

[Translation]

Quarterly Securities Report

(The Second Quarter of the 30th Business Term)

NTT DOCOMO, INC.

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[Note]

This document is an English translation of certain items that were disclosed in our Quarterly Securities Report for the six-month period ended September 30, 2020, which we filed on November 5, 2020 with the Financial Services Agency of Japan.

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

[Cover]

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*Names of companies, products, etc., contained in this release are the trademarks or registered trademarks of their respective organizations.

Item 1. Overview of the company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Fiscal year ended March 31, 2020
Operating revenues [Three months ended September 30, 2019 and 2020, respectively]	Millions of yen	2,330,003 [1,170,719]	2,282,520 [1,184,369]	4,651,290
Profit before taxes	Millions of yen	548,571	568,020	867,951
Profit attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2019 and 2020, respectively]	Millions of yen	372,352 [180,045]	391,300 [196,019]	591,524
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	370,195	443,491	558,130
Total equity attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	5,439,427	5,499,981	5,249,927
Total assets	Millions of yen	7,487,591	7,630,841	7,535,925
Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2019 and 2020, respectively]	Yen	112.33 [54.55]	121.20 [60.71]	179.92
Diluted earnings per share attributable to shareholders of NTT DOCOMO, INC.	Yen	-	-	-
Equity ratio (Ratio of equity attributable to shareholders of NTT DOCOMO, INC. to total assets)	%	72.6	72.1	69.7
Net cash provided by operating activities	Millions of yen	628,857	637,375	1,317,796
Net cash used in investing activities	Millions of yen	(133,424)	(440,507)	(354,760)
Net cash used in financing activities	Millions of yen	(356,901)	(253,428)	(783,901)
Cash and cash equivalents at the end of period	Millions of yen	358,190	342,624	398,745

Notes:

- (1) All figures presented above are based on the condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
- (2) As we prepare quarterly consolidated financial reports, changes in non-consolidated key financial data, among others, are not provided.
- (3) Operating revenues do not include consumption taxes.
- (4) Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. are calculated after subtracting the number of treasury shares from the total number of shares outstanding.
- (5) Diluted earnings per share attributable to shareholders of NTT DOCOMO, INC. are not stated because we did not have potentially dilutive common shares that were outstanding during the period.

2. Description of Business

There were no material changes to the business of NTT DOCOMO, INC. or its associated companies during the six months ended September 30, 2020.

Material changes in associated companies during the six months ended September 30, 2020 were as follows:

Consolidated subsidiary:

<Smart life business>

Effective April 1, 2020, the Company merged its consolidated subsidiary, docomo Healthcare, Inc., through an absorption-type merger. Accordingly, docomo Healthcare, Inc. has been excluded from the Company's consolidated subsidiaries beginning with the three months ended June 30, 2020.

Item 2. Business Overview

1. Risk Factors

No risks, such as unusual changes in consolidated financial condition, results of operations or cash flow conditions, were newly identified during the six months ended September 30, 2020. There was no material change in the risk factors that were described in our Annual Securities Report for the fiscal year ended March 31, 2020.

2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions

This report contains certain forward-looking statements that are based on the management's judgments as of November 5, 2020, at which it was filed.

(1) Business Overview

In the environment surrounding the Company, competition continues to intensify due to implementation of the revised Telecommunications Business Act, the proliferation of low-cost smartphone services offered by MVNOs and the sub-brands of MNOs, new market entry by entrants from other industries and other factors. All these companies are pursuing various initiatives aimed at driving future growth also in non-telecommunications businesses primarily by providing loyalty point programs and enhancing finance/payment businesses. In accordance with the expansion of business domains, competition beyond the conventional boundaries of the telecommunications business is shifting into high gear due to entry of new competitors from different industries such as e-commerce. Furthermore, a new phase of service competition has begun with the launch of 5G services by each operator.

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

Under this basic policy, we will strive to reinforce our customer base by providing returns to customers through our new rate plans and at the same time create new revenue opportunities in such areas as smart life business, enterprise business and 5G business by promoting digital marketing leveraging our customer base. Meanwhile, we will also address cost efficiency improvement on an ongoing basis to achieve sustained growth in the 2020s.

Through these measures, we plan to achieve ¥5 trillion in operating revenues in FY2021 and ¥990 billion in operating profit in FY2023 – recovering the profit to a level equivalent with FY2017.

As of September 30, 2020, our total mobile telecommunications services subscriptions^{*1} stood at 80.99 million, of which the number of 5G service subscriptions was 0.38 million, while the number of "docomo Hikari" optical fiber service subscriptions was 6.80 million. Churn rate for the six months ended September 30, 2020 was 0.46%^{*2} and the handset churn rate was 0.38%^{*2*3}.

The total number of "d POINT CLUB" members and "d POINT CARD" registrants^{*4} as of September 30, 2020 were 78.15 million and 46.76 million, respectively. The total "d POINTs" used during the six months ended September 30, 2020 amounted to 115.3 billion points, of which usage at partner stores accounted for 80.5 billion points. The total number of locations where our payment and point programs can be used^{*5} reached 2.66 million as of September 30, 2020.

With respect to the key initiatives undertaken in the three months ended September 30, 2020, we launched the "Zutto Hajimete Sumaho Wari" and "Oshaberi Wari" discount programs to encourage users to switch from feature phones to smartphones. We also entered into an agreement with ITOCHU Corporation, FamilyMart Co., Ltd. and CyberAgent, Inc. concerning the establishment of a new venture, Data One Corp (Data One), with the aim of creating new data utilization businesses.

In response to the novel coronavirus disease (COVID-19), we implemented a number of measures including the provision of population dynamics analysis using "Mobile Spatial Statistics", measures for users under 25 years old^{*6} to support their learning, deferral of the payment deadline of mobile phone charges and other fees, provision of online health consultation through our "d Healthcare" app, free provision of "congestion map" via our "docomo chizu

navi” navigation service as a limited-time offer, and participation in a business that provides “Tokyo COVID-19 Mimamori Service” for stores as a tech partner of the Tokyo Metropolitan Government for COVID-19.

Following the e-money fraud incident involving our “docomo kouza” service, we have employed countermeasures including stepped up monitoring for fraud detection. We will make ongoing efforts for further improvement including enhanced security in the personal identification process upon starting the use of service.

In association with the announcement by our parent, Nippon Telegraph and Telephone Corporation (NTT), on September 29, 2020 regarding the commencement of a tender offer (the “Tender Offer”) for the common stock and the American Depositary Shares^{*7} (the “ADSs”) of the Company, we announced, at the meeting of its board of directors held on September 29, 2020, our opinion in support of the tender offer by NTT and resolved to recommend that the holders of the common stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the Depository Bank and withdrawing the shares of the common stock represented by the ADS. The aforementioned resolution at the meeting of the board of directors was adopted on the understanding that NTT intends to make the Company its wholly-owned subsidiary through the Tender Offer and a series of procedures to be implemented thereafter, and that the common stock is to be delisted. Through this transaction, the Company aims to establish a structure in which the Company plays a pivotal role within the entire NTT Group, and transform to an existence that will accommodate, as a “front for all customers,” the diversifying needs of customers, whether consumers or corporations, through the provision of total services, including not only mobile networks but also applications and solutions. For more details, please refer to the Tender Offer Statement submitted by NTT on September 30, 2020, the opinion statement filed by the Company on the same day and “Item 4. Financial Information, 1. Condensed Consolidated Financial Statements, Note 12. Additional information”

The Company resolved at the meeting of its board of directors held on September 29, 2020 that, on condition of completion of the Tender Offer, it will revise its forecast on dividend payments for the fiscal year ending March 2021 and that it will not pay any dividends at the end of the fiscal year ending March 2021 in order to ensure equality between shareholders because if dividends were to be paid with the record date of March 31, 2021, which is after the closing of the Tender Offer, there may be discrepancies in economic effects between shareholders who tender their shares in the Tender Offer and those who do not.

*1: Subscriptions include mobile line subscriptions of MVNOs and Communication Module subscriptions.

*2: Churn rate is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.

*3: Handset churn rate represents the churn rate of billing plans that offer voice communications service (excluding 2in1 service).

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

*5: The total number of locations where “d POINTs” , “iD” and “d Payment (code and online payment)” can be used.

