of “d POINTs”
November 2019	“d Payment mini app” which allows use of various services (pre-orders and coupons, etc.) provided via smartphone by “d Payment” affiliated stores
November 2019	Integrated “d CARD mini” into “d Payment” to enable “Kazasu (scanning)” payment (for Android) through “iD” electric money service
February 2020	Agreed on business partnership with Mercari, Inc. and Merpay, Inc.

\*1 Due to the integration of “d CARD mini” into “d Payment” in the fiscal year ended March 31, 2020, the number of “d CARD mini” subscriptions and the amount of “d CARD mini” transactions contained in the number of “d CARD” subscriptions and the amount of “d CARD” transactions are transferred and calculated as the number of “d Payment” users and the amount of “d Payment” transactions.

\*2 Total of the number of “d Payment” app downloads and the number of “d Payment (iD)” members.

\*3 Total amount of transactions through “d Payment” code payments and online payments and “d Payment (iD)” payments.

### ● Initiatives for Marketing Solution Business -Improved Convenience of “d POINTs”

We worked to promote the use of and enhance the convenience of “d POINTs,” which became available for use at “FamilyMart” stores, operated by FamilyMart Co., Ltd., and at restaurants under the umbrella of Zensho Holdings Co., Ltd., including “Sukiya,” “Hamazushi” and “Coco’s.”, and encouraged to expand our marketing solution business\* by leveraging “d POINT’s” membership base.

As a result of these initiatives, as of March 31, 2020, the total number of partners participating in the “d POINTs” program was 752, an increase of 334 from March 31, 2019.

\*Marketing solution business consists of d POINTs business, advertising business and CRM business.

### ● Expansion of Services Toward Realization of Smart Life

In order to provide “virtual front row” experience via the live streaming of real-time VR videos utilizing the high speed and large capacity of 5G and offer value and excitement to our customers, we added “8KVR Live” to the “Shintaikan Live Connect\*” menu from March 2020.

\* Service which allows live streamed music concerts, etc. to be viewed on smartphones, computers, and televisions.

(iii) Other businesses—

<Results of operations>

	Billions of yen					
	Year ended March 31, 2019		Year ended March 31, 2020		Increase (Decrease)	
Operating revenues from other businesses	¥	441.3	¥	<b>454.0</b>	¥	12.7 2.9 %
Operating expenses from other businesses		363.2		<b>338.4</b>		(24.9) (6.8)
Operating profit (loss) from other businesses		78.1		<b>115.6</b>		37.5 48.0

Operating revenues from the other businesses for the fiscal year ended March 31, 2020 amounted to ¥454.0 billion, an increase of ¥12.7 billion, or 2.9%, from ¥441.3 billion for the previous fiscal year, driven mainly by an increase in revenues relating to enterprise IoT services.

Operating expenses from the other businesses were ¥338.4 billion, a decrease of ¥24.9 billion, or 6.8%, from ¥363.2 billion for the previous fiscal year, mainly due to a decrease in expenses as a result of pursuing further cost efficiency.

Consequently, operating profit from the other businesses was ¥115.6 billion, an increase of ¥37.5 billion, or 48.0%, from ¥78.1 billion for the previous fiscal year.

<<Key Topics>>

● “Top Gun” Initiatives

Through cooperation of the three parties of our clients, 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. Along with the increase of inbound visitors to Japan and diversifying customer needs, in July 2019 we launched the “Oshaberi Annaiban,” a 4-language AI information service that utilizes DOCOMO AI Agent API\* for providing facility information through dialogue and touch operations, intended for use at commercial facilities, stations, airports, municipal facilities, etc. that are visited by many of such users.

\* Interactive service that is part of “corevo,” NTT Group’s AI technologies.

● Initiatives for Proliferation of IoT

In April 2019, we commercially launched the “AI Bus” system at Kyushu University’s Ito Campus at which we carried out numerous demonstration experiments. This service is an on-demand transportation system for vehicle allocations that calculates efficient vehicles/routes by using AI, based on bookings from smartphone apps and phones, to respond to real-time boarding/alighting requests. DOCOMO positions Japanese MaaS (Mobility as a Service) as a “solution to social issues related to mobility” and, as part of such efforts, we worked to enhance secondary transportation from rural areas to urban areas through the “AI Bus” system, and the number of people transported amounted to approximately 280,000\*.

\* Operational results up until the end of March 2020 (including demonstration experiments)

● Enhanced Support Services

We renewed the “Anshin Pack,” which has been provided to enable customers to use smartphones and other mobile devices safely and securely, to a service pack that also supports other digital devices used in the home, and began its provision in July 2019. In addition, regarding the “Mobile Device Protection Service,” we expanded the contents of the service by providing such as “Express delivery\*\*” in which a replacement phone is delivered within four hours of application, whereas previously the delivery was on the next day at the earliest.

\*\* The delivery area is a customer specified address within the 23 wards of Tokyo / Osaka City, Osaka Prefecture.

#### 4) Financial Conditions

	Billions of yen					
	March 31, 2019		March 31, 2020		Increase (Decrease)	
Total assets	¥	7,340.5	¥	<b>7,535.9</b>	¥	195.4 2.7 %
Equity attributable to shareholders of NTT DOCOMO, INC.		5,371.9		<b>5,249.9</b>		(121.9) (2.3)
Total liabilities		1,946.4		<b>2,263.7</b>		317.2 16.3
Including: Interest bearing liabilities		50.0		<b>50.0</b>		- -

#### 5) Cash Flow Conditions

	(Billions of yen)			
	Year ended March 31, 2019	Year ended March 31, 2020	Increase (Decrease)	Increase (Decrease) (%)
Net cash provided by operating activities	1,216.0	1,317.8	101.8	8.4
Net cash used in investing activities	(296.5)	(354.8)	(58.3)	(19.7)
Net cash used in financing activities	(1,090.1)	(783.9)	306.2	(28.1)
Net increase (decrease) in cash and cash equivalents	(170.5)	178.8	349.3	-
Cash and cash equivalents at beginning of year	390.5	220.0	(170.5)	(43.7)
Cash and cash equivalents at end of year	220.0	398.7	178.8	81.3

For the fiscal year ended March 31, 2020, net cash provided by operating activities was ¥1,317.8 billion, an increase of ¥101.8 billion, or 8.4%, from the previous fiscal year. This was mainly due to a decrease in inventories. This decrease in cash outflows exceeded a decrease in cash inflows for profit.

Net cash used in investing activities was ¥354.8 billion, an increase of ¥58.3 billion, or 19.7%, from the previous fiscal year. This was mainly due to a decrease in cash inflows for proceeds from redemption of short term investments. This decrease in cash inflows exceeded a decrease in cash outflows for purchases of short term investments and an increase in cash inflows for proceeds from sales of non-current investments including the transfer of shares of Sumitomo Mitsui Card Company, Limited.

Net cash used in financing activities was ¥783.9 billion, a decrease of ¥306.2 billion, or 28.1%, from the previous fiscal year. This was mainly due to a decrease in cash outflows for purchase of treasury stock. This decrease in cash outflows exceeded an increase in cash outflows for payment of lease liabilities.

As a result of the foregoing, the balance of cash and cash equivalents was ¥398.7 billion as of March 31, 2020, an increase of ¥178.8 billion, or 81.3%, from the previous fiscal year end.

## 6) Information on Source of Capital and Liquidity of Funds

### i. Medium- to Long-Term Investments and Capital Policy

Our basic stance on capital policy is to pursue sound financial conditions, improvement of capital efficiency and reinforcement of shareholder returns in a well-balanced manner.

For shareholder returns, in our medium-term management strategy unveiled in October 2018, we announced our ambition to accelerate continuous increase in dividends and expeditious share repurchase.

With respect to capital expenditures and other investments, we set a policy to ensure proper management paying attention to efficiency while making active investments for our sustained growth in the 2020s.

In addition, to improve our capital efficiency by reducing the size of our balance sheet, we initiated the liquidation of uncollected credit card receivables from the fiscal year ended March 31, 2020. Without limiting our options only to conventional borrowings, we will aim to generate cash by improving the efficiency of our balance sheet through receivables liquidation and other means, and use the proceeds for growth investments that are expected to produce returns higher than our capital cost as well as for the reinforcement of shareholder returns through share repurchase, etc., in an effort to drive business management considering capital efficiency.

### ii. Cash Requirements

Our cash requirements for the fiscal year ending March 31, 2021 include the cash to be paid to agent resellers to provide funds under the installment payment scheme, to expand our network and to invest in other facilities, to make repayments for interest bearing liabilities and other contractual obligations, to pay for strategic investments, acquisitions, joint ventures or other investments aimed at capturing business opportunities as well as for providing returns to shareholders. 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 anticipated capital and other expenditure requirements as of the filing date of this report 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. When we determine the necessity for external financing, we make a comprehensive decision taking various factors into consideration such as the amount of cash demand, timing of payments, available reserves of cash and cash equivalents, working capital 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, 2020, please see “Item 3. Status of Equipment”.



(b) Long-term debt and other Contractual Obligations

We had ¥50.0 billion in outstanding long-term debt as of March 31, 2020 and March 31, 2019, respectively. We repaid ¥110 billion in long-term debt in the years ended March 31, 2019. The long-term debt outstanding as of March 31, 2020 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, 2020, 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	1.3	0.4	0.7	0.2	-
Total	51.3	0.4	0.7	50.2	-

A description on our lease obligations and other contractual obligations is provided in "Item 5. Financial Information, 1. Consolidated Financial Statements, Note 30. Leases and Note 31. Commitments."

7) Prospects for the fiscal year ending March 31, 2021

The prospects for the fiscal year ending March 31, 2021 are not disclosed as of the filing date of this report given the difficulty of making reasonable estimate on our financial result due to the COVID-19 outbreak.

As of the filing date of this report, the expected impacts form the COVID-19 are as follows;

Element		Impact	Causes
Mobile communication traffic	Voice	Up	Increase in voice calls resulting from reduced opportunities for face-to-face communication
	Data	Slightly up	Internet usage is considered to have increased due to a rise in the number of people staying at home, but the impact on mobile data communication has been limited.
	International roaming	Significantly down	Decrease in the number of outbound and inbound travelers
Device and service sales		Down	Decrease in the number of shop visitors due to shortened store hours Delay in supply of handsets and other products Deceleration in pace of subscriber migration to 4G and 5G
Smart life	Content/ lifestyle	Slightly up	Increased usage due to heightened demand from users staying at home
		Slightly down	Lower user acquisition resulting from reduced sales at shops
	Finance/ payment	Down	Decline of new user acquisition Decrease in finance/payment transactions processed resulting from voluntary restraint from going out and dampened consumption
Capital expenditures		Down	Slower progress of capital investments due to delay in supply of network equipment, construction schedule

\*The table above summarizes the key elements that have already affected our business and are likely to continue in to the future together with their respective degrees of impact and causes. The actual business impact from COVID-19, however, may not be limited to the descriptions above. The degrees of impact are not necessarily indicative of any future changes in revenues and/or profit.

## 8) Initiatives toward Realization of a Sustainable Society

We are promoting ESG<sup>\*1</sup> management and working toward sustained social development while contributing to the Sustainable Development Goals (SDGs). This is achieved 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.

As a result of the above and other efforts, DOCOMO was selected for three consecutive years as a component of the DJSI World Index of the Dow Jones Sustainability Indices (DJSI), which are global indices for ESG investment, and also selected for four indices<sup>\*2</sup> adopted for ESG investment by the Government Pension Investment Fund (GPIF). In addition, DOCOMO was ranked the second place in the Toyo Keizai CSR Corporate Ranking, rated five stars in the NIKKEI Smart Work survey, which is the top rated category, and honored with The Nikkei Smart Work Grand Prize 2020 (Use of Technology Division).

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

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

### ● Initiatives for SBTs (Science-based Targets)

As an initiative to realize a decarbonized society, we have decided to set greenhouse gas emission reduction targets based on SBTs\*.

\* Greenhouse gas emission reduction targets based on scientific grounds in order to keep temperature rises below 2°C above pre-industrial levels, based on the Paris Agreement.

### ● Response to Recommendations of the TCFD (Task Force on Climate-related Financial Disclosures)

In accordance with the Final Report published by the TCFD\*, we performed a scenario analysis regarding the Company’s key climate change risks and opportunities, which we disclosed in our Sustainability Report.

\* Task force established by the FSB (Financial Stability Board) in 2015 based on a request from the G20. The Final Report recommends the disclosure of information mainly centered on four core elements in organization management (governance, strategy, risk management, and metrics and targets) to appropriately assess and rate the climate change risks and opportunities of companies.

### ● Disaster Response and Preparedness Activities and Disaster Area Support Activities

Regarding large-scale disasters due to typhoons and others that occurred during the fiscal year ended March 31, 2020, we enacted support activities for customers in the areas specified under the Disaster Relief Act, such as providing free battery chargers and reducing repair charges to support victims. In addition, we first provided the “Disaster Data Unlimited Mode” in which we unlocked speed limits to enable customers to use mobile phones, etc. with high speed communication even when they reached the maximum amount of usable data. In disaster areas, we strived to minimize the impact on communications services by dispatching satellite mobile base station vehicles and mobile power generation vehicles. In addition, we utilized storage batteries deployed to all docomo shops in June 2019 to provide mobile phone charging services in disaster areas. We also lent mobile phones to the Self-Defense Forces and local governments and performed the early restoration of communications services and support for disaster areas, with up to about 2,000 staff per day.

### ● Responses Based on the Novel Coronavirus Pandemic

Based on the situation in which social and economic impacts are becoming more serious due to the novel coronavirus pandemic, we have provided measures aimed at supporting the financial burden on customers and their continued use of services with peace of mind.

We are extending payment deadlines upon applications from customers\* who find it difficult to pay mobile phone service charges by the deadline. In addition, based on the fact that the use of “d POINTs” was difficult in March 2020 due to voluntary restraints on going out, we announced that the expiration date will be substantially extended by redeeming “d POINTs” in April that had expired during March.

\* Applicable to all corporate customers (including wholesalers) and individual customers.

- Continued Efforts in “Smartphone and Mobile Phone Safety Classes” and “DOCOMO Hearty Classes”

We held sessions of “Smartphone and Mobile Phone Safety Classes,” 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 Classes,” which introduces convenient features and usage tips for smartphones to people with disabilities.

Name of session	Number of sessions held in FY2019	Number of participants in FY2019
Smartphone and Mobile Phone Safety Classes	Approx. 7,600 sessions	Approx. 1.37 million people (a cumulative participation of approx. 13.49 million people since 2004)
DOCOMO Hearty Classes	Approx. 90 sessions	Approx. 1,000 people (a cumulative participation of approx. 12,100 people since 2006)

- Activities of NPO, Mobile Communication Fund (MCF)

In the fiscal year ended March 31, 2020, the MCF, which is established by DOCOMO, supported research activities relating to mobile communications technologies, provided support to international students, and provided subsidies to civic groups.

Major activities	Total amount
“DOCOMO Mobile Science Awards”: One Award in each of Advanced Technology Division, Basic Science Division, and Social Science Division	¥18.00 million
Scholarships for international students from Asia (21 recipients)	¥30.24 million
Subsidies to 38 different civic activities undertaken for the health and development of children	¥32.72 million

#### 9) 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 and Analysis from Management’s Perspective 3) Segment Analysis.”

10) 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 29th fiscal term ended March 31, 2020 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 and Analysis from Management's Perspective 3) Segment Analysis."

Non-consolidated Statement of Income for Mobile Communications Services (From April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

Type of service		Operating revenues	Operating expenses	Operating income	
Mobile communications services	Voice transmission service	Mobile phone	998,471	698,715	299,756
		Other mobile communication	4,352	2,956	1,396
		Subtotal	1,002,824	701,672	301,152
	Data transmission service	Mobile phone	1,881,723	1,481,816	399,906
		Other mobile communication	5,940	2,953	2,986
		Subtotal	1,887,664	1,484,770	402,893
Subtotal		2,890,488	2,186,443	704,045	
Telecommunications services other than mobile communications services		364,384	317,087	47,296	
Total		3,254,873	2,503,531	751,342	

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.

## (2) Significant Accounting Estimates and Underlying Assumptions

Our significant accounting estimates and the assumptions employed in making such estimate are explained under “Item 5. Financial Information, 1. Consolidated Financial Statements Note 4. Significant accounting estimates and judgment requiring estimates.”

#### **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 develop businesses leveraging 5G, AI and IoT, we worked on R&D for communication networks, devices and services and also proactively worked on open innovation to create new value with various partners.

- Initiatives for the Commercialization and Further Enhancement of 5G
  - R&D for the commercialization of 5G

Leading the international standardization of the Fifth-Generation Mobile Communications System (5G), we acquired the largest number of essential patents in the world as a telecommunications carrier and launched commercial 5G services on March 25, 2020. Founding and taking the lead in the international O-RAN Alliance, which seeks to reduce network costs and enhance sustainability through the flexible combination of base station equipment from different manufacturers, we have swiftly implemented a network compliant with O-RAN specifications. In addition, we launched the DOCOMO Open Innovation Cloud with our partners, as a value-added cloud platform which achieves high security and low latency for service solutions. Going forward, we will accelerate collaborative creation with our partners through openly implementing our image recognition services, together with video transmission, VR/AR and other services provided by our partners.
  - Initiatives for the further enhancement of 5G and toward 6G

Together with pushing forward with the further enhancement of 5G, we have initiated research on the Sixth-Generation Mobile Communications System (6G), assuming service provision around 2030, and published a white paper in January 2020 that summarizes use cases, target performance, technical elements, and others.
- Initiatives Relating to Collaborative Creation of Services and Solutions with Partners

Aiming to improve factory productivity, we have co-created with OMRON Corporation and Nokia Solutions and Networks Japan G.K. solutions that enable the free rearranging of production lines in accordance with product demand through wireless connectivity via 5G and that pass-on the knowhow of experts to workers through combining 5G with AI. To achieve this, we verified the effect of machine tools on 5G radio wave propagation in an actual factory and demonstrated the feasibility of using 5G within the factory.
- DOCOMO Open House 2020

We held “DOCOMO Open House 2020” in January 2020 to introduce over 260 service solutions we co-created with our partners, and it saw over 23,000 visitors. We promoted widely the creation of new value in the 5G era, such as Remote Control Robot Using Real Haptics and English lectures translated into Japanese in real time through AI.

As a result of the above, total research and development costs for the fiscal year ended March 31, 2020 increased by 2.0% from the previous fiscal year to ¥92.8 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, 2020 are summarized below. Capital expenditures include investments related to the acquisition of intangible assets.

- Expansion of Telecommunications Facilities  
Looking toward the continuous provision of a comfortable network, we strived to optimize capital expenditures and reduce costs while increasing the total number of LTE base stations nationwide from 208,500 as of March 31, 2019 to 228,100 as of March 31, 2020 and “PREMIUM 4G”-compatible base stations from 145,600 as of March 31, 2019 to 168,800 as of March 31, 2020.
- Start of Shift of Resources to Growth Investments for the 5G Era  
In order to concentrate management resources on 5G, we ended new registrations for 3G (FOMA service) at the end of FY2019 and announced that this service will be terminated at the end of FY2025.  
Regarding the number of 5G base stations, we completed the installation of approximately 500 base stations as of March 31, 2020 and, looking toward the active rollout of the 5G area, we made further investment in order to accelerate the development and building of networks.

As a result of optimizing capital expenditures and reducing costs while promoting growth investment including 5G, the total capital expenditures for the fiscal year ended March 31, 2020 decreased by 3.5% from the previous fiscal year to ¥572.8 billion.

