

[Translation]

# Quarterly Securities Report

(The First Quarter of the 29<sup>th</sup> 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 three-month period ended June 30, 2019, which we filed on August 1, 2019 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

		Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Fiscal year ended March 31, 2019
Operating revenues	Millions of yen	1,176,668	1,159,285	4,840,849
Profit before taxes	Millions of yen	317,062	285,380	1,002,635
Profit attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	218,318	192,307	663,629
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	220,565	192,009	656,026
Total equity attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	5,718,048	5,332,211	5,371,853
Total assets	Millions of yen	7,369,023	7,240,039	7,340,546
Basic earnings per share attributable to shareholders of NTT DOCOMO, INC.	Yen	60.76	57.76	187.79
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)	%	77.6	73.6	73.2
Net cash provided by operating activities	Millions of yen	234,837	174,478	1,216,014
Net cash used in investing activities	Millions of yen	(87,539)	365	(296,469)
Net cash used in financing activities	Millions of yen	(262,997)	(248,759)	(1,090,052)
Cash and cash equivalents at end of period	Millions of yen	274,735	145,905	219,963

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 three months ended June 30, 2019.

Material changes in associated companies during the three months ended June 30, 2019 were as follows:

Consolidated subsidiary:

<Smart life business>

Nihon Ultmarc INC. was excluded from the subsidiaries within the scope of consolidation as a result of the sale of our investments that we had held in the said company.

Associates to which the equity method is not applied:

Sumitomo Mitsui Card and Hutchison Telephone Company Limited were excluded from associates to which the equity method is not applied as a result of the sale of our investments that we had held in the said companies.

## **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 three months ended June 30, 2019. There was no material change in the risk factors that were described in our Annual Securities Report for the fiscal year ended March 31, 2019.

## 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 August 1, 2019, at which it was filed.

### (1) Business Overview

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

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

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

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

During the three months ended June 30, 2019, we launched new rate plans, "Gigaho" and "Gigalight," which feature simple structure and great value. We also commenced "Sumaho Okaeshi Program," in which customers who purchased an eligible smartphone model in 36 installments and agreed to return the handset in accordance with the conditions prescribed by the Company after finishing its use are given a waiver of payments worth up to 12 installments.

We also rolled out a new "d POINT" reward program and endeavored to further increase the number of stores participating in this loyalty point service. As a result of these undertakings, the total number of "d POINT CLUB" members grew to 71.31 million and the number of "d POINT CARD" registrants<sup>\*1</sup> reached 36.16 million as of June 30, 2019. In addition, the total usage of "d POINTs" for the three months ended June 30, 2019 amounted to 46.9 billion points, which included usage of 26.0 billion points at partnership stores. The total number of locations where our payment services and point program can be used<sup>\*2</sup> grew to 1.11 million as of June 30, 2019.

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

\*2: The total number of locations where "d POINTs", "iD" and "d Payment" can be used.

## <Actions for Future Growth>

- In April 2019, we entered into a capital and business collaboration agreement with M3, Inc. (“M3”), under which we established a company that offers corporate health management support services for enterprise clients, emphael, Inc. Through this alliance, leveraging our “d POINT” membership base of approximately 71 million, we will join forces with M3—Japan’s largest medical IT player that has acquired approximately 90% of medical doctors in the country as its members, to spearhead the health industry and create various new businesses that can provide benefits to people’s health and solve health and medical care-related social issues.
- In April 2019, we entered into a capital and business collaboration agreement with Magic Leap, Inc. (“Magic Leap”), with the aim of delivering new added value in the 5G era. Through our alliance with Magic Leap, we leverage the state-of-the-art spatial computing techniques\*<sup>1</sup> that they own and also our 5G network that enables the high-speed, large-capacity transmission and low-latency as well as our “d Account” and other membership base. As a result of this, we plan to create MR\*<sup>2</sup> services that employ spatial computing techniques and expand its market in Japan.

\*1: A technique that realizes virtual space in which physical and digital objects are mixed together to deliver an experience that make one feel as if digital content truly exists.

\*2: Abbreviation for Mixed Reality. An environment where physical and virtual worlds are closely blended into each other.