*6: Free-of-charge provision of “Additional 1GB Option” and “Speed Mode” for up to 50GB to users under 25 years old.

*7: The American Depositary Shares (the “ADSs”) issued in the United States by the Bank of New York Mellon (the “Depository Bank”), each of which represents the ownership of one share of the common stock of the Company deposited with the Depository Bank.

<Actions for Future Growth>

- In July 2020, we concluded a capital and business alliance agreement with Mobility Technologies Co., Ltd. to explore opportunities in the areas of data business and autonomous driving, envisaging the expansion of the membership base that we own and our “d Payment” smartphone payment business as well as the development of MaaS (Mobility as a Service) and smart city projects.

- In July 2020, we and Takenaka Corporation agreed to jointly study digital reform of construction sites to improve productivity.

- In August 2020, we established Fukugo-Genjitsu-Seisakujo, INC. which plans and develops services using XR technology, based on In-House Venture System aimed at creating new businesses in our group.
- In September 2020, we entered into an agreement with ITOCHU Corporation, FamilyMart Co., Ltd. and CyberAgent, Inc. concerning the establishment of a new venture, Data One, with the aim of creating new businesses through the utilization of data. Through Data One, we plan to deliver marketing solutions that are useful for both our customers and partners.

For the six months ended September 30, 2020, operating revenues decreased by ¥47.5 billion from the same period of the previous fiscal year to ¥2,282.5 billion. This was mainly due to a decrease in equipment sales and international roaming revenues from the impact of the COVID-19 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, factors deriving from accounting system, etc.

Operating expenses decreased by ¥70.8 billion from the same period of the previous fiscal year to ¥1,718.9 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 associated with the expansion of “docomo Hikari” revenues, etc.

As a result, operating profit increased by ¥23.3 billion from the same period of the previous fiscal year to ¥563.6 billion for the six months ended September 30, 2020.

Consolidated results of operations for the six months ended September 30, 2019 and 2020 were as follows:

<Results of operations>

	Billions of yen			
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Increase (Decrease)	
Operating revenues	¥ 2,330.0	¥ 2,282.5	¥ (47.5)	(2.0)%
Operating expenses	1,789.7	1,718.9	(70.8)	(4.0)
Operating profit	540.3	563.6	23.3	4.3
Finance income	9.6	4.2	(5.3)	(55.9)
Finance costs	3.9	1.7	(2.2)	(56.1)
Share of profits (losses) on equity method investments	2.7	1.9	(0.7)	(28.0)
Profit before taxes	548.6	568.0	19.4	3.5
Income taxes	174.9	175.7	0.7	0.4
Profit	373.6	392.4	18.7	5.0
Shareholders of NTT DOCOMO, INC.	372.4	391.3	18.9	5.1
Noncontrolling interests	¥ 1.3	¥ 1.1	¥ (0.2)	(17.5)
EBITDA	787.3	817.1	29.8	3.8
ROE	6.9 %	7.3%	0.4 point	—

Note: Beginning of the first quarter of the fiscal year ending March 31, 2021, depreciation and amortization of EBITDA components excludes all depreciation of right-of-use assets. As a result of retrospective adjustment as mentioned above, EBITDA in the previous fiscal year decreased by ¥0.7 billion.

<EBITDA>

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

	Billions of yen	
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
EBITDA	¥ 787.3	¥ 817.1
Depreciation and amortization	(237.3)	(245.8)
Loss on sale or disposal of property, plant and equipment	(9.8)	(7.7)
Operating profit	540.3	563.6
a. Profit attributable to NTT DOCOMO, INC.	372.4	391.3
b. Operating revenues	2,330.0	2,282.5
Net profit margin (=a/b)	16.0%	17.1%

Note: Beginning of the first quarter of the fiscal year ending March 31, 2021, depreciation and amortization of EBITDA components excludes all depreciation of right-of-use assets. As a result of retrospective adjustment as mentioned above, EBITDA in the previous fiscal year decreased by ¥0.7 billion.

<ROE>

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

	Billions of yen	
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥ 372.4	¥ 391.3
b. Total equity attributable to shareholders of NTT DOCOMO, INC.	5,405.6	5,375.0
ROE (=a/b)	6.9%	7.3%

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 September 30, 2020 (or 2019).

<Operating revenues>

	Billions of yen			
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Increase (Decrease)	
Telecommunications services	¥ 1,558.7	¥ 1,551.4	¥ (7.2)	(0.5)%
Mobile communications services revenues	1,397.3	1,367.4	(29.9)	(2.1)
Optical-fiber broadband service and other telecommunications services revenues	161.4	184.0	22.6	14.0
Equipment sales	317.8	223.9	(93.9)	(29.6)
Other operating revenues	453.6	507.2	53.7	11.8
Total operating revenues	¥ 2,330.0	¥ 2,282.5	¥ (47.5)	(2.0)%

Segment Results

Telecommunications business –

<Results of operations>

	Billions of yen		
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Increase (Decrease)
Operating revenues from telecommunications business	¥ 1,871.1	¥ 1,762.5	¥ (108.6) (5.8)%
Operating profit (loss) from telecommunications business	445.7	433.6	(12.1) (2.7)

Operating revenues from the telecommunications business for the six months ended September 30, 2020 decreased by ¥108.6 billion, or 5.8%, from ¥1,871.1 billion for the same period of the previous fiscal year to ¥1,762.5 billion.

This was mainly due to a decrease in equipment sales and international roaming revenues from the impact of COVID-19 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 from the telecommunications business decreased by ¥96.5 billion, or 6.8%, from ¥1,425.4 billion for the same period of the previous fiscal year to ¥1,328.9 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 associated with the expansion of “docomo Hikari” revenues, etc.

Consequently, operating profit from the telecommunications business was ¥433.6 billion, a decrease of ¥12.1 billion, or 2.7%, from ¥445.7 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In July 2020, started offering a new discount package, dubbed “U15 Hajimete Sumaho Wari,” for customers of age 15 and under in a bid to expand the adoption of smartphones among those who are currently using a feature phone or who have never owned a mobile phone before. We also launched in August 2020 the “Zutto Hajimete Sumaho Wari” and “Oshaberi Wari” discount programs with aim of accelerating user migration from feature phones to smartphones.
- In September 2020, we started offering 5G connectivity using the 28GHz band (millimeter wave). Leveraging 5G, we will strive to create new value and help solve various social challenges
- The total number of subscriptions to our new rate plans* as of September 30, 2020 was 20.92 million.
*: The sum of the numbers of subscriptions for “Gigaho,” “Gigalight,” “5G Gigaho” , “5G Gigalight,” “Keitai Plan,” “Kids Keitai Plan,” “Data Plus,” “5G Data Plus” and “Cloud Direct Plan” .
- The total number of smartphone/tablet users as of September 30, 2020 increased by 1.36 million from the number a year ago to 42.51 million as a result of continued implementation of various customer return measures.
- The total number of our LTE base stations across Japan reached 232,600 stations as of September 30, 2020. Meanwhile, we deployed 5G in all 47 prefectures of Japan, offering service in a total of 144 cities.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	September 30, 2019	September 30, 2020	Increase (Decrease)	
Mobile telecommunications services	79,203	80,987	1,783	2.3 %
Mobile telecommunications services (5G)	—	376	376	—
Mobile telecommunications services (LTE(Xi))	58,542	63,476	4,934	8.4
Mobile telecommunications services (FOMA)	20,661	17,135	(3,526)	(17.1)
“docomo Hikari” optical broadband service	6,167	6,803	635	10.3

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. Mobile telecommunications services (5G) includes mobile line subscriptions of MVNOs.

<Number of units sold>

	Thousand units			
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Increase (Decrease)	
Number of units sold	11,718	9,279	(2,438)	(20.8)%
Mobile telecommunications services (5G)				
New 5G subscription ^{*1}	—	21	21	—
Change of subscriptions from LTE(Xi) and FOMA ^{*1}	—	343	343	—
5G handset upgrade by 5G subscribers ^{*1}	—	7	7	—
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription ^{*1}	5,031	4,171	(860)	(17.1)
Change of subscription from 5G and FOMA ^{*1}	1,459	936	(523)	(35.9)
LTE(Xi) handset upgrade by LTE(Xi) subscribers ^{*1}	4,740	3,661	(1,079)	(22.8)
Mobile telecommunications services (FOMA)				
New FOMA subscription ^{*1}	331	63	(267)	(80.8)
Change of subscription from 5G and LTE(Xi) ^{*1}	16	3	(13)	(81.3)
FOMA handset upgrade by FOMA subscribers ^{*1}	141	75	(66)	(47.0)
Churn rate ^{*2}	0.57%	0.46%	(0.11)point	—
Handset churn rate ^{*3}	0.46%	0.38%	(0.08)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 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).