Capital expenditures by segment are as follows:

(Billions of yen)

Segment name	Details of capital expenditures	Year ended March 31, 2020
Telecommunications business	<ul style="list-style-type: none"> <li>● Expansion and improvement of LTE facilities and transmission line facilities, etc.</li> <li>● Maintenance and improvement of information systems, etc.</li> </ul>	<b>532.0</b>
Smart life business	<ul style="list-style-type: none"> <li>● Expansion and improvement of “dmarket,” finance/payment and life-related services, etc.</li> </ul>	<b>24.2</b>
Other businesses	<ul style="list-style-type: none"> <li>● Expansion and improvement of services for corporate customers, etc.</li> </ul>	<b>16.6</b>
Total	-	<b>572.8</b>

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, 2020)

(Millions of yen, unless otherwise stated)

Office (Location)	Segment name	Land		Building	Machinery and equipment	Antenna facilities	Tele- communications line facilities
		Area (m <sup>2</sup> )	Value				
Headquarters (Chiyoda-ku, Tokyo)	Telecommunications business Smart life business Other businesses	(1,789,209) 650,768 [4,194]	100,277	128,407	500,757	130,352	4,970
Hokkaido Regional Office (Chuo-ku, Sapporo, Hokkaido Prefecture)	Same as the above	(1,688,785) 444,299 [10,192]	4,736	11,196	54,006	33,709	2,446
Tohoku Regional Office (Aoba-ku, Sendai, Miyagi Prefecture)	Same as the above	(1,677,059) 527,817 [860]	14,691	19,601	75,518	68,209	3,715
Tokai Regional Office (Higashi-ku, Nagoya, Aichi Prefecture)	Same as the above	(988,350) 104,817 [2,493]	6,994	16,256	124,982	67,240	1,843
Hokuriku Regional Office (Kanazawa, Ishikawa Prefecture)	Same as the above	(105,123) 86,950 [3,855]	5,683	6,230	23,507	13,944	1,013
Kansai Regional Office (Kita-ku, Osaka, Osaka Prefecture)	Same as the above	(1,119,769) 409,247 [4,306]	16,582	28,908	181,394	68,081	1,882
Chugoku Regional Office (Naka-ku, Hiroshima, Hiroshima Prefecture)	Same as the above	(828,949) 599,088 [902]	11,737	14,210	69,630	47,944	1,914
Shikoku Regional Office (Takamatsu, Kagawa Prefecture)	Same as the above	(420,684) 288,990 [535]	9,342	11,406	32,610	20,993	1,358
Kyushu Regional Office (Chuo-ku, Fukuoka, Fukuoka Prefecture)	Same as the above	(1,090,213) 668,943 [882]	26,356	25,252	122,488	98,260	11,356
Total		(9,708,144) 3,780,923 [28,225]	196,402	261,471	1,184,896	548,735	30,500

(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)	3,259	15,551	4,810	114	82,659	1,119	529,639	1,501,920	6,161
Hokkaido Regional Office (Chuo-ku, Sapporo, Hokkaido Prefecture)	1,304	1,545	29	0	102	114	1,890	111,083	174
Tohoku Regional Office (Aoba-ku, Sendai, Miyagi Prefecture)	1,250	16,225	4	0	331	208	8,792	208,548	191
Tokai Regional Office (Higashi-ku, Nagoya, Aichi Prefecture)	953	5,973	58	46	413	152	4,926	229,843	280
Hokuriku Regional Office (Kanazawa, Ishikawa Prefecture)	232	737	38	32	86	32	1,836	53,377	128
Kansai Regional Office (Kita-ku, Osaka, Osaka Prefecture)	1,721	9,972	98	7	764	166	13,244	322,825	547
Chugoku Regional Office (Naka-ku, Hiroshima, Hiroshima Prefecture)	551	1,911	14	69	420	95	16,210	164,710	182
Shikoku Regional Office (Takamatsu, Kagawa Prefecture)	626	2,244	0	0	431	220	9,543	88,777	145
Kyushu Regional Office (Chuo-ku, Fukuoka, Fukuoka Prefecture)	3,892	10,436	47	16	387	147	18,499	317,140	292
Total	13,793	64,598	5,102	287	85,597	2,257	604,583	2,998,226	8,100

- 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**

Due to the impact of the COVID-19 outbreak, it is difficult to make a reasonable calculation of capital expenditures plans, and as of the filing date of this annual securities report, there are no plans that can be disclosed.

## 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, 2020

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, 2020 (Shares)	Number of issued shares as of the date of submission (June 17, 2020) (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	3,228,629,406	First Section of Tokyo Stock Exchange	The number of shares constituting one unit: 100 shares
Total	3,335,231,094	3,228,629,406	-	-

#### (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, 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

Notes: 1. The decrease in the total number of issued shares is due to the cancellation of treasury stock.

2. As of the date of submission, the total number of issued shares decreased by 106,601,688 shares for a balance of 3,228,629,406 shares due to the cancellation of treasury stock on April 2, 2020.

(5) Shareholding by Shareholder Category

As of March 31, 2020

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	253	37	1,653	1,073	191	254,738	257,952	-
Number of shares held (units)	433	3,886,586	556,370	21,705,285	4,191,127	849	3,010,388	33,351,038	127,294
Percentage of ownership (%)	0.00	11.65	1.67	65.08	12.57	0.00	9.03	100	-

Notes: 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 1,066,018 units (106,601,838 shares) of treasury stock.

## (6) Principal Shareholders

As of March 31, 2020

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	66.21
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	102,642,300	3.18
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	73,635,000	2.28
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	35,719,300	1.11
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	29,520,900	0.91
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)	27,645,552	0.86
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS, 02101, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	21,081,905	0.65
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	20,481,200	0.63
JP MORGAN CHASE BANK 385151 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	20,094,977	0.62
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	15,143,200	0.47
Total	—	2,483,697,534	76.93

Notes: 1. The Company's treasury stock was 106,601,838 shares as of the end of the fiscal year ended March 31, 2020.

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 92,925,000 shares under the management of investment trusts, 12,535,200 shares under the management of pension trusts, and 171,681,700 shares under the management of other trusts.

3. STATE STREET BANK WEST CLIENT - TREATY 505234, STATE STREET BANK AND TRUST COMPANY 505103 and JP MORGAN CHASE BANK 385151 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, 2020

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: 106,601,800	–	–
Shares with full voting rights (others)	Common stock: 3,228,502,000	32,285,020	–
Less-than-one-unit shares	Common stock: 127,294	–	–
Total number of issued shares	Common stock: 3,335,231,094	–	–
Voting rights of all shareholders	–	32,285,020	–

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, 2020

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	106,601,800	–	106,601,800	3.20
Total	–	106,601,800	–	106,601,800	3.20



## 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 (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, 2020	-	-
Treasury stock acquired during the fiscal year ended March 31, 2020	106,601,600	299,999,760,030
Total number and total value of remaining shares to be acquired by the resolution	21,698,400	239,970
Unexercised rate as of the end of the fiscal year ended March 31, 2020 (%)	16.9	0.0
Treasury stock acquired during the current period	-	-
Unexercised rate as of the filing date (%)	16.9	0.0

Note: The number of shares of treasury stock acquired during the current period does not include the number of shares acquired from June 1, 2020 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, 2020	105	317,125
Treasury stock acquired during the current period	-	-

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, 2020 through the filing date of this Annual Securities Report.

(4) Disposals or Holding of Acquired Treasury Stock

Category	Year ended March 31, 2020		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	-	-	106,601,688	299,999,971,981
Acquired treasury stock transferred in association with merger, equity swap or company split	-	-	-	-
Others (-)-	-	-	-	-
Treasury stock held	106,601,838	-	150	-

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, 2020 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, 2020, the Company paid a dividend of ¥120 per share (comprising an interim dividend of ¥60 and a year-end dividend of ¥60).

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, 2020 are as follows:

Resolution	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)
The Board of Directors meeting on October 29, 2019	197,251	60
The general meeting of shareholders on June 16, 2020	193,718	60

## 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 Group and the medium- to long-term improvement of corporate value. Following the transition to a company with the Audit & Supervisory Committee through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020, we also resolved to revise the Basic Policy at the meeting of Board of Directors held on the same day.

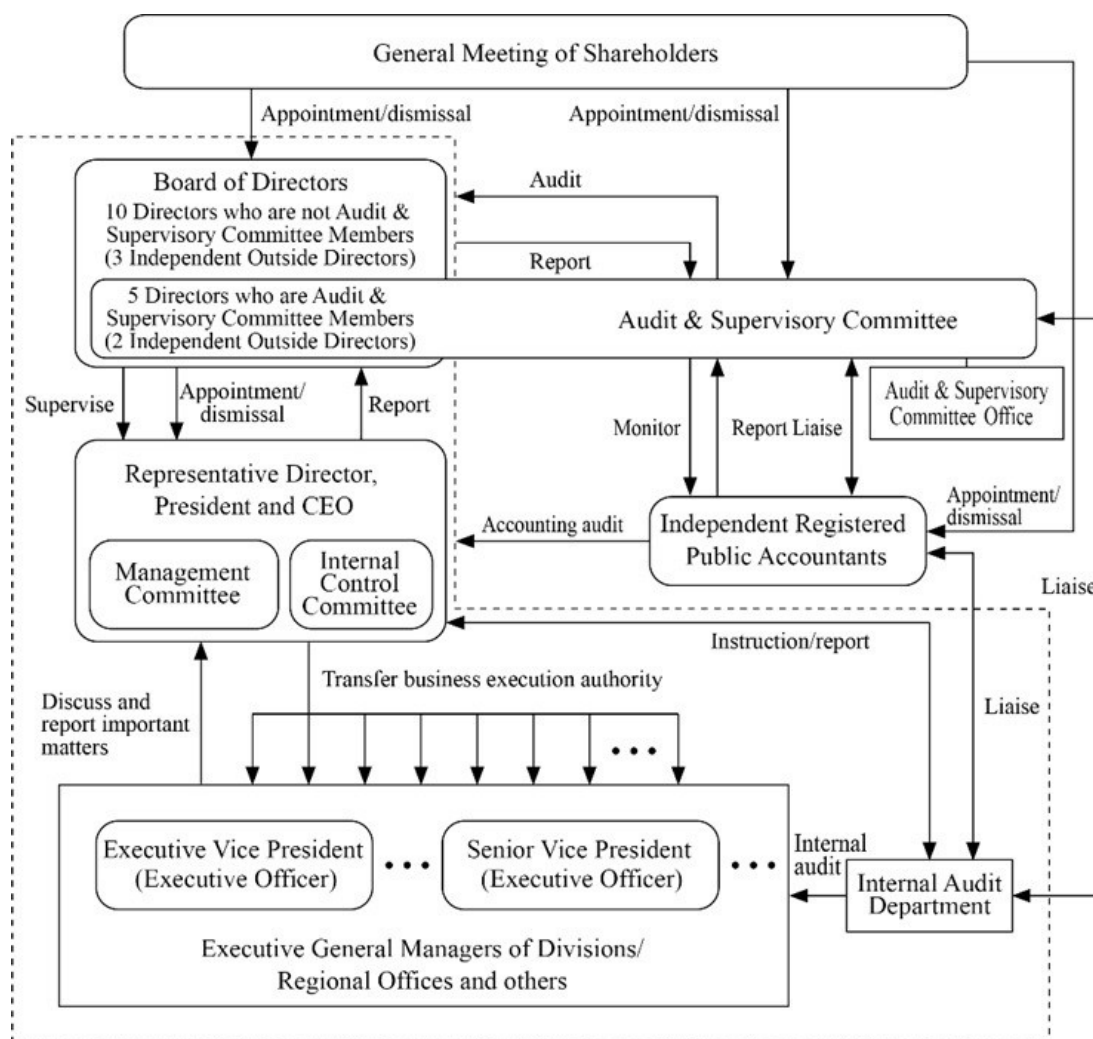
#### 2) Corporate governance structure

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

In order to establish a system to further enhance business strategy discussions at the Board of Directors and also further improve the mobility of management as an operating company, the Company transitioned to a company with the Audit & Supervisory Committee through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020.

The monitoring function of the Board of Directors has been strengthened through a framework in which independent Outside Directors are appointed and encouraged to exercise 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. In order to further strengthen governance and incorporate diverse knowledge to stimulate business strategy discussions, it was resolved at the 29th Ordinary General Meeting of Shareholders to increase the ratio of independent Outside Directors in the Board of Directors to above one third. With respect to the auditing function, all audit & supervisory committee members (including full-time 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 continue to maintain an executive officer system (28 men and 3 women serve as executive officers and 3 executive officers concurrently hold the post of director) to respond quickly to changes in the business environment by clearly delineating the roles of business execution and monitoring, and to better reinforce business execution functions.

<<The Company's Corporate Governance System>>



<<Board of Directors>>

The Board of Directors consists of Kazuhiro Yoshizawa as representative who is President and Chief Executive Officer and 15 directors in total (5 of whom are independent 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 2019 to January 2020)
- 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 2020)

<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 status of efforts to realize the medium-term management strategy, allocation of management resources, and response to changes in the business environment, which had been identified as issues requiring improvement during the previous effectiveness evaluation.

In order to establish a system to further enhance business strategy discussions at the Board of Directors and also further improve the mobility of management as an operating company in the future, the Company has transitioned to a company with the Audit & Supervisory Committee, following approval of the relevant item of business at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020. In addition, in order to incorporate a diverse range of knowledge toward further reinforcing governance and energizing business strategy discussions, the Company has a ratio of independent outside directors in the Board of Directors above one third, following approval of the items of business relevant to the election of Directors at the 29th Ordinary General Meeting of Shareholders.

In addition to the transition to a company with the Audit & Supervisory Committee, the Board of Directors will continue to periodically review the status of efforts to realize the medium-term management strategy, allocation of management resources, and response to changes in the business environment, with the aim of further enhancing corporate value.

<<Audit & Supervisory Committee>>

The Audit & Supervisory Committee, chaired by Full-time Audit & Supervisory Committee Member Shoji Suto, comprises audit & supervisory committee members (2 of whom are independent outside audit & supervisory committee members). The details of the Audit & Supervisory Board, before transitioning to the Audit & Supervisory Committee are described in “(3) Status of Audits,” and information such as the name of audit & supervisory committee members are described in “(2) Information about Officers.”

<<Management Committee>>

The Management Committee, chaired by Representative Director, President and Chief Executive Officer Kazuhiro Yoshizawa, comprises 16 members including Directors who are executive vice presidents and audit & supervisory committee 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 (until June 16, 2020)>>

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 (until June 16, 2020).

<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 considers 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 meetings of the Internal Control Committee based on the Principles are held to identify the risks requiring management across the entire Company and establish management policies on these risks. Furthermore, the Internal Audit Department conducts audits on whether the management policies for each risk are 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 FY 2019, we established the 5G & IoT Solutions Office and abolished the Smart-life Solutions 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.

<<Systems for ensuring the propriety of the Company's business activities (from June 16, 2020)>>

In response to a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020 to transition to a company with the Audit & Supervisory Committee, the Company's Board of Directors resolved at a meeting held on the same day to make revisions to the system to ensure the propriety of the Company's business activities (internal control system). A summary of the internal control system based on the contents of the resolution is as follows.

< 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 considers various measures, including regulations, organizational and structural improvement, formulation of action plans and the monitoring of activities.
- An internal control committee (chaired by Representative Director, President and Chief Executive Officer Kazuhiro Yoshizawa; comprising 19 members including directors who are executive vice presidents and audit & supervisory committee 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 Chief Executive Officer, the President and Representative Director will oversee the efforts to build the internal control systems based on the Basic Policy approved by the Board of Directors.

<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, the Audit & Supervisory Committee, 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 decide 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 the Audit & Supervisory Committee. 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 the Audit & Supervisory Committee

- (a) Matters relevant to employees assistance to the duties of the Audit & Supervisory Committee if their assignment is requested

The Audit & Supervisory Committee Office is established as an organization dedicated to assisting the Audit & Supervisory Committee with the performance of its 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 Committee with advance explanations concerning matters such as transfers and assessment of personnel who belong to the Audit & Supervisory Committee Office, and pay respectful attention to the committee's opinions before acting on such matters.
- (c) Matters relevant to ensuring the effectiveness of instructions of the Audit & Supervisory Committee to the employees in (a) above  
Employees who belong to the Audit & Supervisory Committee Office exclusively follow the directions and commands of the Audit & Supervisory Committee.
- (d) System for reporting to the Audit & Supervisory Committee by directors and employees  
Directors, executive officers, and employees report promptly to the Audit & Supervisory Committee concerning matters prescribed by laws and regulations as well as requested matters necessary for the performance by the audit & supervisory committee members of their duties.
- (e) System for reporting to the Company's Audit & Supervisory Committee 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 committee members  
Audit & supervisory committee 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 the Audit & Supervisory Committee is conducted effectively  
Representative Directors and the Audit & Supervisory Committee hold regular meetings and develop an auditing environment necessary for enabling the Audit & Supervisory Committee to perform its duties. In addition, Representative Directors endeavor to establish a system enabling the Audit & Supervisory Committee to hold regular and occasional meetings with the Internal Audit Department and independent auditors.

- 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 Masaaki Shintaku, Noriko Endo, Shin Kikuchi, Katsumi Kuroda, Shoji Suto, Hironobu Sagae, Katsumi Nakata, Mikio Kajikawa and Eiko Tsujiyama 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 who are not audit & supervisory committee members and not more than five (5) members of the Board

of Directors who are audit & supervisory committee members.

#### 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>>

The Company stipulates in the Articles of Incorporation that, in order for directors 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) 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

12 men and 3 women (Ratio of female officers: 20.0%)

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	<p>Apr. 1979 Jun. 2007</p> <p>Joined NTT Public Corporation Senior Vice President, General Manager of Corporate Sales and Marketing Department II of the Company</p> <p>Jun. 2011</p> <p>Senior Vice President, General Manager of Human Resources Management Department, Member of the Board of Directors of the Company</p> <p>Jun. 2012</p> <p>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</p> <p>Jul. 2013</p> <p>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</p> <p>Jun. 2014</p> <p>Senior Executive Vice President, Responsible for Technology, Devices and Information Strategy, Representative Member of the Board of Directors of the Company</p> <p>Jun. 2016</p> <p>President and Chief Executive Officer, Representative Member of the Board of Directors of the Company (To the present)</p>	*1	37,900
Senior Executive Vice President Representative Member of the Board of Directors Responsible for Global business and Corporate	Motoyuki Ii	November 17, 1958	<p>Apr. 1983 Jun. 2011</p> <p>Joined NTT Public Corporation Senior Vice President, Executive Manager of the Plant Department of the Network Business Headquarters, Executive Manager of the Planning Department of the Network Business Headquarters, Member of the Board of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT EAST”)</p> <p>Jul. 2013</p> <p>Senior Vice President, Executive Manager of the Plant Planning Department of the Network Business Headquarters, Member of the Board of NTT EAST</p> <p>Jun. 2014</p> <p>Senior Vice President, Senior Executive Manager of the Corporate Sales Promotion Headquarters, Member of the Board of NTT EAST</p> <p>Jun. 2015</p> <p>Executive Vice President, Senior Executive Manager of the Corporate Sales Promotion Headquarters, Representative Member of the Board of NTT EAST</p> <p>Jun. 2016</p> <p>Senior Executive Vice President, Senior Executive Manager of the Corporate Sales Promotion Headquarters, Representative Member of the Board of NTT EAST</p> <p>Jul. 2017</p> <p>Senior Executive Vice President, Senior Executive Manager of the Business Innovation Headquarters, Representative Member of the Board of NTT EAST</p> <p>Jun. 2018</p> <p>Senior Executive Vice President, Head of Technology Planning, In charge of technical strategy and international standardization, Representative Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”)</p> <p>Jun. 2019</p> <p>President and Chief Executive Officer of NTT Anode Energy Corporation (Expected to resign on June 18, 2020)</p> <p>Jun. 2019</p> <p>Senior Executive Vice President, In charge of technical strategy and international standardization, Representative Member of the Board of NTT (Expected to resign on June 23, 2020)</p> <p>Jun. 2020</p> <p>Senior Executive Vice President, Responsible for Global business and Corporate, Representative Member of the Board of Directors of the Company (Expected to be appointed on June 23, 2020)</p>	*1	0

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, Membership Base, Global business and Corporate	Seiji Maruyama	April 20, 1961	Apr. 1985 Jun. 2014 Jun. 2016 Jun. 2018 Jun. 2019 Jun. 2020 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) 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 Senior Executive Vice President, Responsible for Technology, Devices, Information Strategy and Membership Base, Global business and Corporate, Representative Member of the Board of Directors of the Company (To the present)	*1	11,500
Executive Vice President Member of the Board of Directors General Manager of Corporate Strategy & Planning Department and General Manager of Accounts and Finance Department Responsible for Mobile Society Research Institute, Preparation for 2020, Finance, Business Alliance and Strategic Alliance	Michio Fujiwara	December 21, 1964	Apr. 1989 Jul. 2009 Jul. 2012 Jun. 2016 Jun. 2019 Jun. 2020 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) 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 Executive Vice President, General Manager of Corporate Strategy & Planning Department and General Manager of Accounts and Finance Department, Responsible for Mobile Society Research Institute, Preparation for 2020, Finance, Business Alliance and Strategic Alliance, Member of the Board of Directors of the Company (To the present)	*1	6,500
Senior Vice President Member of the Board of Directors General Manager of Accounts and Finance Department Responsible for Finance, Business Alliance and Strategic Alliance	Takashi Hiroi	February 13, 1963	Apr. 1986 Jun. 2008 Jul. 2009 Jun. 2014 Jun. 2015 Jun. 2020 NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) Vice President of Strategic Business Development of NTT Vice President of Corporate Strategy Planning of NTT Head of Finance and Accounting of NTT Senior Vice President, Head of Finance and Accounting, Member of the Board of Directors of NTT (Expected to resign on June 23, 2020) Senior Vice President, Member of the Board of Directors, General Manager of Accounts and Finance Department, Responsible for Finance, Business Alliance and Strategic Alliance (Expected to be appointed on June 23, 2020)	*1	0



Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
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, Commerce Business Promotion of OAK LAWN MARKETING, INC. 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)	*1	4,100
Member of the Board of Directors	Masaaki Shintaku	September 10, 1954	Apr. 1978  Dec. 1991 Aug. 2000 Jan. 2001  Apr. 2008  Jun. 2008  Aug. 2008 Nov. 2009  Jul. 2011  Dec. 2015  Mar. 2019  Jun. 2020	Joined IBM Japan, Ltd. (Retired on November 30, 1991) Joined Oracle Corporation Japan President & CEO of Oracle Corporation Japan Senior Vice President of Oracle Corporation (Resigned on August 23, 2008) Vice Chairman of Special Olympics Nippon (currently Special Olympics Nippon Foundation) (Resigned on March 4, 2019) Chairman of Oracle Corporation Japan (Resigned on August 23, 2008) Executive Advisor of Oracle Corporation Japan (Resigned on December 31, 2008) External Director of FAST RETAILING CO., LTD. (To the present) External Director of COOKPAD Inc. (Resigned on March 23, 2017) External Director of Works Applications CO., LTD. (Resigned on September 27, 2019) Counselor of Special Olympics Nippon Foundation (To the present) Outside Member of the Board of Directors of the Company (To the present)	*1	0
Member of the Board of Directors	Noriko Endo	May 6, 1968	Jun. 1994 Apr. 2004  Apr. 2006  Sep. 2013  Apr. 2015  Jun. 2016  Jul. 2018  Jun. 2019  Jun. 2019  Apr. 2020	Joined DIAMOND, Inc. Concurrently serve as Director of Kyushu University Tokyo Office (Resigned on March 31, 2006) Deputy Editor of Diamond Weekly, DIAMOND, Inc. (Retired on December 31, 2013) Visiting Researcher at Policy Alternatives Research Institute, University of Tokyo (Resigned on August 31, 2018) Project Professor, Graduate School of Media and Governance, Keio University (Resigned on March 31, 2020) 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) Outside Director of VLC HOLDINGS CO., LTD. (To the present) Project Professor, Keio University Global Research Institute (To the present)	*1	2,700

Position	Name	Date of birth	History	Term of office	Number of company shares owned (Shares)
Member of the Board of Directors	Shin Kikuchi	January 17, 1960	<p>Apr. 1982 Joined the Ministry of Home Affairs (currently the Ministry of Internal Affairs and Communications) (Retired on March 31, 1987)</p> <p>Apr. 1989 Admitted to the bar in Japan (41st class), Registered with Daini Tokyo Bar Association (To the present)</p> <p>Apr. 1989 Joined Mori Sogo (currently Mori, Hamada &amp; Matsumoto)</p> <p>Sep. 1997 Admitted to the bar in New York (To the present)</p> <p>Apr. 1998 Founding Partner of Hibiya Park Law Offices (Retired on September 30, 2003)</p> <p>Oct. 2004 Partner of Mori Hamada &amp; Matsumoto (Retired on March 31, 2020)</p> <p>Apr. 2005 Expert Adviser of Economy Law Committee of the Japan Chamber of Commerce and Industry (To the present)</p> <p>Jun. 2005 Outside Auditor of Jafco Co. Ltd. (Resigned on June 18, 2013)</p> <p>Apr. 2010 Visiting Professor, University of Tokyo Graduate Schools of Law and Politics (Resigned on March 31, 2013)</p> <p>Apr. 2020 Partner of Gaien Partners (To the present)</p> <p>Jun. 2020 Outside Member of the Board of Directors of the Company (To the present)</p>	*1	0
Member of the Board of Directors	Katsumi Kuroda	November 9, 1969	<p>Apr. 1992 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”)</p> <p>Jul. 2010 Senior Manager of Sales Department, Shizuoka Branch of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT WEST”)</p> <p>Jul. 2012 Senior Manager of Corporate Strategy Planning Department of NTT WEST</p> <p>Jul. 2015 Senior Manager, Head of Marketing Strategy Group of Corporate Strategy Planning Department of NTT WEST</p> <p>Jul. 2018 Vice President of Corporate Strategy Planning of NTT (To the present)</p> <p>Jun. 2019 Member of the Board of Directors of the Company (To the present)</p>	*1	1,000
Member of the Board of Directors (Full-time Audit & Supervisory Committee Member)	Shoji Suto	March 4, 1957	<p>Apr. 1980 Joined NTT Public Corporation</p> <p>Jun. 2008 Senior Vice President, General Manager of Sales Promotion Department of the Company</p> <p>Jun. 2009 Executive Vice President, Executive General Manager of Marketing Business Department, Member of the Board of Directors of DOCOMO Business Net Inc.</p> <p>Jul. 2009 Executive Vice President, Executive General Manager of Marketing Division, Member of the Board of Directors of DOCOMO Business Net Inc.</p> <p>Jun. 2010 Executive Vice President, Executive General Manager of Corporate Marketing Division, Member of the Board of Directors of DOCOMO Business Net Inc.</p> <p>Jun. 2011 Senior Vice President, Executive General Manager of Shikoku Regional Office of the Company</p> <p>Jun. 2014 Executive Vice President, Responsible for Consumer Sales and Branches in Kanto and Koshinetsu areas, Member of the Board of Directors of the Company</p> <p>Jul. 2014 Executive Vice President, Responsible for Consumer Sales, Member of the Board of Directors of the Company</p> <p>Jun. 2015 Senior Executive Vice President, Member of the Board of Directors of DOCOMO CS Inc.</p> <p>Jun. 2017 Full-time Audit &amp; Supervisory Board Member of the Company</p> <p>Jun. 2020 Member of the Board of Directors (Full-time Audit &amp; Supervisory Committee Member) (To the present)</p>	*2	16,400

Position	Name	Date of birth		History	Term of office	Number of company shares owned (Shares)
Member of the Board of Directors (Full-time Audit & Supervisory Committee Member)	Hironobu Sagae	March 3, 1959	Apr. 1981 Jun. 2011 Jun. 2012 Jun. 2014 Jun. 2016 Jun. 2017 Jun. 2020	Joined NTT Public 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 (“NTT DATA”) Senior Vice President, General Manager of Accounts and Finance Department, Member of the Board of Directors of NTT DATA Executive Vice President, General Manager of Accounts and Finance Department, Member of the Board of Directors of NTT DATA President, Member of the Board of Directors of NTT DATA MANAGEMENT SERVICE Corporation Full-time Outside Audit & Supervisory Board Member of the Company Outside Member of the Board of Directors (Full-time Audit & Supervisory Committee Member) (To the present)	*2	3,200
Member of the Board of Directors (Full-time Audit & Supervisory Committee Member)	Katsumi Nakata	December 12, 1956	Apr. 1980 Jun. 2010 Aug. 2011 Jun. 2014 Jun. 2015 Jun. 2016 Jun. 2018 Jun. 2019 Jun. 2020	Joined NTT Public Corporation Senior Vice President, Deputy General Manager of Global Business Division, and Executive Manager of Global Strategy Department, Member of the Board of Directors of NTT Communications Corporation (“NTT Com”) Senior Vice President, Head of Global Business, Member of the Board of Directors of 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 Outside Member of the Board of Directors (Full-time Audit & Supervisory Committee Member) (To the present)	*2	1,900
Member of the Board of Directors (Full-time Audit & Supervisory Committee Member)	Mikio Kajikawa	March 23, 1959	Apr. 1982 Jun. 2013 Jul. 2014 Jun. 2016 Dec. 2017 Jun. 2018 Jun. 2020	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) (Resigned on June 12, 2016) Director-General of the Customs and Tariff Bureau of the Ministry of Finance (Retired on July 11, 2017) Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (Resigned on June 18, 2018) Full-time Outside Audit & Supervisory Board Member of the Company Outside Member of the Board of Directors (Full-time Audit & Supervisory Committee Member) (To the present)	*2	1,800

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)
Member of the Board of Directors (Audit & Supervisory Committee Member)	Eiko Tsujiyama	December 11, 1947	Aug. 1980	Assistant Professor, Humanities Department, Ibaraki University	*2	5,100
			Apr. 1985	Assistant Professor, Faculty of Economics, Musashi University of the Nezu Foundation (“Musashi University”)		
			Apr. 1991	Professor, Faculty of Economics, Musashi University		
			Apr. 2003	Professor, Graduate School of Commerce (currently Faculty of Commerce), Waseda University (Resigned on March 31, 2018)		
			Jun. 2008	Outside Audit & Supervisory Board Member of Mitsubishi Corporation (Resigned on June 24, 2016)		
			Jun. 2010	Outside Director of ORIX Corporation (Expected to resign on June 26, 2020)		
			May 2011	Outside Corporate Auditor of Lawson, Inc. (To the present)		
			Jun. 2011	Outside Audit & Supervisory Board Member of the Company		
			Jun. 2012	Outside Audit & Supervisory Board Member of Shiseido Company, Limited (Resigned on March 25, 2020)		
			Apr. 2018	Professor Emeritus, Waseda University (To the present)		
			Apr. 2020	Auditor of Waseda University (To the present)		
Jun. 2020	Outside Member of the Board of Directors (Audit & Supervisory Committee Member) (To the present)					
Total						92,100

\*1 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 29th Ordinary General Meeting of Shareholders held on June 16, 2020.

\*2 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 29th Ordinary General Meeting of Shareholders held on June 16, 2020.

Notes: 1. The Company transitioned to a company with the Audit & Supervisory Committee, through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020.

2. Mr. Motoyuki Ii will retire from his position as director of NTT on June 23, 2020, and will assume the position of Senior Executive Vice President, Representative Member of the Board of Directors, Responsible for Global business and Corporate of the Company on the same day. Mr. Seiji Maruyama’s responsibility for Global businesses and Corporate will expire on June 22, 2020.
3. Mr. Takashi Hiroi will retire from his position as director of NTT on June 23, 2020, and will assume the position of Senior Vice President, Member of the Board of Directors, General Manager of Accounts and Finance Department, Responsible for Finance, Business Alliance and Strategic Alliance of the Company on the same day. Mr. Michio Fujiwara’s position as General Manager of Accounts and Finance Department and responsibility for Finance, Business Alliance and Strategic Alliance will expire on June 22, 2020.
4. Mr. Masaaki Shintaku, Dr. Noriko Endo, and Mr. Shin Kikuchi are outside directors who are not audit & supervisory committee members.
5. Mr. Hironobu Sagae, Mr. Katsumi Nakata, Mr. Mikio Kajikawa, and Ms. Eiko Tsujiyama are outside directors who are audit & supervisory committee members.
6. 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

The Company has seven outside directors.

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 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 Masaaki Shintaku, Noriko Endo, Shin Kikuchi, Mikio Kajikawa and Eiko Tsujiyama as independent directors/auditors based on the TSE provisions.

Outside Director Masaaki Shintaku was formerly a member of the Company’s Advisory Board. He has rich experience and insights gained through his many years of experience in corporate management as the president of a global company and as an outside corporate officer. He has been elected as an outside director who is not audit & supervisory committee member 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, research on public policies, and experience as an outside corporate officer. She has been elected as an outside director who is not audit & supervisory committee member 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 advice from a broad managerial perspective. 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 Director Shin Kikuchi was formerly a member of the Company’s Advisory Board. He has many years of experience in corporate and other legal roles, and has a wealth of professional experience and insights gained throughout his career. He has been elected as an outside director who is not audit & supervisory committee member 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 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 been elected as an outside director who is an audit & supervisory committee member for his performance in auditing as an audit & supervisory board member of the Company and the Company’s expectation that he will perform an audit and supervisory function based on his experience and extensive insights pertaining to finance and accounting accumulated through his career in accounts and finance at NTT DATA Corporation, and that, as he has experience of corporate management through his service as the president of an NTT group company and many years of duty pertaining to the telecommunications business, he will contribute to strengthening the supervisory function over business execution based on his experience and insights. Please see “Item 2. Overview of Business, 4. Material Contracts for Management of the Company” for material contracts between the Company and NTT, and 29. 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 Director 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 been elected as an outside director who is an audit & supervisory committee member for his performance in auditing as an audit & supervisory board member of the Company and the Company’s expectation that he will perform an audit and supervisory function based on his experience and insights, and that, as he has experience of corporate management through his service as CEO of an NTT group company and many years of duty pertaining to the telecommunications business, he will contribute to strengthening the supervisory function over business execution based on his experience and insights. Please see “Item 2. Overview of Business, 4. Material Contracts for Management of the Company” for material contracts between the Company and NTT, and 29. 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 Director Mikio Kajikawa has been elected as an outside director who is an audit & supervisory committee member for his performance in auditing as an audit & supervisory board member of the Company and the Company's expectation that he will perform an audit and supervisory function based on his experience and insights, and that he will contribute to strengthening the supervisory function over business execution based on his rich experiences and insights as an expert, accumulated through his long career in the Ministry of Finance. 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 Eiko Tsujiyama has been elected as an outside director who is an audit & supervisory committee member for her performance in auditing as an audit & supervisory board member of the Company and the Company's expectation that she will perform an audit and supervisory function based on her extensive insights pertaining to finance and accounting accumulated through her capacity as a Certified Public Accountant, long career experience as a university professor and an outside officer of private companies, and that she will contribute to strengthening the supervisory function over business execution based on her experience and insights. 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\*, 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 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 (until June 16, 2020) 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 Company has five audit & supervisory board members, consisting of four full-time audit & supervisory board members and one audit & supervisory board member (Part-time). 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. The Company held 15 meetings of the Audit & Supervisory Board during the fiscal year under review, and the attendance of each audit & supervisory board member is as follows.

Title	Name	Number of meetings held	Number of meetings attended	Attendance rate
Full-time Audit & Supervisory Board Member	Shoji Suto	15	15	100%
Full-time Audit & Supervisory Board Member (Outside)	Toshimune Okihara	5	5	100%
Full-time Audit & Supervisory Board Member (Outside)	Hironobu Sagae	15	15	100%
Full-time Audit & Supervisory Board Member (Outside)	Mikio Kajikawa	15	15	100%
Full-time Audit & Supervisory Board Member (Outside)	Katsumi Nakata	10	10	100%
Audit & Supervisory Board Member (Outside)	Eiko Tsujiyama	15	15	100%

Note: The difference in the total number of meetings attended is due to differences in the timing of appointments or retirements.

The main items to be considered by the Audit & Supervisory Board include the appropriate establishment of highly effective and efficient audit policies, plans, methods, and assignments of each audit & supervisory board member based on comprehensive consideration of the environment surrounding the Company's business, the state of risk, and changes in the environment surrounding the Company's audits, verification of the status of activities in accordance with these policies, and a resolution on the audit report as a result. In addition, the Audit & Supervisory Board appropriately reviews the matters to be resolved in accordance with laws and regulations and the Articles of Incorporation, such as the selection of the chairman of the Audit & Supervisory Board and full-time audit & supervisory board members, consent to the agenda for the election of audit & supervisory board members, decisions on the reappointment of the independent auditor, and consent to compensation. For this reason, the Company holds a meeting of the Audit & Supervisory Board once a month in principle to report on the activities of each audit & supervisory board member and to pass necessary resolutions in a timely manner. Each audit & supervisory board member attends important meetings including those of the Board of Directors in accordance with the audit plan established by the Audit & Supervisory Board. Furthermore, full-time audit & supervisory board members lead audits of the execution of duties by directors as necessary by hearing reports from directors, etc., examining important documents, and conducting on-site inspections of the Company's headquarters, major business locations, and subsidiaries. In addition, the audit & supervisory board members ensure the effectiveness of audits for the Group through close collaboration with the audit & supervisory board members at subsidiaries based on mutual understanding and exchanges of information.

#### 2) Status of internal audit

The Internal Audit Department conducts internal audits from a position independent of other business execution, with a structure comprising 62 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 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. Consecutive auditing period

Consecutive auditing period: 24 years

The above period represents the fiscal years starting from the fiscal year covered by an audit in the securities registration statement filed at the time of the Company's initial listing. Earlier fiscal years are not included due to the significant difficulties in investigating them. The actual consecutive auditing period may exceed this period.

#### c. Certified Public Accountants who conducted accounting audits

Kensuke Sodekawa  
Hirotaka Nakata  
Masafumi Nakane

#### d. Assistants engaged in accounting audits

The assistants engaged in the accounting audits of the Company comprised 67 Certified Public Accountants and 83 others.



e. 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, 2020 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 ended March 31, 2021 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.

f. 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, 2019		Year ended March 31, 2020	
	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.	634	10	680	-
Consolidated subsidiaries	180	-	187	-
Total	814	10	867	-

Non-audit services rendered for the Company 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, 2019		Year ended March 31, 2020	
	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	47	1	35
Consolidated subsidiaries	196	22	150	18
Total	197	69	151	54

Non-audit services rendered for the Company during the fiscal year ended March 31, 2019 and during the fiscal year ended March 31, 2020 were advisory services and other service relating tax duties.

Additionally, non-audit services rendered for the consolidated subsidiaries during the fiscal year ended March 31, 2019 and during the fiscal year ended March 31, 2020 were advisory services and other service relating to preparation of financial statement, tax return preparation and tax consultation.

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

- 1) Compensation amount for directors, the policy on determining the calculation method, and the method of determination thereof

The upper limit on total compensation for directors who are not audit & supervisory committee members of the Company (ten (10) directors who are not audit & supervisory committee members that were elected at the Meeting) was set at ¥600 million annually (¥100 million annually for outside directors who are not audit & supervisory committee members) at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020. 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 consolidated operating profit for the current fiscal year. In addition, the Company explains the details of compensation to the parent company, independent outside directors who are not audit & supervisory committee members, and directors who are audit & supervisory committee members to receive appropriate advice prior to the meeting of the Board of Directors.

The determination of the amount of individual compensation for each director is entrusted to the President and Representative Director by the Board of Directors. The President and Representative Director makes determinations in accordance with the following policies, as well as the rules concerning compensation for directors determined by resolution of the Board of Directors.

- i. Compensation for directors who are not audit & supervisory committee members (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. It pays bonuses by taking into account the Company's achievement based on performance indicators such as consolidated operating profit for the current fiscal year. For functioning the incentives for the medium- term management strategy, operating profit for the primary financial target, ROIC<sup>\*1</sup>, capex to sales<sup>\*2</sup>, capital expenditures, and the number of B2B2X projects for the other financial targets are evaluated. 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 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 who are not audit & supervisory committee members with no links to business results.

In order to ensure a high level of independence, the Company pays only monthly salaries as compensation for directors who are audit & supervisory committee members with no links to business results. The upper limit on total compensation for directors who are audit & supervisory committee members of the Company (five (5) directors who are audit & supervisory committee members that were elected at the Meeting) was set at ¥200 million annually at the 29th ordinary general meeting of shareholders held on June 16, 2020.

\*1 ROIC (Return on Invested Capital) = (Operating profit × (1 - Effective tax rate)) ÷ (NTT DOCOMO, INC. shareholders' equity + Noncontrolling interests + Interest bearing liabilities)

\*2 Ratio of capital expenditures to operating revenues.

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

(Millions of yen, unless otherwise stated)

Position	Total compensation	Total compensation by type			Number of recipients (Persons)
		Base salary	Performance-based compensation	Retirement benefits	
Directors (excluding outside directors)	439	327	112	0	14
audit & supervisory board members (excluding outside audit & supervisory board members)	30	30	0	0	1
Outside directors and outside audit & supervisory board members	126	126	0	0	7
Total	595	483	112	0	22

- Notes: 1. As there is no director with consolidated compensation of ¥100 million or more in total, the information is not provided.
2. Directors include three directors who retired at the conclusion of the 28th ordinary general meeting of shareholders held on June 18, 2019.
3. Outside directors and outside audit & supervisory board members include one outside audit & supervisory board member who retired at the conclusion of the 28th ordinary general meeting of shareholders held on June 18, 2019.
4. The Company transitioned to a company with the Audit & Supervisory Committee, through a resolution at the 29th Ordinary General Meeting of Shareholders held on June 16, 2020. The upper limit on total compensation for directors and the upper limit on total compensation for audit & supervisory board members before the transition to a company with the Audit & Supervisory Committee were set at ¥600 million annually and at ¥150 million annually, respectively, through a resolution at the 15th Ordinary General Meeting of Shareholders held on June 20, 2006.
5. In terms of performance-based compensation (bonuses), targets for operating profit, which is the main performance indicator for the fiscal year ended March 31, 2020, were set based on the financial result forecast and the actual result for the previous fiscal year. The financial result forecast of ¥830 billion was achieved and the previous year's result of ¥1,013.6 billion was not achieved.