- In April 2019, we commenced a trial to verify the effectiveness of Japanese language teaching programs, etc., by providing our “Japanese Language Training AI” platform—which is designed to support foreigners in Japanese language conversational training—to businesses that are engaged in Japanese language education for technical interns from overseas or livelihood support of foreign residents in Japan. We will continue to develop platforms that can provide users with support in various situations taking advantage of AI and other advanced technologies.
- In April 2019, we developed the world’s first\* prototype of a “virtual security system,” which employs AI to fulfill vigilance and surveillance activities and reception work, jointly with SECOM, Co. Ltd., AGC, Inc. and DeNA Co., Ltd. The system realizes a new style of security service for the future, with 3D models of life-size “virtual security guards” projected on a display performing surveillance and reception duties in lieu of human.

\*: According to survey by SECOM, Co. Ltd. (As of April 2019)

- In April 2019, we developed a blimp-style drone that is propelled safely through the air with ultrasonic vibrations, offering promising applications in homes, concert halls and other indoor spaces. We will create new businesses with highly safe drones developed to support people's lives while flying freely in the air.
- Since May 2019, we have been conducting a verification experiment of detailed behavior analyses of sightseeing spots for the purpose of promoting tourism by increasing the number of foreign visitors to Japan. With the cooperation of Dogo Hot Spring Inn Cooperative and accommodations, we are contributing to the promotion of tourism by analyzing the number of visits, length of stay and the state of migration by tourists, using a service “Location Net” that identifies the location of people or objects by attaching special tags to them.
- The total number of partners joining the “5G Open Partner Program” that we have been promoting toward the goal of creating new solutions for 5G era with our business partners, offering information relating to 5G technologies and specifications as well as access to our 5G technical verification environment for free, grew to 2,813 as of June 30, 2019.

For the three months ended June 30, 2019, operating revenues decreased by ¥17.4 billion from the same period of the previous fiscal year to ¥1,159.3 billion. This was mainly due to a decrease in mobile communication services revenues because of the expansion of customer returns as well as a decrease in equipment sales. 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 increased by ¥13.8 billion from the same period of the previous fiscal year to ¥880.6 billion. This was mainly due to an increase in expenses associated with the expansion of “docomo Hikari” revenues. This increase in expenses was greater than a decrease in the cost of equipment sold associated with a decrease in equipment sales.

As a result, operating profit decreased by ¥31.2 billion from the same period of the previous fiscal year to ¥278.7 billion for the three months ended June 30, 2019.

Consolidated results of operations for the three months ended June 30, 2018 and 2019 were as follows:

<Results of operations>

	Billions of yen			
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Increase (Decrease)	
Operating revenues	¥ 1,176.7	¥ 1,159.3	¥ (17.4)	(1.5)%
Operating expenses	866.7	880.6	13.8	1.6
Operating profit	309.9	278.7	(31.2)	(10.1)
Finance income	4.0	9.0	4.9	122.2
Finance costs	1.3	3.3	2.0	160.4
Share of profits (losses) on equity method investments	4.4	1.0	(3.4)	(77.0)
Profit before taxes	317.1	285.4	(31.7)	(10.0)
Income taxes	98.0	92.7	(5.3)	(5.4)
Profit	219.1	192.7	(26.4)	(12.0)
Shareholders of NTT DOCOMO, INC.	218.3	192.3	(26.0)	(11.9)
Noncontrolling interests	¥ 0.8	¥ 0.4	¥ (0.4)	(48.9)
EBITDA	429.3	424.3	(5.0)	(1.2)
EBITDA excluding impact of the application of IFRS 16*	429.3	400.8	(28.5)	(6.6)
ROE	3.8 %	3.6%	(0.2) point	–

\*The figure for the three months ended June 30, 2019 excludes the impact of the application of IFRS 16 while the certain expenses related to leases for the three months ended June 30, 2019 have been classified from “Cost of equipment sold and services, and other expenses” and “Communication network charges” to “Depreciation and amortization” in the condensed consolidated statement of profit or loss, as a result of adoption of IFRS 16.

<EBITDA>

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

	Billions of yen	
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
EBITDA	¥ 429.3	¥ 424.3
Depreciation and amortization	(113.8)	(141.5)
Loss on sale or disposal of property, plant and equipment	(5.5)	(4.0)
Operating profit	309.9	278.7
a. Profit attributable to NTT DOCOMO, INC.	218.3	192.3
b. Operating revenues	1,176.7	1,159.3
Net profit margin (=a/b)	18.6%	16.6%
EBITDA	¥ 429.3	¥ 424.3
Impact of the application of IFRS16	–	23.5
EBITDA excluding impact of the application of IFRS 16	429.3	400.8

<ROE>

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

	Billions of yen	
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥ 218.3	¥ 192.3
b. Total equity attributable to shareholders of NTT DOCOMO, INC.	5,691.6	5,352.0
ROE (=a/b)	3.8%	3.6%

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, 2019 (or 2018) and June 30, 2019 (or 2018).