<Trend of ARPU and MOU>

	Yen		Increase	
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	(Decrease)	
Aggregate ARPU	¥ 4,750	¥ 4,810	¥ 60	1.3 %
Mobile ARPU	4,260	4,250	(10)	(0.2)
“docomo Hikari” ARPU	490	560	70	14.3
MOU (minutes)	132	144	12	9.1

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 (basic monthly charges, voice communication charges, packet communication charges) /Number of active users
 - “docomo Hikari” ARPU : “docomo Hikari” ARPU Related Revenues (basic monthly charges, voice communication changes) /Number of active users
3. Active Users Calculation Method
Sum of number of active users for each month ((number of users at the end of previous month + number of users at the end of current month) /2) during the relevant period
4. The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:
 - a. Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOS; and
 - b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for “Xi” or “FOMA” services in his/her name.

Revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver,” wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOS, and revenues related to “d POINT” are not included in the ARPU calculation.

Smart life business –

<Results of operations>

	Billions of yen			
	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Increase (Decrease)	
Operating revenues from smart life business	¥ 253.2	¥ 317.2	¥ 64.0	25.3%
Operating profit (loss) from smart life business	34.7	61.8	27.0	77.8

Operating revenues from the smart life business for the six months ended September 30, 2020 were ¥317.2 billion, an increase of ¥64.0 billion, or 25.3%, from ¥253.2 billion for the same period of the previous fiscal year. This was mainly due to an increase in revenues attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in revenues from our finance/payment, factors deriving from accounting system and others.

Operating expenses from the smart life business were ¥255.4 billion, an increase of ¥37.0 billion, or 16.9%, from ¥218.4 billion for the same period of the previous fiscal year. This was mainly due to an increase in expenses attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in expenses associated with the increase in revenues from our finance/payment services.

As a result, operating profit from the smart life business was ¥61.8 billion, an increase of ¥27.0 billion, or 77.8%, from ¥34.7 billion for the same period of the previous fiscal year.

<<Key Topics>>

- We started selling goods related to animation on "d anime store" anime video distribution service in September 2020.
- In September 2020, as part of our business alliance with Mercari, Inc. and Merpay, Inc., we enabled payments using a common QR code on both our "d Payment" smartphone payment service and "Merpay" operated by Merpay. Collaborating with partners, we will continue to strive to improve the convenience of cashless payment services and further proliferate cashless transactions in Japan.
- In September 2020, we renewed the service menu of our flat-rate music distribution service for smartphones, "d Music monthly course" by increasing the number of songs in the catalogue to approximately 50 million and adding an all-you-can-watch video viewing feature, etc.
- In September 2020, we, Kashima Antlers F.C. Co., Ltd. and Japan Professional Football League provided a service to deliver multi-angle images and commentary information to 5G smartphones in Kashima Soccer Stadium during a game of "2020 Meiji Yasuda J1 League" at the stadium.
- Following the e-money fraud incident involving our "docomo kouza" service, which enables users to send money or buy goods online or through apps, we have employed countermeasures including stepped up monitoring for fraud detection. We will make ongoing efforts for further improvement including enhanced security in the personal identification process upon starting the use of service.
- We continued to expand the network of shops participating in our "d POINT" loyalty point program with the addition of "Cocokara Fine" drugstores operated by Cocokara Fine Inc. and "Yohuku-no-Aoyama" clothing stores operated by Aoyama Trading Co., Ltd..
- The total members*1 of "d CARD" credit card service grew to 13.55 million as of September 30, 2020, up 1.53 million from the number a year ago. Of these, the total members of "d CARD GOLD" grew to 7.34 million as of September 30, 2020, posting an increase of 1.36 million in the last twelve months. The total amount of transactions processed through our finance/payment reached ¥3,180.5 billion for the six

months ended September 30, 2020, increasing by ¥792.4 billion from the same period of the previous fiscal year. Of these, the total amount of transactions^{*2} processed with “d CARD” reached ¥2,409.5 billion for the six months ended September 30, 2020, recording a year-on-year increase of ¥517.5 billion.

*1: The number of members and transactions of “d CARD mini” that had previously been included in the member count and transactions of “d CARD” have been transferred to the number of users and transactions of “d Payment” as a result of service integration into “d Payment” during the three-month period ended December 31, 2019.

*2: Total amount of “d CARD”, “iD”, “d Payment”, “direct carrier billing”, “docomo Pay”, etc.

- Our “d Payment” smartphone payment service was introduced at the “Yamada Denki” consumer electrical appliance retailers operated by Yamada Denki Co., Ltd. and “Ito-Yokado” superstores operated by Ito-Yokado Co., Ltd. The total number of “d Payment” users^{*1} grew to 29.99 million as of September 30, 2020, up 11.91 million from the same period of the previous fiscal year. The total amount of transactions^{*2} processed through “d Payment” reached ¥332.0 billion for the six months ended September 30, 2020, recording an increase of ¥194.6 billion from the same period of the previous fiscal year.

*1: The sum of total number of “d Payment” app downloads and “d Payment (iD)” members.

*2: The sum of the total amount of “d Payment” code, “d Payment (iD)” and online payment transactions.

Other businesses –

<Results of operations>

	Billions of yen					
	Six Months Ended September 30, 2019		Six Months Ended September 30, 2020		Increase (Decrease)	
Operating revenues from other businesses	¥	220.1	¥	222.2	¥	2.1 1.0%
Operating profit (loss) from other businesses		59.8		68.2		8.4 14.1

Operating revenues from the other businesses for the six months ended September 30, 2020 amounted to ¥222.2 billion, an increase of ¥2.1 billion, or 1.0%, from ¥220.1 billion for the same period of the previous fiscal year, driven mainly by an increase in revenues relating to enterprise IoT services.

Operating expenses from the other businesses were ¥154.0 billion, a decrease of ¥6.3 billion, or 4.0%, from ¥160.3 billion for the same period of 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 ¥68.2 billion, an increase of ¥8.4 billion, or 14.1%, from ¥59.8 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In July 2020, we started offering “AceReal for docomo,” a remote operation assistance solution that uses AR smart glasses and 5G network. We will endeavor to make contributions to new value creation and solution of social issues as we go through a transition to a new remote-style society.
- In July 2020, we added five new functions to our “docomo sky” drone platform that provides total support for drone operations, such as a feature that enables easy organizing and viewing of still images and videos captured by drones. We also reviewed its rate plans and introduced three new plans to allow customer to choose an optimal option based on their purpose and frequency of use.

(2) Actions for Realizing a Sustainable Society

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

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

The principal actions we undertook for the six months ended September 30, 2020 are summarized below:

- In response to the novel coronavirus disease (COVID-19), we implemented a number of measures including the provision of population dynamics analysis using “Mobile Spatial Statistics” , measures for users under 25 years old* to support their learning, deferral of the payment deadline of mobile phone charges and other fees, provision of online health consultation through our “d Healthcare” app, free provision of "congestion map" via our “docomo chizu navi” navigation service as a limited-time offer, and participation in a business that provides “Tokyo COVID-19 Mimamori Service” for stores as a tech partner of the Tokyo Metropolitan Government for COVID-19.

* Free-of-charge provision of “Additional 1GB Option” and “Speed Mode” for up to 50GB to users under 25 years old.

- In the areas stricken by the “July 2020 Torrential Rain” and other disasters, we strived to minimize the impact caused by disruption of communication services and achieve early service recovery by mobilizing satellite base station vehicles and mobile power supply vehicles and putting in place a structure for restoration. To support victims in the areas where the Disaster Relief Act was applied in relation to “July 2020 Torrential Rain” , we operated the “Disaster Data Unlimited Mode” service, which provides high-speed data access with no speed limitation without requiring any extra charges to the monthly rate that was in force at the time of activation of “Disaster Data Unlimited Mode,” and introduced a number of support measures including free battery charging service and a partial waiver of handset repair fee, etc. Furthermore, we set up a “Disaster Area Support Fund Raising” charity site and received donations in “d POINTs” owned by customers, etc. The collected contributions, which totaled about ¥42.30 million, was donated to the Japanese Red Cross Society and Social Welfare Corporation Central Community Chest of Japan.
- In September 2020, we opened an official account introducing “DOCOMO’s disaster measures” using the “+Message” service which enables users to send and receive messages only with a phone number.