## (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	43	10,017
Shares other than unlisted shares	17	257,115

(Issues in which the number of shares increased in the fiscal year ended March 31, 2020)

	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	3	30,368	To promote collaboration with the business alliance partner
Shares other than unlisted shares	1	33,273	To promote collaboration with the business alliance partner

(Issues in which the number of shares decreased in the fiscal year ended March 31, 2020)

	Number of issues	Total sale value relating to the decrease in the number of shares (Millions of yen)
Unlisted shares	1	1,703
Shares other than unlisted shares	1	747

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, 2020	Year ended March 31, 2019	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
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amounts (Millions of yen)	Balance sheet amounts (Millions of yen)		
PLDT Inc.	31,330,155	31,330,155	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
	74,686	76,102		
M3, Inc.	20,200,000	-	Formed a capital and business alliance and acquired shares of the investee during the fiscal year ended March 31, 2020 to enhance the Company's corporate value through collaboration in the medical care and health area utilizing the assets held by the investee	No
	64,539	-		
Far EasTone Telecommunications Co., Ltd.	153,543,573	153,543,573	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
	34,503	40,955		
KT Corporation	22,711,035	22,711,035	To enhance the corporate value of the Company through global collaboration and information sharing and to maintain and reinforce the favorable relationship	No
	24,592	38,929		
FamilyMart Co., Ltd.	7,251,200	7,251,200	To expand the Company's priority business through the promotion of collaboration in d Payment and d POINTs	No
	14,052	20,455		
Lawson, Inc.	2,092,000	2,092,000	To expand the Company's priority business through the promotion of collaboration in d Payment and d POINTs	No
	12,405	12,844		
Nippon Television Holdings, Inc.	7,779,000	7,779,000	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
	9,373	12,913		
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	5,713,000	5,713,000	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
	8,592	11,574		
FUJI MEDIA HOLDINGS, INC.	7,700,000	7,700,000	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
	8,292	11,765		
KADOKAWA CORPORATION	1,204,208	1,204,208	To enhance corporate value through collaboration between the Company's services and the investee group's superior contents and the utilization of know-how	Yes
	1,641	1,405		
Oisix ra daichi Inc.	1,000,000	1,000,000	To enhance corporate value through collaboration in the food area utilizing the assets held by the investee	No
	1,481	1,679		
EduLab, Inc.	429,200	429,200	To enhance corporate value through collaboration in the education field utilizing the assets held by the investee	No
	1,185	2,424		
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
	786	942		

Issue name	Year ended March 31, 2020	Year ended March 31, 2019	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
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amounts (Millions of yen)	Balance sheet amounts (Millions of yen)		
neos corporation	1,020,000	1,020,000	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
	523	1,074		
PKSHA Technology Inc.	214,000	214,000	To enhance corporate value through collaboration in the AI field utilizing the assets held by the investee	No
	334	1,316		
Nippon BS Broadcasting Corporation	80,000	80,000	To maintain and reinforce the business relationships with the investee group	No
	81	84		
BICCAMERA INC.	50,000	50,000	To maintain and reinforce the business relationships with the investee group	No
	43	58		
NTT DATA INTRAMART CORPORATION	-	245,000	To enhance corporate value through collaboration in the development of corporate solutions utilizing the investee's assets	No
		872		

- 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 ADRs for the fiscal year ended March 31, 2019, and include 8,533,253 shares and ¥19,093 million in the form of ADRs for the fiscal year ended March 31, 2020.
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 for the fiscal year ended March 31, 2019, and include 16,906,444 shares and ¥14,314 million in the form of ADRs for the fiscal year ended March 31, 2020.
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. FamilyMart UNY Holdings Co., Ltd. changed its name to FamilyMart Co., Ltd. in September 2019.
5. KADOKAWA DWANGO CORPORATION changed its name to KADOKAWA CORPORATION in July 2019.

#### 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, 2020

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, 2020

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, 2019 to March 31, 2020 and the non-consolidated financial statements for the 29th fiscal year (from April 1, 2019 to March 31, 2020) 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 Statements of Financial Position

	Notes	Millions of yen	
		March 31, 2019	March 31, 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	7	¥ 219,963	¥ 398,745
Trade and other receivables	8,33,34	2,128,156	2,154,593
Other financial assets	9	70,933	1,022
Inventories	10	178,340	90,009
Other current assets	15	91,308	70,957
Subtotal		2,688,699	2,715,326
Asset held for sale	11	234,160	-
Total current assets		2,922,859	2,715,326
<b>Non-current assets:</b>			
Property, plant and equipment	12	2,623,789	2,653,145
Right-of-use assets	2,30	-	252,412
Goodwill	13	33,177	30,518
Intangible assets	13	608,513	656,435
Investments accounted for using the equity method	14	151,741	140,976
Securities and other financial assets	9	439,742	451,532
Contract costs	24	297,733	312,618
Deferred tax assets	27	150,725	188,608
Other non-current assets	15	112,267	134,354
Total non-current assets		4,417,687	4,820,599
<b>Total assets</b>		<b>¥ 7,340,546</b>	<b>¥ 7,535,925</b>

		Millions of yen	
	Notes	March 31, 2019	March 31, 2020
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Trade and other payables	16,34	¥ 1,058,007	¥ 1,135,855
Lease liabilities	2,17,30	-	69,635
Other financial liabilities	17,20,34	10,495	7,618
Accrued income taxes		166,503	141,064
Contract liabilities	24	211,752	214,020
Provisions	19	29,086	37,939
Other current liabilities	21	150,805	134,022
Total current liabilities		1,626,647	1,740,153
<b>Non-current liabilities:</b>			
Long-term debt	17,34	50,000	50,000
Lease liabilities	2,17,30	-	175,223
Other financial liabilities	17,20,34	9,310	-
Defined benefit liabilities	18	207,425	210,675
Contract liabilities	24	37,054	32,995
Provisions	19	7,845	8,067
Other non-current liabilities	21	8,140	46,551
Total non-current liabilities		319,775	523,512
<b>Total liabilities</b>		1,946,422	2,263,665
<b>Equity:</b>			
Equity attributable to shareholders of NTT DOCOMO, INC.	22,23		
Common stock		949,680	949,680
Additional paid-in capital		169,083	152,695
Retained earnings		4,160,495	4,441,034
Treasury stock		(0)	(300,000)
Other components of equity		92,595	6,519
Total equity attributable to shareholders of NTT DOCOMO, INC.		5,371,853	5,249,927
Noncontrolling interests		22,271	22,334
Total equity		5,394,124	5,272,261
<b>Total liabilities and equity</b>		¥ 7,340,546	¥ 7,535,925

2) Consolidated Statements of Profit or Loss

		Millions of yen	
	Notes	Year ended March 31, 2019	Year ended March 31, 2020
<b>Operating revenues:</b>			
Telecommunications services	6,24	¥ 3,130,660	¥ 3,094,278
Equipment sales		844,428	608,228
Other operating revenues		865,760	948,784
<b>Total operating revenues</b>		<b>4,840,849</b>	<b>4,651,290</b>
<b>Operating expenses:</b>			
Personnel expenses		288,940	288,213
Cost of equipment sold and services, and other expenses	25	2,533,708	2,422,206
Depreciation and amortization	6,12,13 30	470,922	580,839
Communication network charges		432,045	431,668
Loss on disposal of property, plant and equipment and intangible assets		68,768	71,532
Impairment loss	6,12,13	32,821	2,183
<b>Total operating expenses</b>		<b>3,827,204</b>	<b>3,796,640</b>
<b>Operating profit</b>	6	<b>1,013,645</b>	<b>854,650</b>
<b>Finance income</b>	26	<b>7,510</b>	<b>15,261</b>
<b>Finance costs</b>	26	<b>6,506</b>	<b>5,594</b>
<b>Share of profits (losses) on equity method investments</b>	14	<b>(12,013)</b>	<b>3,634</b>
<b>Profit before taxes</b>		<b>1,002,635</b>	<b>867,951</b>
<b>Income taxes</b>	27	<b>337,784</b>	<b>273,170</b>
<b>Profit</b>		<b>¥ 664,851</b>	<b>¥ 594,781</b>
<b>Profit attributable to:</b>			
Shareholders of NTT DOCOMO, INC.		663,629	591,524
Noncontrolling interests		1,222	3,257
<b>Profit</b>		<b>¥ 664,851</b>	<b>¥ 594,781</b>
<b>Earnings per share attributable to shareholders of NTT DOCOMO, INC.</b>			
<b>Basic earnings per share</b>	35	<b>¥ 187.79</b>	<b>¥ 179.92</b>

### 3) Consolidated Statements of Comprehensive Income

		Millions of yen	
		Year ended March 31, 2019	Year ended March 31, 2020
	Notes	¥	¥
<b>Profit</b>		664,851	594,781
<b>Other comprehensive income (net of taxes):</b>	22		
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		3,750	1,801
Change in the fair value of financial assets measured at fair value through other comprehensive income		1,105	(36,256)
Share of other comprehensive income of investments accounted for using the equity method		(3,731)	(1,140)
<b>Total of items that will not be reclassified to profit or loss</b>		1,124	(35,595)
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences		(8,594)	2,261
Share of other comprehensive income of investments accounted for using the equity method		(49)	(73)
<b>Total of items that may be reclassified subsequently to profit or loss</b>		(8,643)	2,188
<b>Total other comprehensive income (net of taxes)</b>		(7,519)	(33,407)
<b>Total comprehensive income</b>		¥ 657,332	¥ 561,375
<b>Total comprehensive income attributable to:</b>			
Shareholders of NTT DOCOMO, INC.		656,026	558,130
Noncontrolling interests		1,306	3,245
<b>Total comprehensive income</b>		¥ 657,332	¥ 561,375

#### 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	Noncontrolling 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			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)
<b>Balance as of March 31, 2019</b>	<b>¥ 949,680</b>	<b>¥ 169,083</b>	<b>¥ 4,160,495</b>	<b>¥ (0)</b>	<b>¥ 92,595</b>	<b>¥ 5,371,853</b>	<b>¥ 22,271</b>	<b>¥ 5,394,124</b>	

## Millions of yen

	Equity attributable to shareholders of NTT DOCOMO, INC.						Noncontrolling interests	Total equity	
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total			
Balance as of March 31, 2019	¥ 949,680	¥ 169,083	¥ 4,160,495	¥ (0)	¥ 92,595	¥ 5,371,853	¥ 22,271	¥ 5,394,124	
Profit			591,524			591,524	3,257	594,781	
Other comprehensive income	22				(33,394)	(33,394)	(13)	(33,407)	
Total comprehensive income		-	-	591,524	-	(33,394)	558,130	3,245	561,375
Dividends	23		(380,689)			(380,689)	(1,209)	(381,897)	
Purchase of treasury stock	22			(300,000)		(300,000)		(300,000)	
Changes due to business combinations under common control		(13,441)	17,154		(132)	3,580		3,580	
Changes in ownership interests without loss of control		(13)				(13)	(1,947)	(1,960)	
Changes in ownership interests with loss of control						-	(26)	(26)	
Transfer from other components of equity to retained earnings	22		52,550		(52,550)	-		-	
Others		(2,935)				(2,935)		(2,935)	
Total transactions with shareholders		-	(16,388)	(310,985)	(300,000)	(52,683)	(680,056)	(3,182)	(683,238)
<b>Balance as of March 31, 2020</b>	<b>¥ 949,680</b>	<b>¥ 152,695</b>	<b>¥ 4,441,034</b>	<b>¥ (300,000)</b>	<b>¥ 6,519</b>	<b>¥ 5,249,927</b>	<b>¥ 22,334</b>	<b>¥ 5,272,261</b>	

(Note) Business combinations under common control are accounted for using book values. Regarding “Changes due to business combinations under common control”, the changes in “Additional paid-in capital” and “Retained earnings” represent the differences between the amount paid by NTT DOCOMO, INC. for a subsidiary that was acquired under common control and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”)’s carrying amount of the investment in the subsidiary measured at the date of acquisition.

## 5) Consolidated Statements of Cash Flows

	Millions of yen			
	Notes	Year ended March 31, 2019	Year ended March 31, 2020	
<b>Cash flows from operating activities:</b>				
Profit		¥ 664,851	¥ 594,781	
Reconciliation of profit and net cash provided by operating activities:				
Depreciation and amortization	6,12, 13	470,922	580,839	
Impairment losses	6,12, 13	32,821	2,183	
Finance income	26	(7,510)	(15,261)	
Finance costs	26	6,506	5,594	
Interest income included in operating revenues		(22,995)	(27,511)	
Share of (profits) losses on equity method investments	14	12,013	(3,634)	
Income taxes	27	337,784	273,170	
(Increase) decrease in inventories		4,793	80,004	
(Increase) decrease in trade and other receivables		(153,962)	(8,429)	
Increase (decrease) in trade and other payables		84,882	31,638	
Increase (decrease) in contract liabilities		25,285	(2,125)	
Increase (decrease) in defined benefit liabilities		639	2,662	
Other, net		22,112	85,005	
Subtotal		1,478,142	1,598,916	
Dividends received		16,539	11,822	
Interests received		22,935	28,025	
Interests paid		(1,816)	(1,507)	
Income taxes paid and refund		(299,786)	(319,460)	
Net cash provided by operating activities		1,216,014	1,317,796	
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment		(392,168)	(363,398)	
Purchases of intangible and other assets		(203,058)	(235,259)	
Purchases of non-current investments		(14,641)	(72,848)	
Proceeds from sales of non-current investments		16,945	256,407	
Purchases of short term investments		(341,089)	(61,398)	
Proceeds from redemption of short term investments		641,268	131,132	
Acquisitions of control over subsidiaries		-	(17,099)	
Payments due to losses on control of subsidiaries		(10,463)	-	
Other, net		6,737	7,703	
Net cash used in investing activities		(296,469)	(354,760)	
<b>Cash flows from financing activities:</b>				
Repayments of long-term debt	17	(110,026)	(2,800)	
Proceeds of short term borrowing	17	72	(1,985)	
Payments of lease liabilities		(1,179)	(97,835)	
(2018:Repayments of finance lease liabilities)	17			
Payments to acquire treasury stock	22	(600,000)	(300,000)	
Cash dividends paid		(377,245)	(380,681)	
Cash dividends paid to noncontrolling interests		(583)	(1,209)	
Other, net	17	(1,091)	609	
Net cash used in financing activities		(1,090,052)	(783,901)	
<b>Effect of exchange rate changes on cash and cash equivalents</b>		3	(353)	
<b>Net increase (decrease) in cash and cash equivalents</b>		(170,504)	178,782	
<b>Cash and cash equivalents at beginning of year</b>	7	390,468	219,963	
<b>Cash and cash equivalents at end of period</b>	7	¥ 219,963	¥ 398,745	



## 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 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, 2020 were approved on June 16, 2020 by the Board of Directors.

## 2. Basis of preparation

### (1) Compliance with IFRS

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.

The accounting policies of DOCOMO are based on IFRS effective as of March 31, 2020, excluding the provisions of IFRS that are not early adopted.

### (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) Change in presentation

Regarding the consolidated statement of cash flows for the fiscal year ended March 31, 2020, interests received as to credit card services in operating revenues, which had been included in subtotal in cash flows from operating activities have been represented in “Interests received” since its amount became significant. In order to reflect the change in presentation, regarding the consolidated statement of cash flows for the fiscal year ended March 31, 2019, the amount which had been included in subtotal in cash flows from operating activities have been reclassified as “Interests received” of ¥22,441 million in cash flows from operating activities and “Interest income included in operating revenues” of ¥(22,995) million.

(5) Changes in accounting policies

DOCOMO has adopted IFRS 16 “Lease” (“IFRS 16”) from the beginning of the fiscal year ended March 31, 2020.

For the adoption of IFRS 16, we have not presented any restatement of comparative information, which is permitted as a transitional measure, but instead adopted a method to recognize the cumulative impact from the adoption of IFRS 16 as opening balance of retained earnings upon the date of initial application (retrospective restatement approach). For past contracts that had been concluded in or before the prior fiscal year, we have applied a practical approach to carry over the conventional method to make a determination on whether the transaction in question is a lease or not.

Upon the application of IFRS 16, leases that were previously classified as operating leases are recognized as right-of-use assets and lease liabilities. These items also include finance leases that were previously recognized as “Property, plant, and equipment” and “Other financial liabilities.” The change in the accounting policy mainly resulted in an increase of “Right-of-use assets” by ¥295,379 million and “Lease liabilities” by ¥286,503 million, while in a decrease of “Property, plant, and equipment” by ¥3,936 million, “Other current assets” (prepaid lease payments) by ¥8,775 million and “Other financial liabilities” by ¥4,057 million, respectively at the beginning of the fiscal year ended March 31, 2020. The principal items recorded as right-of use assets include the fees for use of office, the rent for the land and building required for the installation of telecommunications facilities and the fees for use of transmission lines. The impact on the opening balance of retained earnings is little. In addition, the change in the accounting policy also mainly resulted in an increase of “Depreciation and amortization” by 94,643 million, while in a decrease of “Cost of equipment sold and services, and other expenses” by ¥70,771 million and “Communication network charges” by 24,200 million, respectively for the fiscal year ended March 31, 2020. Similarly, due to the classification of repayment of lease liabilities as cash flows from financing activities, cash flows from operating activities increased by ¥94,729 million, while cash flows from financing activities decreased by ¥94,729 million for the fiscal year ended March 31, 2020.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the Consolidated Statements of Financial Position at the beginning of the fiscal year ended March 31, 2020 is 0.18%.

	(millions of yen)
Operating lease commitments as of March 31, 2019	65,283
Finance lease liabilities as of March 31, 2019	4,057
Cancellable operating lease and others	217,164
Lease liabilities as of April 1, 2019	286,503

### 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.

#### (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

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 when a contractual right to cash flows of a financial asset expires or when 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 model.

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 to 16 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) Leases

**Accounting treatment of lease as lessee**

In accordance with IAS 17 “Leases,” we classified lease transactions as finance leases when the leases transfer substantially all the risks and rewards incidental to ownership, while classifying all other lease transactions as operating leases in the consolidated financial statements for the fiscal year ended March 31, 2019.

After the adoption of IFRS 16, when it is determined that a contract is, or contains, a lease at inception of the contract, we recognize lease liabilities and right-of-use assets in consolidated financial statements at the commencement date.

(i) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments, which have not been paid at the commencement date using DOCOMO's incremental borrowing rate. After the commencement date, they are measured subsequently by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. In consolidated statements of profit or loss, the interests on the lease liability are included in “Finance costs.” In the consolidated statements of cash flows, the paid interests on the lease liability are presented in “Cash flows from operating activities”, while repayments for the principal portion of the lease liability are presented in “Cash flows from financing activities.”

(ii) Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liabilities added with initial direct costs and lease payments made at or before the commencement date and others. After the initial measurement, the right-of-use assets are determined by a cost model. If the ownership of the underlying asset is transferred to the lessee by the end of the lease term or if the lessee is reasonably certain to exercise a purchase option, they are depreciated using the straight-line method over their estimated useful lives of the underlying asset. Otherwise, DOCOMO depreciate over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## (9) 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.

#### (10) Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets

DOCOMO assesses whether there is any indication of impairment of property, plant and equipment, right-of-use assets, 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.

#### (11) 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.

#### (12) 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.

### (13) 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.

DOCOMO also offer a program in which we give a waiver of up to 12 months of installment payments to customers who choose the installment payment plan in 36 months on the sale of handset, on condition of returning the handset to DOCOMO after use. The estimated amount of consideration received for which DOCOMO do not expect to be entitled is recognized as refund liabilities upon the sale of handset, and the same amount is deducted from revenues. The liability is included in "Other non-current liabilities" in the consolidated statement of financial position. Information as to the estimations are disclosed in "Note 4. Significant accounting estimates and judgement requiring estimates." On the other hand, the right of collection of handset from customers in exchange for settlement of the refund liability is recorded in "Other current liabilities" and "Other non-current liabilities" respectively in the consolidated statement of financial position. These assets are measured at the amount equal to carrying amount of the product less any expected costs to recover those handsets (including potential decreases in the value to the entity of returned handsets) when they are sold.