<Operating revenues>

	Billions of yen			
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Increase (Decrease)	
Telecommunications services	¥ 785.4	¥ 778.6	¥ (6.8)	(0.9)%
Mobile communications services revenues	718.3	699.7	(18.6)	(2.6)
Optical-fiber broadband service and other telecommunications services revenues	67.1	78.9	11.8	17.6
Equipment sales	178.6	167.7	(11.0)	(6.1)
Other operating revenues	212.6	213.0	0.3	0.2
<b>Total operating revenues</b>	<b>¥ 1,176.7</b>	<b>¥ 1,159.3</b>	<b>¥ (17.4)</b>	<b>(1.5)%</b>

## Segment Results

### Telecommunications business—

<Results of operations>

	Billions of yen			
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019		Increase (Decrease)
Operating revenues from telecommunications business	¥ 963.6	¥	<b>945.1</b>	¥ (18.4) (1.9)%
Operating profit (loss) from telecommunications business	266.6		<b>231.2</b>	(35.4) (13.3)

Operating revenues from the telecommunications business for the three months ended June 30, 2019 decreased by ¥18.4 billion, or 1.9%, from ¥963.6 billion for the same period of the previous fiscal year to ¥945.1 billion.

This was mainly due to a decrease in mobile communication services revenues because of the expansion of customer returns as well as a decrease in equipment sales. 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 increased by ¥17.0 billion, or 2.4%, from ¥696.9 billion for the same period of the previous fiscal year to ¥713.9 billion. This was mainly due to an increase in expenses associated with the expansion of “docomo Hikari” revenues. This increase in expenses was greater than a decrease in the cost of equipment sold associated with a decrease in equipment sales.

Consequently, operating profit from the telecommunications business was ¥231.2 billion, a decrease of ¥35.4 billion, or 13.3%, from ¥266.6 billion for the same period of the previous fiscal year.

### <<Key Topics>>

- In June 2019, we launched our new rate plans, e.g., “Gigaho” and “Gigalight,” which feature simple structure and great value. We have also strived to improve the returns to customers, introducing “Zutto DOCOMO Tokuten” program that offers special privileges to long-term or heavy usage customers. The total number of “Gigaho” and “Gigalight” applications\* as of June 30, 2019 was 2.75 million of which 1.46 million were subscriptions\*.

\*: The number of applications is the total number of subscriptions and reservations (including the number of cancellation) of “Gigaho,” “Gigalight,” “Ketai Plan,” “Kids Ketai Plan,” and “Data Plus.”

- In June 2019, we commenced “Sumaho Okaeshi Program,” in which customers who purchased an eligible smartphone model in 36 installments and agreed to return the handset in accordance with the conditions prescribed by the Company after finishing its use are given a waiver of payments worth up to 12 installments.
- The total number of smartphone/tablet users as of June 30, 2019 grew by 2.1 million from the number a year ago to 40.87 million as a result of continued implementation of various customer return measures.
- To promote the construction of a network that provides a comfortable communication environment, we expanded the coverage of our “PREMIUM 4G” service to 1,685 cities and 149,400 base stations across Japan as of June 30, 2019. We also increased the total number of LTE base stations to 211,800 across Japan to further improve our LTE service.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	June 30, 2018	June 30, 2019	Increase (Decrease)	
Mobile telecommunications services	76,746	<b>78,896</b>	2,150	2.8 %
Mobile telecommunications services (LTE(Xi))	51,344	<b>57,285</b>	5,942	11.6
Mobile telecommunications services (FOMA)	25,402	<b>21,611</b>	(3,792)	(14.9)
“docomo Hikari” optical broadband service	5,086	<b>5,988</b>	902	17.7