(3) Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen				
	Six Months Ended September 30, 2019		Six Months Ended September 30, 2020		Increase (Decrease)
Total capital expenditures	¥	218.4	¥	206.1	¥ (12.4) (5.7)%
Telecommunications business		201.3		189.9	(11.4) (5.7)
Smart life business		11.6		10.6	(1.0) (8.3)
Other businesses		5.6		5.6	(0.0) (0.6)

Notes:

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

Capital expenditures for the six months ended September 30, 2020 decreased by 5.7% to ¥206.1 billion. This was due to constructing a comfortable LTE area communications environment, promoting capital investment for growth, including 5G services, while improving the efficiency and cost reduction of capital investment for existing services such as 3G and LTE.

(4) Financial Position

	Billions of yen				
	September 30, 2019	September 30, 2020	Increase (Decrease)		(Reference) March 31, 2020
Total assets	¥ 7,487.6	¥ 7,630.8	¥ 143.3	1.9%	¥ 7,535.9
Equity attributable to shareholders of NTT DOCOMO, INC.	5,439.4	5,500.0	60.6	1.1	5,249.9
Liabilities	2,025.3	2,108.4	83.1	4.1	2,263.7
Including: Interest bearing liabilities	50.0	50.0	—	—	50.0
Shareholders' equity ratio (1) (%)	72.6%	72.1%	(0.5)point	-	69.7%
Debt to Equity ratio (2) (multiple)	0.009	0.009	(0.000)	-	0.010

Notes: (1) Shareholders' equity ratio = Equity attributable to shareholders of NTT DOCOMO, INC. / Total asset

(2) Debt to Equity ratio = Interest bearing liabilities / Equity attributable to shareholders of NTT DOCOMO, INC.

(5) Cash Flow Conditions

	Billions of yen				
	Six Months Ended September 30, 2019		Six Months Ended September 30, 2020		Increase (Decrease)
Net cash provided by operating activities	¥	628.9	¥	637.4	¥ 8.5 1.4 %
Net cash used in investing activities		(133.4)		(440.5)	(307.1) (230.2)
Net cash used in financing activities		(356.9)		(253.4)	103.5 29.0
Free cash flows (1)		495.4		196.9	(298.6) (60.3)
Changes in investments for cash management purposes		9.5		(110.2)	(119.7) —
Free cash flows excluding changes in investments for cash management purposes (2)		485.9		307.1	(178.8) (36.8)

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

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

For the six months ended September 30, 2020, net cash provided by operating activities was ¥637.4 billion, an increase of ¥8.5 billion, or 1.4%, from the same period of the previous fiscal year. This was mainly due to an increase in cash inflows for profit.

Net cash used in investing activities was ¥440.5 billion, a decrease of ¥307.1 billion, or 230.2%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash inflows for proceeds from sales of non-current investments including the transfer of shares of Sumitomo Mitsui Card Company, Limited in the previous fiscal year.

Net cash used in financing activities was ¥253.4 billion, an increase of ¥103.5 billion, or 29.0%, from the same period of the previous fiscal year. This was mainly due to an increase in cash outflows for purchase of treasury stock in the previous fiscal year.

As a result of the foregoing, the balance of cash and cash equivalents was ¥342.6 billion as of September 30, 2020, a decrease of ¥56.1 billion, or 14.1%, from the previous fiscal year end.

(6) Operational and Finance Issues Faced by the Corporate Group

There were no material changes in the operational and finance issues facing the corporate group for the six months ended September 30, 2020 and no new additional issues arose during the period.

(7) Research and Development

Our research and development expenses for the six months ended September 30, 2020 were ¥47.6 billion.

3. Material Contracts

There were no material contracts relating to our operations that were agreed upon or entered into during the second quarter ended September 30, 2020.

Item 3. Information related to NTT DOCOMO

1. Information related to NTT DOCOMO's Shares

(1) Total Number of Shares and Issued Shares

(a) Total Number of Shares

As of September 30, 2020

Class	Total Number of Shares Authorized to be Issued (Shares)
Common stock	17,460,000,000
Total	17,460,000,000

(b) Issued Shares

Class	Number of Shares Issued as of September 30, 2020 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 5, 2020)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,228,629,406	3,228,629,406	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,228,629,406	3,228,629,406	—	—

(2) Information on the Stock Acquisition Rights and other items

(a) Change of Stock Option Plan

Not applicable.

(b) Status of Other Stock Acquisition Rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds and other items

Not applicable.

(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Others

Date	Changes in the Total Number of Issued Shares (shares)	Balance of the Total Number of Issued Shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
July 1, 2020 –September 30, 2020	—	3,228,629,406	—	949,679	—	292,385

(5) Major Shareholders

As of September 30, 2020

Name of Shareholder	Address	Number of Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
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, Hamamatsucho 2-chome, Minato-ku, Tokyo	116,235,900	3.60
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	70,918,750	2.20
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	31,232,000	0.97
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 5)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	29,255,300	0.91
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	24,429,852	0.76
STATE STREET BANK AND TRUST COMPANY 505103	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	19,477,834	0.60
BARCLAYS SECURITIES JAPAN LIMITED	10-1, Roppongi 6-chome, Minato-ku, Tokyo	19,414,252	0.60
JP MORGAN CHASE BANK 385781	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	18,129,877	0.56
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 6)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	15,803,300	0.49
Total	—	2,482,630,265	76.89

Notes: (1) Treasury stocks (198 shares) are not included in the above list.

(2) All shares owned by THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT), CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT, TRUST ACCOUNT 7, TRUST ACCOUNT 5, TRUST ACCOUNT 6, respectively) are managed on behalf of trustors and are not owned by the above trustees. Breakdown of these shares are as follows: Investment trust (99,192,550 shares), pension trust (11,833,900 shares), others (152,418,800 shares).

(3) STATE STREET BANK WEST CLIENT - TREATY 505234, STATE STREET BANK AND TRUST COMPANY 505103 and JP MORGAN CHASE BANK 385781 are listed as major shareholders mainly due to their role as custodian banks for overseas institutional investors.

(6) Information on Voting Rights

(a) Issued Shares

As of September 30, 2020

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (treasury stock and other stock)	—	—	—
Shares with Restricted Voting Rights (others)	—	—	—
Shares with Full Voting Rights (treasury stock and other stock)	(Treasury Stock) 100 shares of common stock	—	—
Shares with Full Voting Rights (others)	3,228,375,500 shares of common stock	32,283,755	—
Shares Representing Less than One Unit	253,806 shares of common stock	—	—
Number of Issued Shares	3,228,629,406 shares of common stock	—	—
Total Number of Voting Rights	—	32,283,755	—

Note: The total number of shares in “Shares with Full Voting Rights (others)” includes 38,800 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 388 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center.

(b) Treasury Stock

As of September 30, 2020

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
NTT DOCOMO, INC.	11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo	100	—	100	0.00%
Total	—	100	—	100	0.00%

2. Changes in Directors and Senior Management

The change in directors during the period from the filing date of the Securities Report for the fiscal year ended March 31, 2020 to the filing date of this Quarterly Securities Report is as follows:

(1) Newly Appointed Directors

Position	Name	Date of birth	History	Term of office	Number of company shares owned (Shares)	Effective date
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 Joined NTT Public Corporation</p> <p>Jun. 2011 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 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 Senior Vice President, Senior Executive Manager of the Corporate Sales Promotion Headquarters, Member of the Board of NTT EAST</p> <p>Jun. 2015 Executive Vice President, Senior Executive Manager of the Corporate Sales Promotion Headquarters, Representative Member of the Board of NTT EAST</p> <p>Jun. 2016 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 Senior Executive Vice President, Senior Executive Manager of the Business Innovation Headquarters, Representative Member of the Board of NTT EAST</p> <p>Jun. 2018 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 President and Chief Executive Officer of NTT Anode Energy Corporation</p> <p>Jun. 2019 Senior Executive Vice President, In charge of technical strategy and international standardization, Representative Member of the Board of NTT</p> <p>Jun. 2020 Senior Executive Vice President, Responsible for Global business and Corporate, Representative Member of the Board of Directors of the Company (To the present)</p>	Note	0	June 23, 2020

Position	Name	Date of birth	History		Term of office	Number of company shares owned (Shares)	Effective date
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	NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT")	Note	0	June 23, 2020
		Jun. 2008	Vice President of Strategic Business Development of NTT				
		Jul. 2009	Vice President of Corporate Strategy Planning of NTT				
		Jun. 2014	Head of Finance and Accounting of NTT				
		Jun. 2015	Senior Vice President, Head of Finance and Accounting, Member of the Board of Directors of NTT				
			Jun. 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 (To the present)			

Note: The term of office shall expire at the close of the ordinary general meeting of shareholders for the latest business year ending within one year after their election at the 29th ordinary general meeting of shareholders held on June 16, 2020.