## 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 "Revenue from Contracts with customers," 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.”

#### (14) 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.

## (15) 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.

## (16) 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, 2019 and 2020, 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 judgments, 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 judgment 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 (9) Goodwill and other intangible assets" for more details on related topics.

##### (2) Lease term

DOCOMO determines the lease term as the non-cancellable period of a lease, together with both periods where the lessee is reasonably certain to exercise an option to extend and periods where the lessee is reasonably certain not to exercise an option to terminate.

In determining the reasonable certain periods, DOCOMO needs estimates over the long term, considering some factors such as innovations of the telecommunications technology and economic life regarding related assets. The changes in estimates regarding these factors could have a material impact on the amounts of right-of-use assets and lease liabilities in the consolidated financial statements in the future.

Related information is disclosed in "Note 3. Significant accounting policies (8) lease."

##### (3) Impairment of property, plant and equipment, right-of-use assets, goodwill, intangible assets and investments accounted for using the equity method

DOCOMO performs an impairment test of property, plant and equipment, right-of-use assets, 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, (8)Leases, (10) Impairment of property, plant and equipment, right-of-use assets, 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.



#### (4) 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 model 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 33. Fair value measurement” for a description on related topics.

#### (5) 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.

#### (6) 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, (13) Revenue from contracts with customers”, “Note 19. Provisions” for a description on related topics.

#### (7) Revenue recognition (Contract liabilities, Point program, Refund liabilities, 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 be entitled 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 also offers a program in which it gives a waiver of up to 12 months of installment payments to customers who choose the installment payment plan in 36 months on the sale of handset, on condition of returning the handset to DOCOMO after use. Although there is a high level of uncertainty regarding the number and timing of handset returns by customers under the program, DOCOMO estimates the percentage of customers who use the program and the timing of handset replacement estimated for each type of product based on our past experience as underlying figures to determine the amount of consideration for which we do not expect to be entitled in the future. DOCOMO includes the amount of consideration into the transaction price only to the extent that it is highly probable that significant reversal in the cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved

Related information is disclosed in “Note 3. Significant accounting policies (13) Revenue from contracts with customers.”

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, (13) Revenue from contracts with customers”, “Note 24. Revenue from contracts with customers” for a description on related topics.

## 5. New standards not yet adopted

There are no standards that have not been early adopted by the Company, but are likely, if materialized, to have certain impact on the Company among the standards and interpretations newly issued or revised in the period up to the date of approval of the consolidated financial statements.

## 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.

Certain services that had been included in the smart life business were reclassified to other businesses to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the fiscal year ended March 31, 2019 has been restated to conform, respectively, to the presentation for the fiscal year ended March 31, 2020.

The telecommunications business segment includes mobile phone services (5G 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," and enterprise IoT solutions 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	
	2019	2020
Telecommunications business-		
External customers.....	¥ 3,975,490	¥ 3,684,566
Intersegment.....	1,614	2,463
Subtotal.....	3,977,104	3,687,029
Smart life business-		
External customers.....	431,685	520,356
Intersegment.....	16,506	23,346
Subtotal.....	448,192	543,702
Other businesses-		
External customers.....	433,674	446,368
Intersegment.....	7,635	7,602
Subtotal.....	441,310	453,970
Segment total.....	4,866,605	4,684,701
Elimination.....	(25,756)	(33,411)
Consolidated.....	¥ 4,840,849	¥ 4,651,290

Segment operating profit (loss):

	Millions of yen	
	2019	2020
Segment operating profit (loss)-		
Telecommunications business.....	¥ 866,343	¥ 706,545
Smart life business.....	69,198	32,491
Other businesses.....	78,103	115,614
Operating profit.....	1,013,645	854,650
Finance income.....	7,510	15,261
Finance costs.....	6,506	5,594
Share of profits (losses) on equity method investments .....	(12,013)	3,634
Profit before taxes.....	¥ 1,002,635	¥ 867,951

Depreciation and amortization

	Millions of yen	
	2019	2020
Telecommunications business	¥ 437,855	¥ 535,917
Smart life business.....	15,319	26,693
Other businesses .....	17,748	18,229
Total .....	¥ 470,922	¥ 580,839

Capital expenditure

	Millions of yen	
	2019	2020
Telecommunications business	¥ 562,735	¥ 532,042
Smart life business.....	16,850	24,166
Other businesses .....	14,164	16,557
Total .....	¥ 593,749	¥ 572,765

Impairment losses

	Millions of yen	
	2019	2020
Telecommunications business	¥ 9,050	¥ -
Smart life business.....	1,039	467
Other businesses .....	22,732	1,716
Total .....	¥ 32,821	¥ 2,183

(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, 2019 and 2020.

## 7. Cash and cash equivalents

“Cash and cash equivalents” comprised the following:

“Cash and cash equivalents” are classified as financial assets measured at amortized cost in accordance with IFRS 9 “Financial Instruments” (revised in July 2014) (“IFRS 9”).

	Millions of yen	
	March 31, 2019	March 31, 2020
Cash.....	¥ 71,647	¥ 75,421
Commercial paper.....	269	15
Bailment for consumption.....	148,047	323,309
Total.....	¥ 219,963	¥ 398,745

Information regarding “Bailment for consumption” is disclosed in “Note 29. Related party transactions.”

## 8. Trade and other receivables

The breakdown of “Trade and other receivables” is as follows:

	Millions of yen	
	March 31, 2019	March 31, 2020
Financial assets measured at fair value through profit or loss		
Receivables held for sale	¥ 940,211	¥ 825,988
Financial assets measured at amortized cost		
Credit card receivables	¥ 522,947	¥ 638,582
Receivables due to transfers	315,671	322,923
Trade receivables	236,378	199,389
Other	112,948	167,710
Total	¥ 2,128,156	¥ 2,154,593

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 loss allowance in the consolidated statement of financial position.

## 9. Securities and Other financial assets

### (1) Breakdown

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

	Millions of yen	
	March 31, 2019	March 31, 2020
Other financial assets		
Financial assets measured at amortized cost		
Debt financial instruments		
Short-term bailment for consumption	¥ 70,000	¥ -
Time deposits	416	613
Other	515	325
Financial assets measured at fair value through profit or loss		
Derivatives		
Foreign exchange forward contracts	1	85
Total	¥ 70,933	¥ 1,022
Securities and other financial assets		
Financial assets measured at fair value through profit or loss		
Long-term receivables held for sale	¥ 237,974	¥ 243,128
Derivatives		
Foreign exchange forward contracts	-	245
Investment trust	942	1,387
Financial assets measured at fair value through other comprehensive income		
Equity financial assets		
Equity securities	200,470	206,731
Financial assets measured at amortized cost		
Other	354	41
Total	¥ 439,742	¥ 451,532

The amount of "Shares and contributions" are included in "Securities and other financial assets" and also in "Other current assets" which were ¥513 million and ¥325 million for the fiscal year ended March 31, 2019 and 2020 respectively.

Information regarding Short-term bailment for consumption is disclosed in “Note 29. 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	
	March 31, 2019	March 31, 2020
M3, Inc.	¥ -	¥ 64,539
Far EasTone Telecommunications Co., Ltd.	40,956	34,504
KT Corporation	38,929	24,592
FamilyMart Co., Ltd.	20,456	14,053
Lawson, Inc.	12,845	12,406
Nippon Television Holdings, Inc.	12,913	9,374
Tokyo Broadcasting System Holdings, Inc.	11,575	8,592
FUJI MEDIA HOLDINGS, INC.	11,766	8,293
Robi Axiata Limited	10,750	6,275
Others	40,794	24,428
Total	¥ 200,984	¥ 207,056

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

For financial assets measured at fair value through other comprehensive income, dividend income of ¥5,309 million and ¥5,528 million was recognized for the fiscal year ended March 31, 2019 and 2020 respectively.

### (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 and 2020, 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:

	<b>Millions of yen</b>			
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)		Fiscal year ended <b>March 31, 2020</b> (April 1, 2019 – <b>March 31, 2020)</b>	
Fair value at derecognition	¥	16,423	¥	<b>3,758</b>
Cumulative gain or loss (pre-tax) on disposal		10,848		<b>(2,058)</b>
Dividend income		85		<b>5</b>

For financial assets measured at fair value through other comprehensive income, the cumulative gain or loss (net of tax) of ¥7,576 million and ¥(1,644) million recorded as other components of equity at derecognition was reclassified to retained earnings for the fiscal year ended March 31, 2019 and 2020 respectively.

## 10. Inventories

The breakdown of inventories is as follows:

	Millions of yen			
	March 31, 2019		<b>March 31, 2020</b>	
Finished goods	¥	173,754	¥	<b>85,672</b>
Materials and supplies		4,586		<b>4,337</b>
Total	¥	178,340	¥	<b>90,009</b>

The amount of inventories recognized as an expense was ¥931,388 million and ¥751,133 million for the fiscal years ended March 31, 2019 and 2020, respectively. Of these, the amount of write-downs recorded was ¥5,055 million and ¥12,825 million for the fiscal years ended March 31, 2019 and 2020, respectively.

## 11. Asset held for sale

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 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 which 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. 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 which 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 were 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 recovered the carrying amount of its asset by sale. As a result of this, “Income taxes” in the consolidated statements of profit or loss for the fiscal year ended March 31, 2019 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 for the fiscal year ended March 31, 2019 decreased by ¥21,863 million, respectively.

As of April 1, 2019, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG. The cumulative other comprehensive income (net of taxes) of ¥47,765 million (credit) relating to “Asset held for sale” that was previously included in “Other components of equity” was not recognized in profit or loss but was directly reclassified to “Retained earnings” at that time. This sale had no material effect on the consolidated statements of profit or loss. The amount of proceeds from the sale is included in “Proceeds from sales of non-current investments” in the consolidated statement of cash flows.



## 12. Property, plant and equipment

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 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
Impact of the application of IFRS16	-	(1,088)	(2,847)	-	-	(3,936)
Balance as of April 1, 2019	1,824,985	350,574	95,443	153,917	194,935	2,619,854
Additions	<b>17,842</b>	<b>766</b>	<b>4,378</b>	-	<b>363,560</b>	<b>386,547</b>
Acquisitions through business combinations	-	<b>981</b>	<b>1,506</b>	-	<b>121</b>	<b>2,607</b>
Sale or disposal	<b>(39,378)</b>	<b>(1,154)</b>	<b>(785)</b>	<b>(94)</b>	<b>(7,202)</b>	<b>(48,614)</b>
Reclassification	<b>305,971</b>	<b>15,713</b>	<b>39,391</b>	<b>233</b>	<b>(361,308)</b>	-
Depreciation	<b>(256,966)</b>	<b>(25,892)</b>	<b>(24,011)</b>	-	-	<b>(306,869)</b>
Impairment loss	-	<b>(31)</b>	<b>(20)</b>	-	-	<b>(51)</b>
Foreign exchange translation differences	<b>(60)</b>	<b>(13)</b>	<b>(86)</b>	-	<b>(41)</b>	<b>(199)</b>
Other	<b>42</b>	<b>(128)</b>	<b>(44)</b>	<b>1</b>	-	<b>(130)</b>
Balance as of March 31, 2020	<b>1,852,437</b>	<b>340,815</b>	<b>115,772</b>	<b>154,058</b>	<b>190,065</b>	<b>2,653,145</b>

### Cost

(Millions of yen)

	Wireless telecommunications equipment	Buildings and structures	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of March 31, 2019	5,203,932	919,674	466,045	153,989	194,935	6,938,574
Impact of the application of IFRS16	-	(1,165)	(4,595)	-	-	(5,760)
Balance as of April 1, 2019	5,203,932	918,509	461,450	153,989	194,935	6,932,814
Balance as of March 31, 2020	<b>5,231,363</b>	<b>929,763</b>	<b>491,756</b>	<b>154,129</b>	<b>190,065</b>	<b>6,997,076</b>

## 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 April 1, 2019	(3,378,946)	(568,013)	(367,755)	(71)	-	(4,314,785)
Impact of the application of IFRS16	-	78	1,747	-	-	1,824
Balance as of April 1, 2019	(3,378,946)	(567,935)	(366,008)	(71)	-	(4,312,961)
Balance as of March 31, 2020	<b>(3,378,927)</b>	<b>(588,949)</b>	<b>(375,985)</b>	<b>(71)</b>	-	<b>(4,343,931)</b>

Cost and accumulated depreciation and accumulated impairment losses are the amount after considering the impact of IFRS16.

### 13. Goodwill and intangible assets

#### (1) Reconciliation

Goodwill and intangible assets for the fiscal year ended March 31, 2019 and 2020 were as follows.

(Millions of yen)

	Goodwill	Intangible assets					Total
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	
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
Acquisitions	-	<b>208,079</b>	<b>272</b>	<b>1,118</b>	-	<b>15,343</b>	<b>224,812</b>
Acquisitions through business combinations	-	<b>5,907</b>	-	-	-	<b>2,935</b>	<b>8,842</b>
Sale or disposal	<b>(533)</b>	<b>(8,989)</b>	<b>(141)</b>	-	-	<b>(203)</b>	<b>(9,334)</b>
Amortization	-	<b>(173,210)</b>	<b>(856)</b>	-	-	<b>(2,875)</b>	<b>(176,941)</b>
Impairment loss	<b>(1,969)</b>	<b>(161)</b>	-	-	-	<b>(1)</b>	<b>(163)</b>
Foreign currency translation differences	<b>(158)</b>	<b>(89)</b>	-	-	-	<b>(0)</b>	<b>(89)</b>
Other	-	<b>(468)</b>	-	-	-	<b>1,264</b>	<b>796</b>
Balance as of March 31, 2020	<b>30,518</b>	<b>573,914</b>	<b>8,589</b>	<b>20,796</b>	<b>3,199</b>	<b>49,936</b>	<b>656,435</b>

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 for the fiscal years ended March 31, 2019 and 2020 were almost all internally-generated intangible assets.

## Cost

(Millions of yen)

	Goodwill	Intangible assets					Total
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	
Balance as of March 31, 2019	35,189	3,046,398	19,165	19,678	3,722	115,083	3,204,046
Balance as of March 31, 2020	<b>32,530</b>	<b>3,228,756</b>	<b>19,044</b>	<b>20,796</b>	<b>3,722</b>	<b>135,553</b>	<b>3,407,872</b>

## Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets					Total
		Software	Rights to use telecommunications facilities	Spectrum related assets	Trademarks and trade names	Other	
Balance as of March 31, 2019	(2,012)	(2,503,553)	(9,849)	-	(523)	(81,609)	(2,595,533)
Balance as of March 31, 2020	<b>(2,012)</b>	<b>(2,654,842)</b>	<b>(10,455)</b>	-	<b>(523)</b>	<b>(85,617)</b>	<b>(2,751,437)</b>

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, 2019 and 2020 was ¥90,967million and ¥92,804million, 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 3.0% to 9.1% (pre-tax), for the fiscal year ended March 31, 2019 and from 4.3% to 7.7% (pre-tax) for the fiscal year ended March 31, 2020, 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 1.7% for the fiscal year ended March 31, 2019 and from 0.0% to 1.5% for the fiscal year ended March 31, 2020, 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	
	March 31, 2019	March 31, 2020
Telecommunications business	¥ 5,312	¥ 5,312
Smart life business	23,446	22,662
Other businesses	4,419	2,543
Total	¥ 33,177	¥ 30,518

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 ¥22,608 million and ¥22,612 million for the fiscal years ended March 31, 2019 and 2020, respectively. The recoverable amount for the cash-generating unit is the fair value less costs to sell.

DOCOMO records impairment losses on goodwill allocated to cash-generating units when DOCOMO can not expect profit assumed initially.

DOCOMO records the amount of ¥21,404 million and ¥1,716 million as impairment losses on goodwill allocated to

cash-generating unit in other business segment as of March 31, 2019 and 2020 respectively, 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.

#### 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	
	March 31, 2019	March 31, 2020
Carrying amount of DOCOMO's interests	¥ 151,741	¥ 140,976

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
DOCOMO's share (pre-tax):		
Profit	¥ 4,415	¥ 3,634
Other comprehensive income	(904)	(133)
Total comprehensive income	3,510	3,501

(Note) For the fiscal year ended March 31, 2019, investments in Sumitomo Mitsui Card and Hutchison Telephone Company Limited (herein after HTCL) 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 ¥20,320 million as impairment losses for the fiscal year ended March 31, 2019. There are no impairment losses for the fiscal year ended March 31, 2020.

##### (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	
		March 31, 2019	March 31, 2020
<b>Other current assets</b>			
Prepaid expenses		¥ 37,756	¥ 34,932
Advances		11,988	11,781
Other		41,563	24,244
	Total	¥ 91,308	¥ 70,957
<b>Other non-current assets</b>			
Deposits		¥ 90,869	¥ 94,119
Long-term prepaid expenses		7,195	9,461
Net defined benefit assets		13,808	13,712
Other		395	17,062
	Total	¥ 112,267	¥ 134,354

## 16. Trade and other payables

The breakdown of trade and other payables is as follows. Trade and other payables as of March 31, 2019 and 2020 are classified as financial liabilities measured at amortized cost in accordance with IFRS 9, excluding the amount of ¥8,770 million and ¥8,602 million to which IFRS 9 does not apply.

		Millions of yen	
		March 31, 2019	March 31, 2020
Accounts payable, trade payables		¥ 350,909	¥ 366,248
Accounts payable, others		690,097	750,976
Other		17,001	18,631
	Total	¥ 1,058,007	¥ 1,135,855



## 17. Borrowings and debt

Long-term debt, which is classified as financial liabilities measured at amortized cost, was as follows:

Long-term debt as of March 31, 2020 were classified as financial liabilities measured at amortized cost based on IFRS9.

	Millions of yen	
	March 31, 2019	March 31, 2020
Debt denominated in Japanese Yen:		
Unsecured corporate bonds	¥ 50,000	¥ 50,000
(As of March 31, 2019 - interest rates per annum : 0.7%, due : years ending March 31, 2024)		
(As of March 31, 2020 - interest rates per annum : 0.7%, due : years ending March 31, 2024)		
Total long-term debt	¥ 50,000	¥ 50,000

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 34. Financial instruments 5) Market risk."

Interest expense related to borrowings and debt for the fiscal years ended March 31, 2019 and 2020 totaled ¥1,051 million and ¥527 million, respectively. "Finance costs" in the consolidated statement of profit or loss exclude the amount of capitalized interest.

	(Millions of yen)		
	Borrowings and debt	Other financial liabilities	Lease Liabilities
Balance as of March 31, 2018	¥ 161,229	¥ 37,499	¥ -
Changes arising from 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 arising from 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 noncontrolling 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	¥ -
Impact of the application of IFRS16	-	(4,057)	286,503
Balance as of April 1, 2019	50,000	15,748	286,503
Changes arising from cash flows			
Proceeds from (repayments of) short-term borrowings	(1,985)	-	-
Repayments of long-term debt	(2,800)	-	-
Repayments of lease liabilities	-	-	(97,835)
Others	-	(6,100)	-
Total changes arising from cash flows	(4,785)	(6,100)	(97,835)
Changes arising from non-cash transactions			
Changes arising from obtaining control of subsidiaries	4,785	283	6,753
Increase in lease liabilities	-	-	58,988
Other changes	-	(2,314)	(9,550)
Total changes arising from non-cash transactions	4,785	(2,030)	56,191
Balance as of March 31, 2020	¥ 50,000	¥ 7,618	¥ 244,859

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 Kigyuu-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, 2019 and 2020 represented approximately 14.4% and 15.1% 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, 2019 and 2020, measured on March 31 of respective years, were as follows:

	Millions of yen			
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	
Changes in the present value of defined benefit obligations:				
Balance as of beginning of year	¥	387,159	¥	393,244
Current Service cost		15,376		16,048
Interest cost		2,231		1,906
Remeasurement		3,995		(7,864)
Actuarial (gain) loss - demographic assumption		(813)		134
Actuarial (gain) loss - financial assumption		6,181		(6,742)
Actuarial (gain) loss - other		(1,373)		(1,256)
Other		575		4,390
Benefit payments		(16,092)		(16,892)
Balance as of end of year	¥	393,244	¥	390,832
Changes in fair value of plan assets:				
Balance as of beginning of year	¥	191,422	¥	199,628
Interest income		1,229		1,084
Return on plan assets excluding interest income		9,451		(5,240)
Employer contributions		2,858		2,842
Employee contributions		523		514
Other		208		1,279
Benefit payments		(6,062)		(6,238)
Balance as of end of year		199,628		193,869
As of March 31: Total net defined benefit liabilities	¥	(193,617)	¥	(196,963)

The amounts in the consolidated statements of financial position are as follows:

	Millions of yen	
	March 31, 2019	March 31, 2020
Defined benefit liabilities	¥ 207,425	¥ 210,675
Other non-current assets	13,808	13,712
As of March 31: Total net defined benefit liabilities	(193,617)	(196,963)

The principle actuarial assumptions are as follows:

	March 31, 2019	March 31, 2020
Discount rate	0.5 %	0.6 %
Rate of salary increases	3.4 %	3.4 %
Average life expectancy for current pensioners aged 65 as of end of year		
Males	18.7 years	18.7 years
Females	23.8 years	23.8 years

The weighted-average duration of the defined benefit obligations for the fiscal years ended March 31, 2019 and 2020 were 16.3 years and 16.4 years, respectively.