(2) Change in Positions and Responsibilities

Name	Position	New Responsibilities	Former Responsibilities	Effective date
Seiji Maruyama	Senior Executive Vice President Representative Member of the Board of Directors	Responsible for Technology, Devices, Information Strategy, and Membership Base	Responsible for Technology, Devices, Information Strategy, Membership Base, Global business and Corporate	June 23, 2020
		Responsible for Technology, Devices, Information Strategy, and Data Utilization Strategy	Responsible for Technology, Devices, Information Strategy, and Membership Base	July 1, 2020
Michio Fujiwara	Executive Vice President Member of the Board of Directors	General Manager of Corporate Strategy & Planning, Responsible for Mobile Society Research Institute, and Preparation for 2020	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	June 23, 2020

(3) Number of Directors by Gender and the Ratio of Female Directors after the Changes in Positions and Responsibilities

12 men and 3 women (Ratio of female directors is 20.0%)

Item 4. Financial Information

1. Preparation method of the condensed consolidated financial statements

The condensed consolidated financial statements of DOCOMO have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” pursuant to Article 93 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc.” (Cabinet Office Ordinance No. 64 of 2007).

International Financial Reporting Standards (“IFRS”) was permitted as the designated international accounting standards for preparing consolidated financial statements following the amendments (Cabinet Office Ordinance No. 73 of December 11, 2009) to the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976), etc.

Figures in the condensed consolidated financial statements have been rounded to the nearest million yen.

2. Independent Auditor’s Report on Quarterly Review

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the condensed consolidated financial statements for the second quarter ended September 30, 2020 (from July 1, 2020 to September 30, 2020) and the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020) have been reviewed 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 obtains appropriately the press release 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.

1. Condensed Consolidated Financial Statements (UNAUDITED)

(1) Condensed Consolidated Statement of Financial Position (UNAUDITED)

	Notes	Millions of yen	
		March 31, 2020	September 30, 2020
ASSETS			
Current assets:			
Cash and cash equivalents		¥ 398,745	¥ 342,624
Trade and other receivables	10	2,154,593	2,124,596
Other financial assets	10	1,022	110,815
Inventories		90,009	108,109
Other current assets		70,957	66,929
Total current assets		2,715,326	2,753,073
Non-current assets:			
Property, plant and equipment	6	2,653,145	2,618,743
Right-of-use assets		252,412	337,246
Goodwill		30,518	30,863
Intangible assets		656,435	648,108
Investments accounted for using the equity method		140,976	139,894
Securities and other financial assets	10	451,532	525,616
Contract costs		312,618	306,610
Deferred tax assets		188,608	135,567
Other non-current assets		134,354	135,122
Total non-current assets		4,820,599	4,877,768
Total assets		¥ 7,535,925	¥ 7,630,841

Millions of yen

Notes	March 31, 2020	September 30, 2020
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	¥ 1,135,855	¥ 933,224
Lease liabilities	69,635	82,730
Other financial liabilities	10 7,618	13,303
Accrued income taxes	141,064	145,720
Contract liabilities	214,020	192,123
Provisions	37,939	25,554
Other current liabilities	134,022	114,654
Total current liabilities	1,740,153	1,507,309
Non-current liabilities:		
Long-term debt	50,000	50,000
Lease liabilities	175,223	243,221
Defined benefit liabilities	210,675	215,948
Contract liabilities	32,995	33,155
Provisions	8,067	8,205
Other non-current liabilities	46,551	50,576
Total non-current liabilities	523,512	601,105
Total liabilities	2,263,665	2,108,414
Equity:		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock	7 949,680	949,680
Additional paid-in capital	7 152,695	152,976
Retained earnings	7 4,441,034	4,344,329
Treasury stock	7 (300,000)	(1)
Other components of equity	7 6,519	52,997
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,249,927	5,499,981
Noncontrolling interests	22,334	22,446
Total equity	5,272,261	5,522,427
Total liabilities and equity	¥ 7,535,925	¥ 7,630,841

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income (UNAUDITED)

Six months ended September 30, 2019 and 2020

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenues:	5,9		
Telecommunications services		¥ 1,558,672	¥ 1,551,433
Equipment sales		317,765	223,861
Other operating revenues		453,566	507,226
Total operating revenues		2,330,003	2,282,520
Operating expenses:			
Personnel expenses		144,984	146,669
Cost of equipment sold and services, and other expenses		1,127,313	1,031,618
Depreciation and amortization		284,986	297,890
Communication network charges		212,577	225,227
Loss on disposal of property, plant and equipment and intangible assets		19,885	17,516
Total operating expenses		1,789,744	1,718,919
Operating profit	5	540,259	563,601
Finance income		9,567	4,223
Finance costs		3,911	1,716
Share of profits (losses) on equity method investments		2,656	1,912
Profit before taxes		548,571	568,020
Income taxes		174,937	175,663
Profit		¥ 373,635	¥ 392,357
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		372,352	391,300
Noncontrolling interests		1,283	1,058
Profit		¥ 373,635	¥ 392,357
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 112.33	¥ 121.20

Six months ended September 30, 2019 and 2020

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	¥ 373,635	¥ 392,357
Other comprehensive income (net of taxes):		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	(1,137)	52,625
Share of other comprehensive income of investments accounted for using the equity method	(580)	(222)
Total of items that will not be reclassified to profit or loss	(1,717)	52,403
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(332)	57
Share of other comprehensive income of investments accounted for using the equity method	(80)	(144)
Total of items that may be reclassified subsequently to profit or loss	(412)	(87)
Total other comprehensive income (net of taxes)	(2,128)	52,316
Total comprehensive income	¥ 371,506	¥ 444,673
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	370,195	443,491
Noncontrolling interests	1,311	1,182
Total comprehensive income	¥ 371,506	¥ 444,673

Three months ended September 30, 2019 and 2020

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Three months ended September 30, 2019	Three months ended September 30, 2020
Operating revenues:	5,9		
Telecommunications services		¥ 780,033	¥ 779,500
Equipment sales		150,107	133,857
Other operating revenues		240,579	271,012
Total operating revenues		1,170,719	1,184,369
Operating expenses:			
Personnel expenses		72,731	74,035
Cost of equipment sold and services, and other expenses		573,259	553,866
Depreciation and amortization		143,465	149,883
Communication network charges		108,540	113,493
Loss on disposal of property, plant and equipment and intangible assets		11,181	10,027
Total operating expenses		909,177	901,304
Operating profit	5	261,542	283,066
Finance income		593	894
Finance costs		593	709
Share of profits (losses) on equity method investments		1,650	1,350
Profit before taxes		263,191	284,600
Income taxes		82,249	87,763
Profit		¥ 180,942	¥ 196,837
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		180,045	196,019
Noncontrolling interests		898	818
Profit		¥ 180,942	¥ 196,837
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 54.55	¥ 60.71

Three months ended September 30, 2019 and 2020

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended September 30, 2019	Three months ended September 30, 2020
Profit	¥ 180,942	¥ 196,837
Other comprehensive income (net of taxes):		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	(1,196)	29,105
Share of other comprehensive income of investments accounted for using the equity method	(123)	(108)
Total of items that will not be reclassified to profit or loss	(1,319)	28,996
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(437)	(72)
Share of other comprehensive income of investments accounted for using the equity method	(70)	(39)
Total of items that may be reclassified subsequently to profit or loss	(507)	(111)
Total other comprehensive income (net of taxes)	(1,826)	28,885
Total comprehensive income	¥ 179,116	¥ 225,722
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	178,186	224,811
Noncontrolling interests	930	911
Total comprehensive income	¥ 179,116	¥ 225,722