DOCOMO expects to contribute ¥3,268 million to its defined benefit plans in the fiscal year ending March 31, 2021.

#### 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, 2019	March 31, 2020
Discount rate (%)		
Increase of 0.5%	¥ (26,520)	¥ (26,558)
Decrease of 0.5%	29,190	29,265

The fair value of plan assets of the defined benefit plans at the end of the fiscal years ended March 31, 2019 and 2020 was as follows:

(Millions of yen)

	March 31, 2019			March 31, 2020		
	Active market prices			Active market prices		
	Available	Unavailable	Total	Available	Unavailable	Total
Cash and cash equivalents	19,282	-	19,282	14,901	-	14,901
Debt financial instruments (domestic)	46,993	28,086	75,079	41,378	33,590	74,968
Debt financial instruments (foreign)	1,536	1,509	3,045	1,534	1,731	3,265
Equity financial instruments (domestic)	17,905	8,969	26,874	16,994	7,729	24,723
Equity financial instruments (foreign)	8,814	2,420	11,234	7,202	3,417	10,620
Pooled funds	-	35,740	35,740	-	36,310	36,310
Life insurance company general accounts	-	26,123	26,123	-	26,241	26,241
Other	-	2,251	2,251	-	2,842	2,842
<b>Total</b>	<b>94,529</b>	<b>105,098</b>	<b>199,628</b>	<b>82,009</b>	<b>111,860</b>	<b>193,869</b>

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, 2020 was: Debt financial instruments (domestic) 56.6%, Debt financial instruments (foreign) 2.1%, Equity financial instruments (domestic) 14.2%, Equity financial instruments (foreign) 9.2%, life insurance company general accounts 15.8%, and other 2.1% respectively.

## (2) Defined contribution plans

The Company recognized ¥3,094 million and ¥3,181 million of defined benefit cost related to the defined contribution plans in the fiscal years ended March 31, 2019 and 2020, 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 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
Increase during the period	<b>18,900</b>	<b>358</b>	<b>11,558</b>	<b>30,816</b>
Decrease during the period (amounts used)	<b>(12,037)</b>	<b>(275)</b>	<b>(969)</b>	<b>(13,281)</b>
Decrease during the period (amounts reversed)	<b>(3,155)</b>	-	<b>(5,497)</b>	<b>(8,652)</b>
Interest expense for discount calculation during the period	-	92	-	92
Foreign exchange translation differences	-	(0)	(41)	(41)
Other increase (decrease)	<b>(247)</b>	<b>403</b>	<b>(16)</b>	<b>141</b>
Balance as of March 31, 2020	<b>26,479</b>	<b>7,981</b>	<b>11,547</b>	<b>46,007</b>

### (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 “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	
		March 31, 2019	March 31, 2020
Other financial liabilities (current)			
Financial liabilities measured at fair value through profit or loss			
Derivatives			
Foreign currency option contracts	¥	26	¥ -
Foreign exchange forward contracts		0	6
Financial liabilities measured at amortized cost			
Deposits received		9,612	4,666
Other		10	2,947
Other			
Lease liabilities		846	-
Total	¥	10,495	¥ 7,618
Other financial liabilities (non-current)			
Financial liabilities measured at amortized cost			
Put options granted to noncontrolling interests	¥	6,100	¥ -
Other			
Lease liabilities		3,210	-
Total	¥	9,310	¥ -

## 21. Other liabilities

The breakdown of other liabilities is as follows:

		Millions of yen	
		March 31, 2019	March 31, 2020
<b>(Other current liabilities)</b>			
Accrued payroll		¥ 61,749	¥ 59,146
Accrued real estate tax		29,620	29,104
Consumption tax payable		24,590	32,039
Other		34,846	13,732
	Total	¥ 150,805	¥ 134,022
<b>(Other non-current liabilities)</b>			
Refund liability		¥ -	¥ 31,961
Other		8,140	14,590
	Total	¥ 8,140	¥ 46,551



## 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 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
Changes during the period	-	-
Balance as of March 31, 2020	17,460,000,000	3,335,231,094

(Note 1) Issued shares the end of the fiscal years ended March 31, 2019 and 2020, 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 March 31, 2018	189,114,487	
Purchase (Note 1)	257,953,552	
Retirement	(447,067,906)	
Balance as of March 31, 2019	133	
Purchase (Note 1)	106,601,705	
Retirement	-	
Balance as of March 31, 2020	106,601,838	

#### (Note 1) Purchase of treasury stock

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, NTT, was 256,752,200 shares and the amount in total was ¥597,206 million for the fiscal year ended March 31, 2019.

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 tender offer for an amount in total not exceeding ¥300,000 million during the period from May 7, 2019 through April 30, 2020 and repurchased 106,601,600 shares of its common stock at ¥300,000 million until March 31, 2020.

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

#### (Note 2) Retirement of treasury stock

On March 27, 2020, the Board of Director resolved that NTT DOCOMO, INC. retired 106,601,688 shares of its common stock at ¥300,000 on April 2, 2020. The share retirement resulted in a decrease of “Retained earnings” by ¥300,000 million in the same amount as the aggregate purchase price. As a result of this, the number of common stock is 3,228,629,406 shares.

(3) Other components of equity

Changes in other components of equity (after tax effect adjustment) are as follows:

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 of 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 "Financial Instruments: Disclosures" (revised in July 2014) and IFRS 9, which are based on IFRS 1.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2019	105,445	(359)	(12,491)	-	92,595
Amount arising during the period	(35,352)	(85)	1,386	(259)	(34,310)
Reclassification to profit or loss	-	0	916	-	916
Changes due to business combinations under common control	(132)	-	-	-	(132)
Reclassification to retained earnings	(52,809)	-	-	259	(52,550)
Balance as of March 31, 2020	17,152	(443)	(10,190)	-	6,519

(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, 2019 and 2020 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, 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.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	2,624	-	2,624	(823)	1,801
Change in the fair value of financial assets measured at fair value through other comprehensive income	(54,820)	-	(54,820)	18,564	(36,256)
Share of other comprehensive income of investments accounted for using the equity method	(60)	-	(60)	(1,080)	(1,140)
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation differences	1,316	1,335	2,651	(389)	2,261
Share of other comprehensive income of investments accounted for using the equity method	(73)	0	(73)	0	(73)
Total other comprehensive income (loss)	(51,013)	1,335	(49,678)	16,272	(33,407)

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 ¥16 million, and the net amounts arising from the remeasurement of foreign exchange translation differences were ¥(28) million, respectively, for the fiscal year ended March 31, 2020.

## 23. Dividends

### (1) Cash dividends paid

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

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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 18, 2019	Shares of common stock of the Company	183,438	55	March 31, 2019	June 19, 2019
The Board of Director on October 29, 2019	Shares of common stock of the Company	197,251	60	September 30, 2019	November 26, 2019

### (2) Cash dividends declared for the fiscal year ended March 31, 2020 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 16, 2020	Shares of common stock of the Company	Retained earnings	193,718	60	March 31, 2020	June 17, 2020

## 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 (13) Revenue from contracts with customers."

The figures for the year ended March 31, 2019 have been restated to conform, respectively, to the presentation for the year ended March 31, 2020. The detail is disclosed in "Note 6. Segment reporting."

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 revenues	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	443,690	390,185	(25,756)	865,760
Total	3,977,104	448,192	441,310	(25,756)	4,840,849
Revenue recognized from contracts with customers	3,975,854	425,196	441,310	(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.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	3,027,361	10,822	56,760	(665)	3,094,278
Mobile communications services revenues	2,701,420	3,606	52,807	-	2,757,832
Optical-fiber broadband service and other telecommunications services revenues	325,941	7,217	3,953	(665)	336,446
Equipment sales	605,713	105	2,410	-	608,228
Other operating revenues	53,955	532,775	394,800	(32,745)	948,784
Total	3,687,029	543,702	453,970	(33,411)	4,651,290
Revenue recognized from contracts with customers	3,685,251	515,401	453,970	(33,411)	4,621,212
Revenue recognized from other sources	1,778	28,301	-	-	30,079

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 (13) Revenue from contracts with customers.”

	Millions of yen			
	March 31, 2019		March 31, 2020	
Receivables from contracts with customers	¥	738,837	¥	<b>646,694</b>
Contract liabilities		248,806		<b>247,015</b>

Of revenues recognized for the fiscal year ended March 31, 2020, the amount of those included previously in the balance of contract liabilities as of the beginning of the fiscal year was ¥75,490 million (fiscal year ended March 31, 2019: ¥66,204 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 ¥247,015 million as of March 31, 2020 (¥248,806 million as of March 31, 2019). 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 ¥241,299 million as of the end of the fiscal year ended March 31, 2020 (fiscal year ended March 31, 2019: ¥233,272 million). The amount of amortization was ¥104,174 million (fiscal year ended March 31, 2019: ¥105,787 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 ¥71,319 million as of the end of the fiscal year ended March 31, 2020 (fiscal year ended March 31, 2019: ¥64,461 million). The amount of amortization was ¥13,747 million (fiscal year ended March 31, 2019: ¥13,215 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, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Cost of equipment sold	¥	858,650	¥ 668,976
Commissions paid to agent resellers		392,748	376,867
Operations outsourcing expenses		367,910	429,020
Other		914,401	947,343
Total	¥	2,533,708	¥ 2,422,206

## 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, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Interest income		¥ 421	¥ 507
Financial assets measured at amortized cost		421	507
Dividend income		5,394	5,533
Financial assets measured at fair value through other comprehensive income		5,394	5,533
Net change in the fair value of financial assets measured at fair value through profit or loss		407	-
Gains on sales of associates' shares		218	8,376
Other		1,070	845
Total		¥ 7,510	¥ 15,261

### (2) Finance costs

The breakdown of finance costs is as follows:

		Millions of yen	
		Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Interest expense		¥ 1,507	¥ 1,509
Financial liabilities measured at amortized cost		1,507	1,509
Net change in the fair value of financial assets measured at fair value through profit or loss		-	833
Losses on sales of associates' shares		3,213	1,335
Foreign exchange losses		981	1,677
Other		805	240
Total		¥ 6,506	¥ 5,594



27. Income taxes

(1) Income taxes

The breakdown of “Income taxes” is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Current tax expense	¥ 309,259	¥ 270,793
Deferred tax expense		
Origination and reversal of temporary differences	19,858	2,952
Changes in tax rates	20,667	-
Deductible temporary differences previously unrecognized	(12,001)	(575)
Total deferred tax expense	28,525	2,377
Total	¥ 337,784	¥ 273,170

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, 2019 and 2020, the Company and its domestic subsidiaries were subject to a National Corporate Tax of 23.2%, 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, 2019 and 2020 were 31.4%. The average actual effective income tax rates for the fiscal years ended March 31, 2019 and 2020 were 33.7% and 31.5%, 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, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, (April 1, 20 March 31,
Applicable income tax rate	31.4 %	
Expenses not deductible for tax purposes	0.1	
Research and other credits	(0.6)	
The write-down, or reversal of a deferred tax asset	0.0	
Investment in associates	1.3	
Goodwill impairment loss	0.7	
Other	0.8	
Average actual effective income tax rate	33.7 %	

(2) Deferred tax assets and deferred tax liabilities

Main factors for recognizing deferred tax assets and deferred tax liabilities are as follows:

	March 31, 2019		March 31, 2020
Deferred tax assets			
Defined benefit liabilities	¥ 62,550	¥	63,343
Property, plant and equipment, and intangible assets	59,026		53,474
Contract liabilities on point programs, etc.	39,533		42,954
Securities and other financial assets	17,114		27,926
Contract liabilities on fees for activation	15,177		13,575
Loss allowance	9,618		12,123
Accrued vacation payable	11,372		11,036
Accrued real estate tax	9,301		9,139
Receivables held for sale	21,171		7,756
Accrued enterprise tax	8,224		7,573
Inventories	6,002		7,326
Investment in associates	19,128		6,936
Accrued bonuses	5,692		5,846
Contract liabilities regarding "Zutto Kurikoshi" and "Packet Kurikoshi" fees for activation	4,909		3,364
Asset retirement obligations	1,355		1,964
Accrued commissions paid to agent resellers	1,695		1,616
Other contract liabilities	3,673		1,340
Unused tax loss carryforwards	1,683		1,124
Other	23,948		30,111
Total deferred tax assets	¥ 321,171	¥	308,527
Deferred tax liabilities			
Contract cost	93,459		98,141
Financial assets measured at fair value through other comprehensive income	25,316		17,593
Investment in associates	45,626		2,754
Identifiable intangible assets	1,973		973
Other	5,469		4,154
Total deferred tax liabilities	171,844		123,615
Net deferred tax assets	¥ 149,327	¥	184,912

The details of changes in net deferred tax assets are as follows:

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Balance as of the March 31, 2019 (deferred tax assets - net)	¥ 201,663	¥ 149,327
Tax expense including the effect of adoption of IFRS 9	(3,551)	-
Balance as of the April 1, 2019 (deferred tax assets - net)	198,112	149,327
Amount recognized in profit or loss	(28,525)	(2,377)
Amount recognized in other comprehensive income		
Foreign exchange translation differences	455	(389)
Financial assets measured at fair value through other comprehensive income	(20,123)	40,023
Remeasurements of defined benefit plans	(1,706)	(823)
Cash flow hedges	(0)	(0)
Total	(49,899)	36,433
Others (*1)	1,115	(849)
Balance at end of year (deferred tax assets - net)	¥ 149,327	¥ 184,912

(\*1) "Others" includes translation differences of foreign operations and a decrease due to 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	
	March 31, 2019	March 31, 2020
Deductible temporary differences	¥ 50,678	¥ 65,825
Unused tax loss carryforwards		
Carryforward periods: within 5 years	5,464	15,312
Carryforward periods: 6 to 20 years	16,456	13,407
Carryforward periods: indefinite	21,485	28,152
Total unused tax loss carryforwards	43,405	56,871
Unused tax credits carryforwards	¥ 3,104	¥ 5,214

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.

As of March 31, 2019 and 2020, the amount of deferred tax liabilities on undistributed earnings of the Company's subsidiaries was immaterial.

## 28. 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.

## 29. Related party transactions

The balance of receivables from and payables to related parties at the end of the fiscal years ended March 31, 2019 and 2020 was as follows:

	Millions of yen	
	March 31, 2019	March 31, 2020
Balance of receivables		
Parent company	¥ 40	¥ 44
Associates	3,829	1,878
Other related parties	558,807	686,441
Total	¥ 562,676	¥ 688,363
Balance of payables		
Parent company	¥ 0	¥ 11
Associates	235,789	7,966
Other related parties	162,833	149,714
Total	¥ 398,622	¥ 157,691

The amount of transactions with related parties for the fiscal years ended March 31, 2019 and 2020 was as follows:

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Operating revenues		
Parent company	¥ 490	¥ 585
Associates	49,276	1,107
Other related parties	96,856	97,356
Total	¥ 146,621	¥ 99,048
Operating expenses		
Parent company	¥ 23,542	¥ 23,267
Associates	82,268	48,795
Other related parties	526,655	584,554
Total	¥ 632,466	¥ 656,617
Finance income		
Other related parties	710	772
Total	710	772
Finance costs		
Other related parties	-	7
Total	¥ -	¥ 7

(Note)

For the fiscal year ended March 31, 2019, 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 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, 2019 and 2020, DOCOMO purchased capital equipment from NTT group companies in the amount of ¥73,661 million and ¥75,017 million, respectively. Purchase commitments with NTT group companies regarding the use of leased line solutions for the fiscal year ended March 31, 2019 and 2020 were ¥80,500 million and ¥60,100 million, respectively. Information as to other purchase commitments are disclosed in "31. Commitments." DOCOMO acquired treasury stocks from our parent company, NTT for the fiscal year ended March 31, 2019. Information regarding acquisition of treasury stocks is disclosed in "Note 22. Equity."

Associates mainly include Sumitomo Mitsui Card Company, Limited. 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. Asset 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 ¥218,047 million as of March 31, 2019, and ¥323,309 million as of March 31, 2020. The assets related to the contracts were recorded as “Cash and cash equivalents” of ¥148,047 million and “Other financial assets (current)” of ¥70,000 million in the Consolidated Statements of Financial Position as of March 31, 2019, and “Cash and cash equivalents” of ¥323,309 million in the Consolidated Statements of Financial Position as of March 31, 2020. The amount of the sale of receivables related to DOCOMO's telecommunications services to NTT FINANCE was ¥4,720,803 million and ¥4,866,579 million for the fiscal year ended March 31, 2019 and 2020 respectively.

#### Compensation for major management executives

Compensation for major management executives was as follows:

	Millions of yen	
	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Monthly salaries	¥ 529	¥ 520
Bonuses for directors and other officers	108	76
Total	¥ 637	¥ 596

### 30. Leases

#### (1) Fiscal year ended March 31, 2019

For the fiscal year ended March 31, 2019, information based on IAS 17 is disclosed.

##### (i) 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)

	March 31, 2019
Within 1 year	1,014
1 to 5 years	2,453
Over 5 years	1,492
Total	4,959
Less: Amount representing interest	902
Present value of total minimum lease payments	4,057

##### (ii) 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)

	March 31, 2019
Within 1 year	15,820
1 to 5 years	34,289
Over 5 years	15,175
Total	65,283

Total minimum lease payments under operating leases that were expensed were as follows:

Millions of yen

Fiscal year ended  
March 31, 2019  
(April 1, 2018 – March 31, 2019)

Total minimum lease payments	82,381
Total	<u>82,381</u>

#### (2) Fiscal year ended March 31, 2020

DOCOMO has adopted IFRS16 from the beginning of the fiscal year ended March 31, 2020.

The breakdown of the right-of-use assets as of March 31, 2020 is as follows:

(millions of yen)

	Types of underlying assets				Total
	Building and structures	Land	Transmission lines	Others	
March 31, 2020	120,760	14,892	105,692	11,069	252,412

For the fiscal year ended March 31, 2020, increases in right-of-use assets, total expense associated with lease and cash outflows associated with leases are as follows:

(millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Depreciation associated with right-of-use assets	
Building and structures as the underlying assets	63,915
Land as the underlying assets	6,641
Transmission lines as the underlying assets	24,023
Other underlying assets	2,449
Total depreciation associated with right-of-use assets	97,028
Interest expense associated with lease liabilities	579
Total expense associated with leases	97,607
Cash outflows associated with leases	98,414
Increases in right-of-use assets	67,305

The maturity analysis of lease liabilities at the end of the fiscal year ended March 31, 2020 is as follows:

(millions of yen)

	March 31, 2020
Within 1 year	70,562
1 to 5 years	128,211
Over 5 years	51,478
Balance of lease liabilities (undiscounted)	250,251
Balance of lease liabilities included in the consolidated statements of financial position	244,859



### 31. Commitments

#### (1) Purchase commitment

Commitments, including for purchase of inventories, as of March 31, 2019 and 2020 were primarily executory contracts related to purchases of mobile devices as follows:

(Millions of yen)

	March 31, 2019	March 31, 2020
Inventories	29,367	<b>26,136</b>
Others	108,724	<b>89,156</b>
Total	138,091	<b>115,292</b>

Other purchase commitments mainly include the one associated with the use of leased line solutions and the amount for the fiscal year ended March 31, 2019 and 2020 were ¥80,500 million and ¥60,100 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 March 31, 2019 and 2020 were ¥195,810 million and ¥227,155 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.

## 32. 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.

### 33. 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.

The carrying amounts and fair values of financial instruments, and their associated levels of fair value hierarchy, as of March 31, 2019 and 2020 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.

March 31, 2019

	Carrying amount	Millions of yen			
		Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>					
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
<b>Total.....</b>	<b>¥ 1,380,113</b>	<b>¥ 1,380,113</b>	<b>¥ 160,064</b>	<b>¥ 1,180,804</b>	<b>¥ 39,244</b>
<b>Financial liabilities measured at fair value:</b>					
Financial liabilities measured at fair 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	-
<b>Total.....</b>	<b>¥ 26</b>	<b>¥ 26</b>	<b>¥ -</b>	<b>¥ 26</b>	<b>¥ -</b>

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.

March 31, 2020

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,069,116	¥ 1,069,116	¥ -	¥ 1,069,116	¥ -
Derivatives.....					
Foreign exchange forward contracts	329	329	-	329	-
Total derivatives.....	329	329	-	329	-
Investment trust.....	1,387	1,387	-	1,387	-
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	207,056	207,056	183,390	-	23,666
<b>Total.....</b>	<b>¥ 1,277,888</b>	<b>¥ 1,277,888</b>	<b>¥ 183,390</b>	<b>¥ 1,070,833</b>	<b>¥ 23,666</b>
<b>Financial liabilities measured at fair value:</b>					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts	6	6	-	6	-
Total derivatives.....	6	6	-	6	-
<b>Total.....</b>	<b>¥ 6</b>	<b>¥ 6</b>	<b>¥ -</b>	<b>¥ 6</b>	<b>¥ -</b>

1. No significant transfer between levels occurred for the fiscal year ended March 31, 2020.
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.

The fair values of financial assets and financial liabilities are measured by the following method. In measuring 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 measured by the discounted cash flow model, or by other appropriate methods.

**“Cash and cash equivalents,” “Trade and other receivables,” and “Trade and other payables”**

Short-term receivables held for sale measured at fair value are categorized within Level 2, and their fair values are measured by discounting their future cash flows, using a discount rate, taking into account factors such as their terms to maturity and credit risk.

**“Other financial assets” and “Securities and other financial assets”**

“Securities and other financial assets” include marketable securities, unlisted securities (excluding equity method associates), derivatives and long-term receivables held for sale.

The fair values of marketable securities are measured at the quoted prices of identical assets in active markets.

Unlisted securities are measured at fair value, using the discounted cash flow model, the evaluation methods including the peer comparison method and other methods.

Derivative instruments are foreign exchange forward contract and their fair values are measured 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 measured at fair value are categorized within Level 2 and their fair values are measured by discounting their future cash flows, using a discount rate, taking into account factors such as their terms to maturity and credit risk.

**“Long-term debt”**

The fair values of “Long-term debt” are measured based on discounted future cash flows calculated using an interest rate that will be applicable when similar debt is obtained.

The valuation of Long-term debt is periodically verified using observable market data.

**“Other financial liabilities”**

Derivative instruments are foreign exchange forward contracts. Their fair values are measured based on observable market data. The valuation of these derivatives is periodically verified using observable market data, such as exchange rates.

### Quantitative information regarding assets categorized within Level 3

The reconciliation of the financial assets categorized within Level 3 for the fiscal year ended March 31, 2020 is as follows.

With respect to financial instruments categorized within Level 3 for the fiscal year ended March 31, 2019, no reconciliation is stated since there was no significant change in the financial instruments.

March 31, 2020

(millions of yen)

Classification	Balance at the beginning of the year	Gain(losses)		Increase by Purchases	Decrease by sales	Transfer to Investments accounted for using the equity method	Other changes	Balance at the end of the year
		Profit	Other comprehensive Income					
Financial assets:								
Shares and contributions	39,244	-	(42,102)	36,219	(1,278)	(9,054)	637	23,666

Quantitative information as of March 31, 2019 and 2020 regarding the assets measured at fair value using significant unobservable inputs, on a recurring basis, is as follows.

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

For the fiscal year ended March 31, 2020, valuation techniques used for measuring fair value of unlisted shares are mainly discounted cash flow model and peer comparison method. Significant unobservable inputs are discount rate and EV/EBITDA ratio (6 to 8.)

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.

## 34. Financial instruments

### (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 35. 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.

The maximum exposure to credit risk as of March 31, 2019 and 2020 were 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)	

March 31, 2020

(Millions of yen)			
Delinquency status	Gross carrying amount	Loss allowance	Impaired or not impaired
Before due	1,220,326	(1,458)	Not impaired
1 day to 120 days	68,014	(3,681)	Not impaired
More than 120 days	72,133	(26,729)	Impaired
Total	1,360,473	(31,869)	

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, 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, 2019 and 2020, 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 29. Related party transactions.” Information regarding other financial asset is disclosed in “Note 9. Securities and Other financial asset.”



Changes in loss allowances during the fiscal year ended March 31, 2019 and 2020 were as follows:

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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
Increase during the period	83	-	-	31,472	31,555
Decrease during the period	(56)	-	(487)	(26,349)	(26,892)
Balance as of March 31, 2020	146	-	2,994	31,869	35,009

There were no financial assets amortized directly for the fiscal year ended March 31, 2019 and 2020.

There were no significant changes in total carrying amounts that affected the change in loss allowances for the fiscal year ended March 31, 2019 and 2020.

### 3) Concentration of credit risk

As of the end of the fiscal year ended March 31, 2019 and 2020, the amount of other receivables due to transfer, which were resulting from the sale of receivables to NTT FINANCE were ¥315,671 million and ¥322,923 million, and the amount of receivables held for sale, which were to be sold to NTT FINANCE were ¥1,178,186 million and ¥1,069,116 million.

Information regarding the transaction with NTT FINANCE is disclosed in “Note 29. 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 and 2020, DOCOMO held cash and cash equivalents of ¥219,963 million and ¥398,745 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 and 2020, DOCOMO had undrawn credit facilities of ¥455 billion under bank overdraft contract.

As of the end of the fiscal year ended March 31, 2019 and 2020, the balance of financial liabilities by maturity were as follows.

Regarding the balance of lease liabilities by maturity, refer to “Note 30. 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) (*3)	10,495	-	-	10,495
Long-term debt (*2)	-	50,000	-	50,000
Other financial liabilities (non-current) (*3)	-	8,199	1,111	9,310

March 31, 2020

(Millions of yen)

	Within 1 year	1 year to 5 years	Over 5 years	Total
Trade and other payables (*1)	1,135,855	-	-	1,135,855
Other financial liabilities (current)	7,618	-	-	7,618
Long-term debt (*2)	-	50,000	-	50,000

(\*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 representing interest is not included in the above. Related information is disclosed in "Note 17. Borrowings and debt."

(\*3) The amount of lease liabilities as of March 31, 2019 is included in the above. Related information is disclosed in "Note 20. Other financial liabilities."

## 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 and 2020. 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 and 2020.

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. For the fiscal year ended March 31, 2019 and 2020, the use of derivative is not material.

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 and 2020, 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.

## (3) Continuing Involvement in Derecognized Financial Assets

Continuing involvement in derecognized financial assets for the fiscal year ended March 31, 2020 was as follows.

We concluded an agreement for the transfer to third parties of the rights to receive cash flows from credit card receivables up to March 31, 2021.

The credit card receivables subject to the transfer are separated into senior, mezzanine and subordinated portions based on the risk of default. For the mezzanine portion, we deposit cash for the third parties and bear the credit risk.

Although we bear the credit risk for the mezzanine portion as stated above, the credit risk assumed by DOCOMO is insignificant because substantially all the default risk is to be absorbed by the subordinated portion. DOCOMO also properly monitors the default risk by tracking the cash collection from transferred receivables as adequate. The rights to claim over the third parties for the portion of cash deposit are recognized as "Trade and other receivables" in the Consolidated Statements of Financial Position. The fair value of the cash deposit portion is the same as its book value.

In the fiscal year ended March 31, 2020, we derecognized the transferred assets and treated the transactions as sales transactions as below, because substantially all the risks and rewards of ownership was transferred to third parties.

	As of March 31, 2020 (millions of yen)
Amount of credit card receivables derecognized	55,556
Amount of the portion with cash deposit	5,500
Amount of consideration received	49,994

The amount of losses recognized as a result of this transaction was immaterial. The maximum amount of exposure to losses from its continuing involvement in the derecognized financial assets is ¥5,500 million, which represents the total amount of cash deposits provided by DOCOMO to the third parties. No credit losses were incurred for the fiscal year ended March 31, 2020.

### 35. 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, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Basis for the calculation of basic earnings per share		
Profit attributable to common shareholders of NTT DOCOMO, INC (Millions of yen)	663,629	<b>591,524</b>
Profit not attributable to common shareholders of the parent company (Millions of yen)	-	-
Profit used to calculate basic earnings per share (Millions of yen)	663,629	<b>591,524</b>
Average number of common stock for the period (Thousands of shares)	3,533,820	<b>3,287,746</b>
Basic earnings per share (Yen)	187.79	<b>179.92</b>

36. Events after the reporting period

(Retirement of treasury stock)

Related information is disclosed in “Note 22. Equity.”

## (2) Others

Quarterly information for the fiscal year ended March 31, 2020

(Millions of yen, unless otherwise stated)

	Three Months Ended June 30, 2019	Six Months Ended September 30, 2019	Nine Months Ended December 31, 2019	Fiscal Year Ended March 31, 2020
Operating Profit	1,159,285	2,330,003	3,516,037	4,651,290
Income before income taxes and equity in net income (losses) of affiliates	285,380	548,571	796,434	867,951
Net income attributable to shareholders of NTT DOCOMO, INC.	192,307	372,352	542,313	591,524
Basic earnings per share attributable to NTT DOCOMO, INC. (yen)	57.76	112.33	164.26	179.92

	Q1 April 1, 2019 - June 30, 2019	Q2 July 1, 2019 - September 30, 2019	Q3 October 1, 2019 - December 31, 2019	Q4 January 1, 2019 - March 31, 2020
Diluted earnings per share attributable to NTT DOCOMO, INC. (yen)	57.76	54.55	51.90	15.16

## 2. Non-Consolidated Financial Statements

### (1) Non-Consolidated Financial Statements

#### 1) Non-Consolidated Balance Sheets

	Millions of yen	
	March 31, 2019	March 31, 2020
<b>ASSETS</b>		
<b>Property, plant and equipment and intangible assets:</b>		
Property, plant and equipment and intangible assets for telecommunications businesses		
Property, plant and equipment		
Machinery and equipment	¥ 3,636,398	¥ 3,617,247
Accumulated depreciation and amortization	(2,468,475)	(2,432,351)
Machinery and equipment, net	1,167,923	1,184,896
Antenna facilities	1,279,949	1,305,220
Accumulated depreciation and amortization	(733,805)	(756,484)
Antenna facilities, net	546,143	548,735
Telecommunications line facilities	126,374	127,893
Accumulated depreciation and amortization	(95,080)	(97,393)
Telecommunications line facilities, net	31,294	30,500
Pipe and hand holes	29,085	29,701
Accumulated depreciation and amortization	(15,118)	(15,908)
Pipe and hand holes, net	13,967	13,793
Buildings	669,879	675,393
Accumulated depreciation and amortization	(398,584)	(413,921)
Buildings, net	271,295	261,471
Structures	224,774	227,696
Accumulated depreciation and amortization	(159,171)	(163,098)
Structures, net	65,603	64,598
Other machinery and equipment	14,164	16,136
Accumulated depreciation and amortization	(10,332)	(11,034)
Other machinery and equipment, net	3,831	5,102
Vehicles	2,117	2,143
Accumulated depreciation and amortization	(1,705)	(1,856)
Vehicles, net	411	287
Tools, furniture and fixtures	380,778	402,980
Accumulated depreciation and amortization	(309,703)	(317,383)
Tools, furniture and fixtures, net	71,074	85,597
Land	196,262	196,402
Lease assets	1,135	3,042
Accumulated depreciation and amortization	(368)	(785)
Lease assets, net	766	2,257
Construction in progress	160,520	154,055
Total property, plant and equipment	2,529,093	2,547,698

	Millions of yen	
	March 31, 2019	March 31, 2020
Intangible assets		
Rights to use utility facilities	9,956	9,129
Software	509,117	533,396
Patents	20	0
Leasehold rights	57,672	58,155
Lease assets	1	130
Other intangible assets	32,553	39,036
Total intangible assets	609,322	639,847
Total property, plant and equipment and intangible assets for telecommunications businesses	*1 3,138,415	*1 3,187,546
Investments and other assets		
Investment securities	256,282	275,616
Shares of affiliated companies	252,547	164,536
Other investments in affiliated companies	9,311	12,638
Contributions in affiliated companies	4,839	5,038
Long-term loan receivable in affiliated companies	18,843	14,666
Long-term prepaid expenses	51,859	61,828
Long-term accounts receivable, other	221,926	213,468
Deferred tax assets	176,678	153,184
Other investments and other assets	119,334	119,023
Allowance for doubtful accounts	(603)	(932)
Total investments and other assets	1,111,020	1,019,068
Total property, plant and equipment and intangible assets	4,249,435	4,206,614
<b>Current assets:</b>		
Cash and bank deposits	15,196	19,980
Notes receivable	8	-
Accounts receivable, trade	*2 577,861	*2 533,067
Accounts receivable, other	*2 1,546,794	*2 1,649,150
Inventories and supplies	195,419	107,871
Advances	10,799	10,363
Prepaid expenses	39,926	45,015
Deposits	218,555	319,946
Other current assets	*2 43,085	*2 50,196
Allowance for doubtful accounts	(30,056)	(36,998)
Total current assets	2,617,592	2,698,593
<b>Total assets</b>	¥ 6,867,028	¥ 6,905,208



	Millions of yen	
	March 31, 2019	March 31, 2020
<b>LIABILITIES</b>		
<b>Long-term liabilities:</b>		
Bonds	¥ 50,000	¥ 50,000
Lease obligations	586	1,785
Liability for employees' retirement benefits	162,278	160,344
Accrued liabilities for point programs	135,374	149,569
Provision for loss on business withdrawal	1,584	1,358
Asset retirement obligations	3,120	3,159
Other long-term liabilities	6,580	10,045
<b>Total long-term liabilities</b>	<b>359,525</b>	<b>376,263</b>
<b>Current liabilities:</b>		
Accounts payable, trade	*2 313,021	*2 317,515
Short-term borrowings	-	*4 55,500
Lease obligations	203	636
Accounts payable, other	*2,*3 748,184	*2,*3 796,641
Accrued expenses	12,575	12,601
Accrued income taxes	152,576	126,364
Advances received	*2 59,287	*2 59,593
Deposits received	*2,*3 115,739	*2,*3 126,774
Provision for loss on business withdrawal	226	226
Other current liabilities	14,972	11,219
<b>Total current liabilities</b>	<b>1,416,787</b>	<b>1,507,072</b>
<b>Total liabilities</b>	<b>1,776,313</b>	<b>1,883,335</b>
<b>NET ASSETS</b>		
<b>NTT DOCOMO, INC. shareholders' equity:</b>		
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	0	-
General reserve	358,000	358,000
Earned surplus brought forward	3,466,908	3,687,902
Total earned surplus	3,829,008	4,050,002
Treasury stock	(0)	(300,000)
<b>Total NTT DOCOMO, INC. shareholders' equity</b>	<b>5,071,072</b>	<b>4,992,066</b>
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gains or losses on securities	19,642	29,805
<b>Total valuation and translation adjustments</b>	<b>19,642</b>	<b>29,805</b>
<b>Total net assets</b>	<b>5,090,715</b>	<b>5,021,872</b>
<b>Total liabilities and net assets</b>	<b>¥ 6,867,028</b>	<b>¥ 6,905,208</b>

## 2) Non-Consolidated Statements of Income

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
<b>Recurring profits and losses</b>		
<b>Operating revenues and expenses</b>		
<b>Telecommunications businesses</b>		
<b>Operating revenues:</b>		
Voice transmission services	¥ 999,022	¥ 1,020,891
Data transmission services	2,273,381	2,183,808
Other	52,814	50,173
<b>Total operating revenues</b>	<b>3,325,218</b>	<b>3,254,873</b>
<b>Operating expenses:</b>		
Sales expenses	919,943	960,059
Facility maintenance expenses	350,423	351,106
General expenses	45,389	44,742
Administrative expenses	62,591	65,677
Research expenses	67,220	69,567
Depreciation and amortization	434,477	442,580
Loss on disposal of property, plant and equipment and intangible assets	54,724	63,404
Communication network charges	429,378	453,134
Taxes and public dues	49,532	53,259
<b>Total operating expenses</b>	<b>2,413,681</b>	<b>2,503,531</b>
<b>Operating income from telecommunications businesses</b>	<b>911,536</b>	<b>751,342</b>
<b>Supplementary businesses</b>		
Operating revenues	1,575,126	1,384,205
Operating expenses	1,567,779	1,405,999
<b>Operating income (losses) from supplementary businesses</b>	<b>7,347</b>	<b>(21,793)</b>
<b>Operating income</b>	<b>918,883</b>	<b>729,548</b>
<b>Non-operating revenues:</b>		
Interest income	631	663
Interest income-securities	1	0
Dividend income	*1 52,005	*1 69,155
Miscellaneous income	22,328	11,573
<b>Total non-operating revenues</b>	<b>74,967</b>	<b>81,392</b>
<b>Non-operating expenses:</b>		
Interest expense	56	140
Interest expense-bonds	964	365
Foreign exchange losses	1,117	1,668
Write-down of investment securities	3,388	-
Loss on investments in investment partnerships	719	1,590
Miscellaneous expenses	1,324	1,344
<b>Total non-operating expenses</b>	<b>7,570</b>	<b>5,109</b>
<b>Recurring profit</b>	<b>986,280</b>	<b>805,832</b>

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
<b>Extraordinary profit:</b>		
Gain on sales of investment in affiliated companies	*2 -	*2 151,513
Total extraordinary profit	-	151,513
<b>Extraordinary loss:</b>		
Write-down of investment securities	*3 -	*3 56,202
Write-down of investment in affiliated companies	*4 35,759	*4 22,034
Total extraordinary loss	35,759	78,236
<b>Income before income taxes</b>	<b>950,521</b>	<b>879,109</b>
<b>Income taxes-current</b>	<b>270,000</b>	<b>257,400</b>
<b>Income taxes-deferred</b>	<b>440</b>	<b>20,026</b>
<b>Total income taxes</b>	<b>270,440</b>	<b>277,426</b>
<b>Net income</b>	<b>¥ 680,080</b>	<b>¥ 601,682</b>

Schedule of Operating Expenses from Telecommunications Businesses

	Millions of yen					
	Year ended March 31, 2019			Year ended March 31, 2020		
	Business expenses	Administrative expenses	Total	Business expenses	Administrative expenses	Total
Personnel expenses	64,345	10,917	75,262	<b>64,817</b>	<b>9,620</b>	<b>74,437</b>
Non-personnel expenses	1,316,908	51,673	1,368,582	<b>1,358,554</b>	<b>56,057</b>	<b>1,414,611</b>
Material and parts expenses	85	10	95	<b>110</b>	<b>31</b>	<b>142</b>
Supplies expenses	22,424	1,001	23,425	<b>21,646</b>	<b>1,442</b>	<b>23,089</b>
Rental expenses	47,834	7,964	55,798	<b>48,238</b>	<b>6,876</b>	<b>55,114</b>
Insurance expenses	8	210	218	<b>8</b>	<b>208</b>	<b>216</b>
Utilities expenses	48,341	1,464	49,805	<b>48,271</b>	<b>1,341</b>	<b>49,612</b>
Repair expenses	4,492	822	5,315	<b>5,726</b>	<b>852</b>	<b>6,579</b>
Transportation expenses	1,794	486	2,280	<b>1,698</b>	<b>411</b>	<b>2,109</b>
Telecommunications and transportation expenses	6,328	603	6,931	<b>6,557</b>	<b>526</b>	<b>7,084</b>
Advertising expenses	26,155	628	26,784	<b>35,927</b>	<b>3,166</b>	<b>39,094</b>
Entertainment expenses	2,150	300	2,451	<b>2,693</b>	<b>150</b>	<b>2,843</b>
Welfare expenses	186	3,844	4,030	<b>182</b>	<b>3,503</b>	<b>3,685</b>
Operations outsourcing expenses	416,364	21,653	438,018	<b>435,036</b>	<b>24,378</b>	<b>459,414</b>
Miscellaneous expenses	740,742	12,682	753,425	<b>752,457</b>	<b>13,167</b>	<b>765,624</b>
Business outsourcing expenses	1,829	-	1,829	<b>1,589</b>	-	<b>1,589</b>
Bad debt expenses	(106)	-	(106)	<b>512</b>	-	<b>512</b>
Subtotal	1,382,977	62,591	1,445,568	<b>1,425,475</b>	<b>65,677</b>	<b>1,491,152</b>
Depreciation and amortization			434,477			<b>442,580</b>
Loss on disposal of property, plant and equipment and intangible assets			54,724			<b>63,404</b>
Communication network charges			429,378			<b>453,134</b>
Taxes and public dues			49,532			<b>53,259</b>
Total			2,413,681			<b>2,503,531</b>

- 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 ¥5,959 million for the fiscal year ended March 31, 2019 and ¥4,334 million for the fiscal year ended March 31, 2020
3. "Miscellaneous expenses" includes commissions paid to sales agent, and also include provision for accrued liabilities for point programs of ¥(22,845) million for the fiscal year ended March 31, 2019 and ¥(49,749) million for the fiscal year ended March 31, 2020.
4. "Bad debt expenses" include provision for allowance for doubtful accounts of ¥(105) million for the fiscal year ended March 31, 2019 and ¥511 million for the fiscal year ended March 31, 2020.