(3) Condensed Consolidated Statement of Changes in Equity (UNAUDITED)

Six months ended September 30, 2019

	Millions of yen								
	Notes	Equity attributable to shareholders of NTT DOCOMO, INC.					Total	Noncontrolling interests	Total equity
Common stock		Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity				
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				372,352			372,352	1,283	373,635
Other comprehensive income						(2,157)	(2,157)	29	(2,128)
Total comprehensive income		—	—	372,352	—	(2,157)	370,195	1,311	371,506
Dividends	8			(183,438)			(183,438)	(837)	(184,275)
Purchase of treasury stock	7				(122,762)		(122,762)		(122,762)
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			(1)				(1)	99	97
Changes in ownership interests with loss of control							—	(26)	(26)
Transfer from other components of equity to retained earnings	7			45,533		(45,533)	—		—
Total transactions with shareholders		—	(13,442)	(120,751)	(122,762)	(45,666)	(302,621)	(765)	(303,385)
Balance as of September 30, 2019		¥ 949,680	¥ 155,641	¥ 4,412,096	¥ (122,762)	¥ 44,772	¥ 5,439,427	¥ 22,818	¥ 5,462,245

(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’s carrying amount of the investment in the subsidiary measured at the date of acquisition.

Six months ended September 30, 2020

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, 2020	¥ 949,680	¥ 152,695	¥ 4,441,034	¥ (300,000)	¥ 6,519	¥ 5,249,927	¥ 22,334	¥ 5,272,261	
Profit			391,300			391,300	1,058	392,357	
Other comprehensive income					52,191	52,191	125	52,316	
Total comprehensive income	—	—	391,300	—	52,191	443,491	1,182	444,673	
Dividends	8		(193,718)			(193,718)	(790)	(194,508)	
Purchase of treasury stock	7			(0)		(0)		(0)	
Retirement of treasury stock	7		(300,000)	300,000		—		—	
Changes in ownership interests without loss of control			(2,654)			(2,654)	(280)	(2,934)	
Transfer from other components of equity to retained earnings	7		5,713		(5,713)	—		—	
Others			2,935			2,935		2,935	
Total transactions with shareholders		—	281	(488,004)	300,000	(5,713)	(193,437)	(1,070)	(194,507)
Balance as of September 30, 2020	¥ 949,680	¥ 152,976	¥ 4,344,329	¥ (1)	¥ 52,997	¥ 5,499,981	¥ 22,446	¥ 5,522,427	

(4) Condensed Consolidated Statement of Cash Flows (UNAUDITED)

	Millions of yen	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities:		
Profit	¥ 373,635	¥ 392,357
Reconciliation of profit and net cash provided by operating activities:		
Depreciation and amortization	284,986	297,890
Finance income	(9,567)	(4,223)
Finance costs	3,911	1,716
Interest income included in operating revenues	(12,880)	(15,705)
Share of (profits) losses on equity method investments	(2,656)	(1,912)
Income taxes	174,937	175,663
(Increase) decrease in inventories	68,674	(19,405)
(Increase) decrease in trade and other receivables	3,924	30,220
Increase (decrease) in trade and other payables	(113,385)	(84,138)
Increase (decrease) in contract liabilities	5,338	(21,739)
Increase (decrease) in defined benefit liabilities	6,735	5,265
Other, net	(8,882)	(2,344)
Subtotal	774,768	753,645
Dividends received	10,640	10,924
Interests received	13,246	15,769
Interests paid	(884)	(877)
Income taxes paid and refund	(168,914)	(142,085)
Net cash provided by operating activities	628,857	637,375
Cash flows from investing activities:		
Purchases of property, plant and equipment	(205,036)	(204,587)
Purchases of intangible and other assets	(132,613)	(136,545)
Purchases of non-current investments	(38,214)	(12,145)
Proceeds from sales of non-current investments	243,350	22,829
Purchases of short term investments	(60,772)	(110,437)
Proceeds from redemption of short term investments	70,315	241
Acquisitions of control over subsidiaries	(17,099)	(224)
Other, net	6,646	362
Net cash used in investing activities	(133,424)	(440,507)
Cash flows from financing activities:		
Repayments of long-term debt	(2,800)	—
Proceeds of short term borrowing	(1,985)	—
Payments of lease liabilities	(47,736)	(55,996)
Payments to acquire treasury stock	(122,762)	(0)
Cash dividends paid	(183,432)	(193,708)
Cash dividends paid to noncontrolling interests	(837)	(790)
Other, net	2,651	(2,934)
Net cash used in financing activities	(356,901)	(253,428)
Effect of exchange rate changes on cash and cash equivalents	(305)	438
Net increase (decrease) in cash and cash equivalents	138,227	(56,121)
Cash and cash equivalents as of beginning of year	219,963	398,745
Cash and cash equivalents as of end of period	¥ 358,190	¥ 342,624

2. Notes to Condensed Consolidated Financial Statements (UNAUDITED)

1. Reporting entity

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

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

The condensed consolidated financial statements of DOCOMO for the second quarter ended September 30, 2020 were approved on October 29, 2020 by the Board of Directors.

2. Basis of preparation

(1) Compliance with IFRS

The condensed 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 Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007), and thus were prepared in accordance with IAS 34 “Interim Financial Reporting,” pursuant to the provisions of Article 93 of the aforementioned Ordinance. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2020.

(2) Basis of measurement

The condensed 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 condensed 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.

3. Significant accounting policies

The significant accounting policies applied to the condensed consolidated financial statements for the six months ended September 30, 2020 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2020. Meanwhile, income taxes for the six months ended September 30, 2020 are calculated based on the estimated annual effective tax rate.

4. Significant accounting estimates and judgements involving estimates

The preparation of DOCOMO's condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which should affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the second quarter ended September 30, 2020, as well as the reported amounts of revenues and expenses during the six months ended September 30, 2020. The actual results may differ from those estimates. DOCOMO has identified the following areas where it believes the estimates and assumptions are particularly critical to the condensed consolidated financial statements. These are depreciation and amortization of property, plant and equipment, internal use software and other intangible assets; lease term; impairment of property, plant and equipment, right-of-use assets, goodwill, intangible assets, and contract costs; measurement of fair values of financial instruments; point programs; defined benefit liability; and revenue recognition.

5. Segment reporting

(1) Outline of reportable segments

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

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

The telecommunications business segment includes mobile phone services (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 content/lifestyle services (including distributions services of video, music, books, shopping services, and health care services, etc.), finance/payment services ("d CARD," "d Payment" and Fintech services, etc.), marketing solutions ("d POINT," advertisement and CRM, etc.) and other services.

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

DOCOMO's segment information is as follows.

Segment operating revenues:

Six Months Ended September 30	Millions of yen	
	2019	2020
Telecommunications business-		
External customers.....	¥ 1,870,140	¥ 1,761,414
Intersegment.....	984	1,101
Subtotal.....	1,871,124	1,762,516
Smart life business-		
External customers.....	243,288	302,948
Intersegment.....	9,868	14,247
Subtotal.....	253,157	317,196
Other businesses-		
External customers.....	216,575	218,158
Intersegment.....	3,539	4,052
Subtotal.....	220,114	222,210
Segment total.....	2,344,395	2,301,921
Elimination.....	(14,391)	(19,401)
Consolidated.....	¥ <u>2,330,003</u>	¥ <u>2,282,520</u>

Three Months Ended September 30	Millions of yen	
	2019	2020
Telecommunications business-		
External customers.....	¥ 925,404	¥ 910,118
Intersegment.....	580	560
Subtotal.....	925,984	910,679
Smart life business-		
External customers.....	136,473	164,515
Intersegment.....	5,406	7,641
Subtotal.....	141,879	172,156
Other businesses-		
External customers.....	108,842	109,735
Intersegment.....	1,794	2,059
Subtotal.....	110,636	111,794
Segment total.....	1,178,498	1,194,629
Elimination.....	(7,780)	(10,260)
Consolidated.....	¥ <u>1,170,719</u>	¥ <u>1,184,369</u>

Segment operating profit (loss):

	Millions of yen	
	2019	2020
Six Months Ended September 30		
Segment operating profit (loss)-		
Telecommunications business.....	¥ 445,736	¥ 433,604
Smart life business.....	34,722	61,751
Other businesses.....	59,801	68,247
Operating profit.....	540,259	563,601
Finance income.....	9,567	4,223
Finance costs.....	3,911	1,716
Share of profits (losses) on equity method investments	2,656	1,912
Profit before taxes.....	¥ 548,571	¥ 568,020

	Millions of yen	
	2019	2020
Three Months Ended September 30		
Segment operating profit (loss)-		
Telecommunications business.....	¥ 214,531	¥ 214,230
Smart life business.....	15,876	33,427
Other businesses.....	31,135	35,408
Operating profit.....	261,542	283,066
Finance income.....	593	894
Finance costs.....	593	709
Share of profits (losses) on equity method investments	1,650	1,350
Profit before taxes.....	¥ 263,191	¥ 284,600

(3) Information on products and services

For information concerning operating revenue from each service item as well as from equipment sales, please refer to “Note 9. Revenue from contracts with customers.”