### 3) Non-Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2019)

	Millions of yen					
	Shareholders' equity					
	Common stock	Capital surplus		Earned legal reserve	Earned surplus	
		Capital legal reserve	Total capital surplus		Accelerated depreciation reserve	Other earned surplus 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					
Earned surplus								
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	

(Year ended March 31, 2020)

	Millions of yen					
	Shareholders' equity					
	Common stock	Capital surplus		Earned legal reserve	Earned surplus	
		Capital legal reserve	Total capital surplus		Other earned surplus	
				Accelerated depreciation reserve	General reserve	
Balance as of April 1, 2019	949,679	292,385	292,385	4,099	0	358,000
Changes during the annual period						
Reversal of accelerated depreciation reserve					(0)	
Dividends from surplus						
Net income						
Purchase of treasury stock						
Net changes other than shareholders' equity						
The total amount of changes during the annual period	-	-	-	-	(0)	-
Balance as of March 31, 2020	949,679	292,385	292,385	4,099	0	358,000

	Millions of yen						
	Shareholders' equity				Valuation and translation adjustments		
	Earned surplus		Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	Total valuation and translation adjustments	Total net assets
	Other earned surplus	Total earned surplus					
Earned surplus brought forward							
Balance as of April 1, 2019	3,466,908	3,829,008	(0)	5,071,072	19,642	19,642	5,090,715
Changes during the annual period							
Reversal of accelerated depreciation reserve	0	-		-			-
Dividends from surplus	(380,688)	(380,688)		(380,688)			(380,688)
Net income	601,682	601,682		601,682			601,682
Purchase of treasury stock			(300,000)	(300,000)			(300,000)
Net changes other than shareholders' equity					10,163	10,163	10,163
The total amount of changes during the annual period	220,994	220,994	(300,000)	(79,005)	10,163	10,163	(68,842)
Balance as of March 31, 2020	3,687,902	4,050,002	(300,000)	4,992,066	29,805	29,805	5,021,872

## 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, 2021 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

“Accounting Standard for Revenue Recognition”

“Accounting Standard for Revenue Recognition” (The Accounting Standards Board of Japan Statement No.29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (The Accounting Standards Board of Japan Guidance No.30, March 31, 2020)

(1) Approximation

Based on the following 5-steps approach, NTT DOCOMO, INC. will recognize revenue in an amount that reflects the consideration to which NTT DOCOMO, INC. 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

It is scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) The effect by application of the standards

NTT DOCOMO, INC. is currently evaluating the effect of adopting the standards.

iii. Change in presentation

(Non-consolidated statement of income)

“Rental income” and “Gain on sales of investment securities”, which were presented separately for the previous year, are included in “Miscellaneous income” for the fiscal year ended March 31, 2020 since those amounts became relatively immaterial.

NTT DOCOMO, INC. reclassified non-consolidated financial statements for reflecting this change in presentation.

As a result of this, the amount of ¥7,295 million presented as “Rental income” and the amount of ¥9,952 million presented as “Gain on sales of investment securities” as of the fiscal year ended March 31, 2019 were reclassified to “Miscellaneous income” ¥17,248 million.

“Loss on investments in investment partnerships”, which was included in “Miscellaneous expenses” for the previous year, is presented separately for the fiscal year ended March 31, 2020 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 ¥2,043 million presented as “Miscellaneous expenses” as of the fiscal year ended March 31, 2019 was reclassified to “Loss on investments in investment partnerships” ¥719 million and “Miscellaneous expenses” ¥1,324 million.

iv. 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, 2019	March 31, 2020
Short-term accounts receivable.....	¥ 48,371	¥ 43,197
Short-term accounts payable.....	403,958	197,980

\*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, 2019	March 31, 2020
Accounts payable, other.....	¥ 290,611	¥ 66,771
Deposits received.....	105,819	122,678

\*4 For the purpose of financing, NTT DOCOMO, INC. uses a liquidation of receivables to monetize a part of the balance of “Accounts receivable, other”. Of these, the amount which do not meet the derecognition criteria of financial assets is ¥55,555 million for the fiscal year ended March 31, 2020. Liabilities related to liquidation of receivables, which are recognized in “Short-term borrowings”, are ¥55,500 million.

5 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, 2019	March 31, 2020
Total loan commitments.....	¥ 208,464	¥ 242,055
Outstanding credit lines.....	12,655	14,900
Difference.....	¥ 195,809	¥ 227,154

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, 2019	March 31, 2020
Total loan commitments.....	¥ 70,055	¥ 83,195
Outstanding credit lines.....	13,773	22,918
Difference.....	¥ 56,282	¥ 60,276

v. 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, 2019	Year ended March 31, 2020
Dividend income.....	¥ 42,170	¥ 56,302

\*2 Gain on sales of investment in affiliated companies of extraordinary profit is related to gain on sales of investment in the following affiliated company.

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
Sumitomo Mitsui Card Company, Limited.....	¥ -	¥ 135,446
UC CARD Co.,Ltd.....	-	10,826

\*3 Write-down of investment securities of extraordinary loss is mainly related to impairment losses of investments in the following securities.

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
Magic Leap, Inc.....	¥ -	¥ 29,966
PLDT Inc.....	-	26,136

\*4 Write-down of investment in affiliated companies of extraordinary loss is mainly related to impairment loss of investments in the following affiliated company.

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
DOCOMO Digital Limited.....	¥ 21,364	¥ 22,034



vi. Notes to Non-Consolidated Statements of Changes in Net Assets

The class and number of the 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.

Year ended March 31, 2020

Class of shares	Number of shares as of April 1, 2019	Increase during the year ended March 31, 2020	Decrease during the year ended March 31, 2020	Number of shares as of March 31, 2020
Shares of common stock of the Company	133	106,601,705	-	106,601,838

Note: An increase in treasury stock of 106,601,705 shares resulted from repurchases of the shares through market purchases and compulsory acquisition of less-than-one-unit shares upon request.

vii. Securities

Investments in subsidiaries and affiliates

March 31, 2019

(Millions of yen)

	Balance sheet amount	Fair value	Difference
Shares of affiliated companies	2,318	3,157	839

March 31, 2020

(Millions of yen)

	Balance sheet amount	Fair value	Difference
Shares of affiliated companies	3,165	6,624	3,459

Note: Balance sheet amounts of shares of subsidiaries and affiliates whose fair values cannot be reliably determined

	Millions of yen	
	Year ended March 31, 2019	Year ended March 31, 2020
Shares of subsidiaries.....	¥ 119,265	¥ 135,575
Shares of affiliated companies.....	130,964	25,795

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.

viii. Tax Effect Accounting

1. Main factors for recognizing deferred tax assets and deferred tax liabilities

	Millions of yen	
	March 31, 2019	March 31, 2020
Deferred tax assets		
Liability for employees' retirement benefits.....	¥ 48,513	¥ 49,033
Write-down of investment securities.....	29,442	46,695
Accrued liabilities for point programs.....	41,397	45,738
Write-down of investment in affiliated companies.....	35,378	29,507
Depreciation and amortization.....	27,451	24,051
Allowance for doubtful accounts.....	9,375	11,604
Commissions paid to agent resellers.....	20,617	7,553
Accrued enterprise tax.....	8,038	6,931
“Zutto Kurikoshi” services and “Packet Kurikoshi” services.....	4,781	3,275
Others.....	20,636	24,773
Deferred tax assets subtotal.....	245,633	249,163
Valuation allowance.....	(50,019)	(73,448)
Total deferred tax assets.....	195,613	175,714
Deferred tax liabilities		
Net unrealized holding gains or losses on available-for-sale securities.....	(16,038)	(19,505)
Prepaid pension cost.....	(2,006)	(2,162)
Retirement expenses corresponding to asset retirement obligations.....	(260)	(233)
Others.....	(629)	(627)
Total deferred tax liabilities.....	(18,935)	(22,529)
Net deferred tax assets (liabilities).....	¥ 176,678	¥ 153,184

2. Major components of difference between statutory effective tax rate and actual effective tax rate after application of tax effect accounting

	March 31, 2019	March 31, 2020
Statutory effective tax rate.....	30.6 %	30.6 %
(Reconciliation)		
Changes in valuation allowance.....	(0.1) %	2.7 %
Anti-Tax-Heaven Rules.....	-	1.0 %
Permanent non-taxable items such as dividend income.....	(1.6)%	(2.1)%
Research and development tax credits.....	(0.5)%	(0.6)%
Others.....	0.1 %	0.1 %
Actual effective tax rate after application of tax effect accounting.....	28.5 %	31.6 %

ix. Per Share Information

	Yen	
	Year ended March 31, 2019	Year ended March 31, 2020
Net assets per share.....	¥ 1,526.34	¥ 1,555.41
Earnings per share.....	192.44	183.00

Notes: 1. Diluted earnings per share is not stated, as no dilutive shares such as bonds with subscription rights to shares were issued.

2. The basis for calculation is as follows.

1. Net assets per share

	Millions of yen, unless otherwise stated	
	Year ended March 31, 2019	Year ended March 31, 2020
Total net assets.....	¥ 5,090,715	¥ 5,021,872
Amounts to be deducted from total net assets.....	-	-
Net assets at the end of the year related to common stock.....	5,090,715	5,021,872
Number of common stock at the end of the year used to calculate net assets per share (shares).....	3,335,230,961	3,228,629,256

2. Earnings per share

	Millions of yen, unless otherwise stated	
	Year ended March 31, 2019	Year ended March 31, 2020
Net income.....	¥ 680,080	¥ 601,682
Amounts not attributable to common shareholders.....	-	-
Net income relating to common stock.....	680,080	601,682
Number of weighted average common stock outstanding (shares).....	3,533,819,862	3,287,746,248

x. Events after the reporting period

(Retirement of treasury stock)

On March 27, 2020, the Board of Directors resolved that NTT DOCOMO, INC. may retire treasury stock pursuant to Article 178 of the Companies Act and NTT DOCOMO, INC. retired treasury stock as follows:

1. Reason for retirement  
To intend to eliminate concerns about future stock dilution
2. Method of retirement  
Reduction in retained earnings
3. Class of shares retired  
Common stock of NTT DOCOMO, INC.
4. Number of shares retired  
106,601,688 shares (3.1% of issued shares before the retirement)
5. Amount of retirement  
¥299,999 million
6. Date of retirement  
April 2, 2020
7. Total number of issued shares after retirement  
3,228,629,406 shares

Supplementary schedules (Fiscal year ended March 31, 2020)

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, 2019	Increase during the year ended March 31, 2020	Decrease during the year ended March 31, 2020	Balances of March 31, 2020	Accumulated depreciation/amortization		Net balance as of March 31, 2020	Remarks
						Depreciation/amortization for the year ended March 31, 2020		
Property, plant and equipment								
Machinery and equipment	3,636,398	256,273	275,424	3,617,247	2,432,351	202,060	1,184,896	
Antenna facilities	1,279,949	46,722	21,451	1,305,220	756,484	38,899	548,735	
Telecommunications line facilities	126,374	2,867	1,348	127,893	97,393	3,306	30,500	
Pipe and hand holes	29,085	727	110	29,701	15,908	833	13,793	
Building	669,879	10,456	4,941	675,393	413,921	19,478	261,471	
Structures	224,774	3,889	967	227,696	163,098	4,640	64,598	
Other machinery and equipment	14,164	2,397	425	16,136	11,034	898	5,102	
Vehicles	2,117	43	17	2,143	1,856	164	287	
Tools, furniture and fixtures	380,778	40,303	18,101	402,980	317,383	20,467	85,597	
Land	196,262	234	94	196,402	-	-	196,402	
Lease assets	1,135	2,031	124	3,042	785	530	2,257	
Construction in progress	160,520	365,223	371,687	154,055	-	-	154,055	
Total property, plant and equipment	6,721,439	731,171	694,694	6,757,916	4,210,217	291,280	2,547,698	
Intangible assets								
Rights to use utility facilities	22,665	288	420	22,533	13,404	970	9,129	
Software	2,802,285	192,358	39,227	2,955,416	2,422,020	156,476	533,396	
Patents	519	-	0	519	519	20	0	
Leasehold rights	57,672	583	100	58,155	-	-	58,155	
Lease assets	2	137	2	137	7	7	130	
Other intangible assets	106,677	197,621	191,452	112,846	73,809	251	39,036	
Total intangible assets	2,989,823	390,988	231,203	3,149,608	2,509,761	157,725	639,847	
Long-term prepaid expenses	51,859	35,655	25,687	61,828	-	-	61,828	

Notes: 1. Major changes in property, plant and equipment are as follows.

(1) Major increases		
Machinery and equipment:	Base station facilities.....	136,726
	Cable transmission facilities.....	32,786
	Base load power supply equipment.....	29,359
Construction in progress:	Construction of telecommunications facilities.....	312,803
(2) Major decreases		
Machinery and equipment:	Base station facilities.....	180,166
	Switching facility for subscribers.....	19,136

2. Major changes in intangible assets are as follows.

(1) Major increases		
Software:	Software for telecommunications.....	80,215
	Software for internal use.....	70,615
Other intangible assets:	Construction in progress associated with software....	197,515
(2) Major decreases		
Other intangible assets:	Construction in progress associated with software....	190,404

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

		Name	Number of shares (Shares)	Balance sheet amounts (Millions of yen)	Remarks
Equity	Investment securities	PLDT Inc.	31,330,155	74,686	Available-for-sale securities (Note 1)
		M3, Inc.	20,200,000	64,539	Available-for-sale securities
		Far EasTone Telecommunications Co., Ltd.	153,543,573	34,503	Available-for-sale securities
		KT Corporation	22,711,035	24,592	Available-for-sale securities (Note 2)
		FamilyMart Co.,Ltd.	7,251,200	14,052	Available-for-sale securities (Note 3)
		Lawson, Inc.	2,092,000	12,405	Available-for-sale securities
		Nippon Television Holdings, Inc.	7,779,000	9,373	Available-for-sale securities
		TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	5,713,000	8,592	Available-for-sale securities
		FUJI MEDIA HOLDINGS, INC.	7,700,000	8,292	Available-for-sale securities
		Robi Axiata Limited	297,299,960	4,035	Available-for-sale securities
		JapanTaxi Co.,Ltd. and 49 other issues	17,871,423.68	12,057	Available-for-sale securities
Total			573,491,346.68	267,132	
Bond	Name		Total face value (Millions of yen)	Balance sheet amounts (Millions of yen)	Remarks
	Investment securities	Philippine government security Series 10-55	4	4	Available-for-sale securities
	Total		4	4	
Others	Type and name		Number of invested units, etc. (Units)	Balance sheet amounts (Millions of yen)	Remarks
	Investment securities	Delta Partners Emerging Markets TMT Growth Fund II. and 9 other issues	7,160	8,479	Available-for-sale securities (Note 4)
	Total		7,160	8,479	

- Notes: 1. The number of shares and balance sheet amount for PLDT Inc. include 8,533,253 shares and ¥19,093 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 ¥14,314 million in the form of ADRs.
3. FamilyMart UNY Holdings Co., Ltd., implemented an absorption-type merger of FamilyMart Co., Ltd., on September 1, 2019 and changed the Company’s trade name to FamilyMart Co., Ltd.
4. 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, 2019	Increase during the year ended March 31, 2020	Decrease during the year ended March 31, 2020		Balance as of March 31, 2020	Remarks
			For specified use	Other		
Allowance for doubtful accounts	30,659	37,835	6,757	23,805	37,931	The amount in the "Other" of "Decrease during the fiscal year ended March 31, 2020" is a reversal due to revaluation.
Liability for employees' retirement benefits	162,278	12,041	13,975	-	160,344	-
Accrued liabilities for point programs	135,374	79,521	51,836	13,489	149,569	The amount in the "Other" of "Decrease during the fiscal year ended March 31, 2020" is a decrease due to expiration/cancellation of "d POINTs" and "docomo Points."
Provision for loss on business withdrawal	1,811	-	226	-	1,584	-

(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, 2020 until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Shelf Registration Statement and the attachments			Filed on March 26, 2020 to the Director, Kanto Local Finance Bureau
(2) Amended Shelf Registration Statement			Filed on June 19, 2019 to the Director, Kanto Local Finance Bureau
(3) Annual Securities Report, the attachments and confirmation	The 28th Fiscal Year	From April 1, 2018 to March 31, 2019	Filed on June 19, 2019 to the Director, Kanto Local Finance Bureau
(4) Internal Control Report and the attachments			Filed on June 19, 2019 to the Director, Kanto Local Finance Bureau
(5) Quarterly Securities Report and confirmation	(The First Quarter for the 29th Fiscal Year)	From April 1, 2019 to June 30, 2019	Filed on August 1, 2019 to the Director, Kanto Local Finance Bureau
	(The Second Quarter for the 29th Fiscal Year)	From July 1, 2019 to September 30, 2019	Filed on November 5, 2019 to the Director, Kanto Local Finance Bureau
	(The Third Quarter for the 29th Fiscal Year)	From October 1, 2019 to December 31, 2019	Filed on February 5, 2020 to the Director, Kanto Local Finance Bureau
(6) 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 19, 2019 to the Director, Kanto Local Finance Bureau
(7) Share Buyback Report			Filed on April 5, 2019, May 13, 2019, June 7, 2019, July 5, 2019, August 1, 2019, September 6, 2019, October 7, 2019, November 5, 2019, December 6, 2019, January 10, 2020, February 5, 2020, March 6, 2020, April 7, 2020, and May 12, 2020 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.



**Independent Auditor’s Report on the Financial Statements**  
**and**  
**Internal Control Over Financial Reporting**

June 16, 2020

The Board of Directors  
NTT DOCOMO, INC.

KPMG AZSA LLC  
Tokyo Office, Japan

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

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of NTT DOCOMO, INC.(“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the company’s Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2020 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 notes to consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards prescribed in Article 93 of “the **Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements**” (hereinafter referred to as “IFRS”).

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit



evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Notes to 2. Basis of preparation (5) Change in accounting policies to the consolidated financial statements, which describes that the Group has adopted IFRS 16 “Lease” from the beginning of the fiscal year ended March 31, 2020. Our conclusion is not modified in respect of this matter.

### **Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties including the design, implementation and maintenance of the Group’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on the Audit of the Internal Control Report**

We also have audited the accompanying internal control report of NTT DOCOMO, INC. as at March 31, 2020, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, in which NTT DOCOMO, INC. states that the internal control over financial reporting was effective as at March 31, 2020, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Corporate auditors and the board of corporate auditors 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.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

### **Auditor's Responsibilities for the Audit of the Internal Control Report**

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

## Independent Auditor's Report on the Non-Consolidated Financial Statements

June 16, 2020

The Board of Directors  
NTT DOCOMO, INC.

KPMG AZSA LLC  
Tokyo Office, Japan

Kensuke Sodekawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroataka Nakata (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masafumi Nakane (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

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, 2020 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, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

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, 2020, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

**[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 17, 2020
[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]	Michio Fujiwara, 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 Michio Fujiwara, 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 as of March 31, 2019 was effective.

## **4. Supplementary Information**

None

## **5. Special Notes**

None



[Cover]	
[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 4 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	July 1, 2020
[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]	Takashi Hiroi, 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 Takashi Hiroi, Chief Financial Officer of the Company confirmed that the content of the Amendment of the content in the Company's Annual Securities Report for the 29th Fiscal Year (from April 1, 2019 to March 31, 2020) 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.