6. Property, plant and equipment

The breakdown of property, plant and equipment at the end of the previous fiscal year, and the end of the second quarter ended September 30, 2020 are as follows:

	Millions of yen	
	March 31, 2020	September 30, 2020
Wireless telecommunications equipment	¥ 5,231,363	¥ 5,276,831
Buildings and structures	929,763	932,775
Tools, furniture and fixtures	491,756	499,914
Land	154,129	154,176
Construction in progress	190,065	200,568
Sub-total	6,997,076	7,064,264
Accumulated depreciation and amortization and accumulated impairment losses	(4,343,931)	(4,445,521)
Total property, plant and equipment, net	¥ 2,653,145	¥ 2,618,743

7. Equity

(1) Number of outstanding shares

The total number of outstanding shares is as follows.

	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, 2019	17,460,000,000	3,335,231,094
Changes during the period	—	—
Balance as of September 30, 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
Changes during the period (Note 2)	—	(106,601,688)
Balance as of September 30, 2020	17,460,000,000	3,228,629,406

(Note 1) Issued shares at the end of the previous fiscal year, and the six months ended September 30, 2020, are all fully paid in.

(Note 2) Changes in the number of issued shares represent decreases due to the retirement of treasury stock.

(2) Treasury stock

The number of treasury stock is as follows.

	(Shares)
	Number of treasury stock
Balance as of March 31, 2019	133
Purchase (Note 1)	47,711,905
Retirement	—
Balance as of September 30, 2019	47,712,038
Purchase (Note 1)	58,889,800
Retirement	—
Balance as of March 31, 2020	106,601,838
Purchase	48
Retirement (Note 2)	(106,601,688)
Balance as of September 30, 2020	198

(Note 1) Purchase of treasury stock

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 market purchases 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 million 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.

(3) Other components of equity

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

Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note)	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	(1,542)	(59)	(1,221)	(251)	(3,073)
Reclassification to profit or loss	—	—	916	—	916
Changes due to business combinations under common control	(132)	—	—	—	(132)
Reclassification to retained earnings	(45,784)	—	—	251	(45,533)
Balance as of September 30, 2019	57,986	(418)	(12,796)	—	44,772

Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2020	17,152	(443)	(10,190)	—	6,519
Amount arising during the period	52,613	(12)	(1,106)	(234)	51,261
Reclassification to profit or loss	—	—	931	—	931
Reclassification to retained earnings	(5,947)	—	—	234	(5,713)
Balance as of September 30, 2020	63,817	(456)	(10,365)	—	52,997

Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of June 30, 2019	59,495	(381)	(12,376)	—	46,738
Amount arising during the period	(1,284)	(37)	(420)	(118)	(1,859)
Changes due to business combinations under common control	(132)	—	—	—	(132)
Reclassification to retained earnings	(93)	—	—	118	26
Balance as of September 30, 2019	57,986	(418)	(12,796)	—	44,772

Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of June 30, 2020	44,863	(446)	(10,157)	—	34,259
Amount arising during the period	29,129	(9)	(229)	(120)	28,771
Reclassification to profit or loss	—	—	21	—	21
Reclassification to retained earnings	(10,175)	—	—	120	(10,055)
Balance as of September 30, 2020	63,817	(456)	(10,365)	—	52,997

(Note) The balance of “Change in the fair value of financial assets measured at fair value through other comprehensive income” on March 31, 2019 includes amounts related to “Asset held for sale” under IFRS 5.

8. Dividends

Cash dividends paid

Cash dividends paid during the six months ended September 30, 2019 and 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 general meeting of shareholders on June 16, 2020	Shares of common stock of the Company	193,718	60	March 31, 2020	June 17, 2020

9. Revenue from contracts with customers

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.

Six months ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	1,528,024	3,979	26,670	—	1,558,672
Mobile communications services revenues	1,370,621	1,905	24,745	—	1,397,272
Optical-fiber broadband service and other telecommunications services revenues	157,403	2,073	1,925	—	161,401
Equipment sales	316,613	58	1,094	—	317,765
Other operating revenues	26,487	249,120	192,350	(14,391)	453,566
Total	1,871,124	253,157	220,114	(14,391)	2,330,003

Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	1,511,146	8,704	31,970	(387)	1,551,433
Mobile communications services revenues	1,335,940	1,573	29,877	—	1,367,390
Optical-fiber broadband service and other telecommunications services revenues	175,205	7,131	2,092	(387)	184,042
Equipment sales	222,857	39	965	—	223,861
Other operating revenues	28,513	308,452	189,275	(19,014)	507,226
Total	1,762,516	317,196	222,210	(19,401)	2,282,520

Three months ended September 30, 2019 (July 1, 2019 – September 30, 2019)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	763,105	2,959	13,969	—	780,033
Mobile communications services revenues	683,697	886	12,995	—	697,578
Optical-fiber broadband service and other telecommunications services revenues	79,408	2,073	975	—	82,456
Equipment sales	149,392	29	686	—	150,107
Other operating revenues	13,487	138,891	95,980	(7,780)	240,579
Total	925,984	141,879	110,636	(7,780)	1,170,719

Three months ended September 30, 2020 (July 1, 2020 – September 30, 2020)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	759,258	4,287	16,158	(203)	779,500
Mobile communications services revenues	670,623	692	15,097	—	686,411
Optical-fiber broadband service and other telecommunications services revenues	88,635	3,595	1,062	(203)	93,089
Equipment sales	133,457	19	381	—	133,857
Other operating revenues	17,964	167,850	95,255	(10,057)	271,012
Total	910,679	172,156	111,794	(10,260)	1,184,369

The cost of equipment sold stood at ¥324,810 million for the six months ended September 30, 2019 and ¥228,184 million for the six months ended September 30, 2020, ¥152,358 million for the three months ended September 30, 2019 and ¥134,618 million for the three months ended September 30, 2020 respectively, which are included within “Cost of equipment sold and services, and other expenses” under operating expenses in the condensed consolidated statement of profit or loss.

10. Fair value measurement

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, 2020 and September 30, 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, 2020

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,069,116	¥ 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
Total.....	¥ 1,277,888	¥ 1,277,888	¥ 183,390	¥ 1,070,833	¥ 23,666
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts.....	¥ 6	¥ 6	¥ —	¥ 6	¥ —
Total derivatives.....	6	6	—	6	—
Total.....	¥ 6	¥ 6	¥ —	¥ 6	¥ —

September 30, 2020

	Millions of yen				
	Carrying amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 966,396	¥ 966,396	¥ —	¥ 966,396	¥ —
Derivatives.....					
Foreign exchange forward contracts.....	146	146	—	146	—
Total Derivative.....	146	146	—	146	—
Investment trust.....	2,448	2,448	—	2,448	—
Contributions.....	1,897	1,897	—	—	1,897
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	270,546	270,546	244,763	—	25,783
Total.....	¥ 1,241,433	¥ 1,241,433	¥ 244,763	¥ 968,991	¥ 27,680
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts.....	¥ 1	¥ 1	¥ —	¥ 1	¥ —
Total derivatives.....	1	1	—	1	—
Total.....	¥ 1	¥ 1	¥ —	¥ 1	¥ —

1. No significant transfer between levels occurred during the fiscal year ended March 31, 2020 and the six months ended September 30, 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.
3. With respect to financial instruments categorized within Level 3, no reconciliation is stated since there was no significant change in the financial instruments.

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 contracts 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.

Information regarding assets categorized within Level 3

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.

11. Events after the reporting period

Not applicable

12. Additional information

(Tender Offer for the Stock of the Company, etc)

The Company resolved at the meeting of the board of directors held on September 29, 2020 to express an opinion supporting the tender offer (the “Tender Offer”) by Nippon Telegraph and Telephone Corporation (parent company) (the “Offeror”) for the common stock of the Company (the “Common stock”) and ADSs and to recommend that the holders of the Common Stock and ADSs tender in the Tender Offer.

The aforementioned resolution at the meeting of the board of directors was adopted on the understanding that the Offeror intends to make the Company a wholly-owned subsidiary of the Offeror through the Tender Offer and a series of procedures to be implemented thereafter and that the Common Stock is to be delisted.

1. Overview of the Offeror

(1)	Name	Nippon Telegraph and Telephone Corporation	
(2)	Address	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	
(3)	Name and title of representative	Jun Sawada, President and Representative Director	
(4)	Description of business	Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business and other businesses.	
(5)	Capital Stock	JPY 937,950 million	
(6)	Date of incorporation	April 1, 1985	
(7)	Major shareholders and shareholding ratios (as of March 31, 2020)	Minister of Finance	34.69%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	5.52%
		Japan Trustee Services Bank, Ltd. (Trust Account)	4.56%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.64%
		Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.47%
		JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	1.33%
		Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.16%
		Moxley and Co LLC (Standing proxy: MUFG Bank, Ltd.)	1.03%
		Japan Trustee Services Bank, Ltd. (Trust Account 1)	0.75%
		The Bank of New York Mellon Corporation 140044 (Standing proxy: Mizuho Bank, Ltd.)	0.75%
(8)	Relationship between the Company and the Offeror		
	Capital relationship	As of September 29, 2020, the Offeror holds 2,137,733,200 shares of the Common Stock (Ownership Ratio (Note1) of 66.21%), and the Company is a consolidated subsidiary of the Offeror.	
	Personal relationship	As of September 29, 2020, 1 of the 15 directors of the Company concurrently holds a position as an employee of the Offeror, and 8 used to work for the Offeror.	

	Business relationship	The Company has dealings with the Offeror Group (Note 2) other than the Company Group (Note 3) for purchases of fixed-line telecommunications services necessary for the Company Group's offices and sales offices, etc., usage of various telecommunications services and sales of different types of the Company Group's mobile telecommunications services, among other things. Also, the Company receives services and benefits related to basic R&D and group management operations conducted by the Offeror, for which the Company pays consideration to the Offeror. In addition, the Company and NTT Finance Corporation, of which the Offeror is the parent company, have entered into a basic agreement for billing, collection, etc. of the Company's service fees and the like, as well as an agreement for, among other things, the assignment of receivables under such agreement. In accordance with these, the Company assigns its receivables for telecommunications services, etc., to NTT Finance Corporation. Further, NTT Finance Corporation and the Company Group have entered into a cash loan agreement, under which the Company Group deposits funds with NTT Finance Corporation and NTT Finance Corporation manages the funds on behalf of the Company Group.
	Status as related parties	The Offeror is the parent company of the Company, and each of the Company and the Offeror constitutes a related party of the other.

(Note 1) The "Ownership Ratio" of a person means the percentage (rounded to two decimal places) obtained by dividing the number of shares of Common Stock owned by that person by the number of shares of Common Stock (3,228,629,256 shares) obtained by subtracting the number of shares of Common Stock held by the Company as treasury shares as of June 30, 2020, as set out in the First Quarter Report of the 30th Business Term ("Company's Quarterly Securities Report"), filed by the Company on August 7, 2020, (150 shares, which includes the 50 shares constituting less than one share unit that the Company owns), from the total number of shares of Common Stock issued as of June 30, 2020 (3,228,629,406 shares), as set out in the Company's Quarterly Securities.

(Note 2) The "Offeror Group" means the Offeror, its consolidated subsidiaries, including each of the companies within the Company Group, and its affiliates. The Company has been informed that the Offeror Group consists of the Offeror, its 979 consolidated subsidiaries, including the companies within the Company Group, and its 132 affiliates, as of March 31, 2020.

(Note 3) The "Company Group" means the Company, its consolidated subsidiaries and equity method affiliates. As of March 31, 2020, the Company Group consists of the Company, 96 consolidated subsidiaries and 27 equity method affiliates.

2. Tender Offer Period

From September 30, 2020(Wednesday) through November 16, 2020(Monday)(33 Business Days)

3. Tender Offer Price

JPY 3,900 per share of Common Stock

JPY 3,900 per ADS

4. Number of Share Certificates, Etc. to Be Purchased

Number of Share Certificates, Etc. to be Purchased	1,090,896,056	shares
Minimum Number of Share Certificates, Etc. to be Purchased	14,686,300	shares
Maximum Number of Share Certificates, Etc. to be Purchased	–	shares

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (14,686,300 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

5. Purchase Price

JPY 4,254,494,618,400

(Note) The purchase price is the amount obtained by multiplying the number of shares to be purchased (1,090,896,056 shares) by the Tender Offer Price (JPY 3,900 per share).

6. Commencement Date of the Settlement

November 24, 2020 (Tuesday)

7. Policy of Restructuring, Etc. After the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

If the Offeror is not able to acquire all of the Common Stock through the Tender Offer, the Offeror plans on conducting procedures for the purpose of owning all of the Common Stock by demand for share cash-out or share consolidation after the successful completion of the Tender Offer.

2. Others

On October 29, 2020, the Board of Directors declared interim cash dividends of ¥201,789 million or ¥62.5 per share, payable to shareholders of record as of September 30, 2020 as below.

Total interim cash dividends (millions of yen)	201,789
Cash interim dividends per share (yen)	62.5
Date of payment	November 25, 2020

Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements

November 5, 2020

The Board of Directors
NTT DOCOMO, INC.

KPMG AZSA LLC
Tokyo Office, Japan

Kenji Tanaka (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

Conclusion

We have reviewed the accompanying condensed 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 Quarterly Securities Report, which comprise the condensed consolidated statement of financial position as at September 30, 2020, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to condensed consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at September 30, 2020, and its financial performance for the three and six-month periods then ended and cash flows for the six-month period then ended, in accordance with IAS 34 “Interim Financial Reporting” pursuant to the Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.

Basis for Conclusion

We conducted our review in accordance with quarterly review standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the condensed quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter

We draw attention to Note 12. Additional information to the condensed consolidated financial statements, which describes that the Company resolved at the meeting of the board of directors held on September 29, 2020 to express an opinion supporting the tender offer (the “Tender Offer”) by Nippon Telegraph and Telephone Corporation (parent company) for the common stock of the Company and ADSs and to recommend that the holders of the common stock and ADSs tender in the Tender Offer. Our conclusion is not modified in respect of this matter.

Responsibilities of Management and the Audit and Supervisory Committee for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements in accordance with IAS 34 “Interim Financial Reporting”, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed 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 paragraph 4 of IAS 1 “Presentation of Financial Statements” 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.

The audit and supervisory committee is 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 Review of the Condensed Quarterly Consolidated Financial Statements

Our responsibility is to independently express a conclusion on these condensed consolidated financial statements based on our review in our auditor’s report.

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

- A review of condensed quarterly consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.
- Conclude whether nothing has come to our attention that causes us to believe that the condensed consolidated financial statements do not present fairly in accordance with paragraph 4 of IAS 1 “Presentation of Financial Statements” and based on the evidence obtained, when 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 condensed consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on the 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 nothing has come to our attention that causes us to believe that the presentation and disclosures in the condensed consolidated financial statements are not in accordance with IAS 34 “Interim Financial Reporting” , the overall presentation, structure and content of the condensed consolidated financial statements, including the disclosures, and whether nothing has come to our attention that causes us to believe that the condensed consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express a conclusion on the condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the group review. We remain solely responsible for our review conclusion.

We communicate with the audit and supervisory committee regarding, the planned scope and timing of the review, significant review findings that we identify during our review.

We also provide the audit and supervisory committee 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 Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements:

The Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements herein is the English translation of the Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements as required by the Financial Instruments and Exchange Act of Japan.