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

<Number of units sold>

	Thousand units			
	Three Months Ended June 30, 2018	<b>Three Months Ended June 30, 2019</b>	Increase (Decrease)	
Number of units sold	5,796	<b>5,921</b>	125	2.2 %
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription <sup>*1</sup>	2,380	<b>2,503</b>	123	5.2
Change of subscription from FOMA	702	<b>717</b>	15	2.2
LTE(Xi) handset upgrade by LTE(Xi) subscribers <sup>*4</sup>	2,275	<b>2,446</b>	171	7.5
Mobile telecommunications services (FOMA)				
New FOMA subscription <sup>*1</sup>	298	<b>179</b>	(119)	(39.8)
Change of subscription from LTE(Xi)	5	<b>9</b>	4	84.3
FOMA handset upgrade by FOMA subscribers <sup>*4</sup>	137	<b>67</b>	(70)	(51.2)
Churn rate <sup>*2</sup>	0.59%	<b>0.58%</b>	(0.00)point	–
Handset churn rate <sup>*3</sup>	0.49%	<b>0.45%</b>	(0.04)point	–

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

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

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

\*4: Number of handset upgrade for the three months ended June 30, 2018 does not include “DOCOMO rental service for business.”

<Trend of ARPU and MOU>

	Yen		Increase	
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	(Decrease)	
Aggregate ARPU	¥ 4,800	¥ 4,770	¥ (30)	(0.6) %
Mobile ARPU	4,390	4,280	(110)	(2.5)
“docomo Hikari” ARPU	410	490	80	19.5
MOU (minutes)	133	130	(3)	(2.3)

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		
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Increase (Decrease)
Operating revenues from smart life business	¥ 109.7	¥ 111.3	¥ 1.7 1.5 %
Operating profit (loss) from smart life business	19.1	18.7	(0.4) (2.3)

Operating revenues from the smart life business for the three months ended June 30, 2019 were ¥111.3 billion, an increase of ¥1.7 billion, or 1.5%, from ¥109.7 billion for the same period of the previous fiscal year. This was mainly because an increase in revenues from our finance/payment services and other services exceeded the decrease in revenues, driven by the sale of “ABC Cooking Studio Co., Ltd.” which had been a subsidiary of NTT DOCOMO in the previous fiscal year and was sold in March 2019.

Operating expenses from the smart life business were ¥92.6 billion, an increase of ¥2.1 billion, or 2.4%, from ¥90.5 billion for the same period of the previous fiscal year. This was mainly due to an increase in expenses associated with the increase in revenues from our finance/payment services. This increase in expense was greater than a decrease in expenses attributable to the sale of “ABC Cooking Studio Co., Ltd.”

As a result, operating profit from the smart life business was ¥18.7 billion, a decrease of ¥0.4 billion, or 2.3%, from ¥19.1 billion for the same period of the previous fiscal year.

### <<Key Topics>>

- In June 2019, we launched “dPOINT Super Reward Program,” under which customers who made a purchase using the “d Payment” smartphone payment service can earn points worth up to 7% of the purchase amount. Meanwhile, we also made a functional enhancement to the “d Payment” service, adding a new “scan” payment capability—a feature that processes the transaction just by scanning the QR code presented by the merchants.
- In June 2019, in collaboration with Hakuholdo Inc. and Hakuholdo Product’s Inc., we started offering “Fan Connect SP™,” a new CRM\* solution for enterprise clients. Through the provision of this new digital marketing solution that take advantage of our “d POINT” membership base, we will directly connect customers with our enterprise clients and provide them with ongoing support for marketing activities, to expand businesses jointly with various merchants and our other partners.

\*: Abbreviation for Customer Relationship Management. A management strategy that aims to achieve revenue growth and profitability improvement through enhanced customer satisfaction and loyalty.

- We continued to expand the number of stores that handle our “d POINT” loyalty point service, adding the “EDION” electronics stores operated by EDION Corporation, and the “Doutor Coffee” shops operated by Doutor Coffee Co. Ltd. to the network. As a result of these undertakings, the total number of partners participating in the “d POINT” program grew to 461 as of June 30, 2019.
- The total members\*<sup>1</sup> of our credit card service “d CARD\*” grew to 20.18 million as of June 30, 2019, up 1 million from the number a year ago. Of these, the total members of “d CARD GOLD” grew to 5.62 million as of June 30, 2019, up to 1.37 million from the number of a year ago. The total amount of transactions processed through our finance/payment services reached approximately ¥1,132.4 billion for the three months ended June 30, 2019, an increase of ¥248.1 billion from the same period of the previous fiscal year. Of these, the total amount of transactions\*<sup>2</sup> processed of “d CARD” reached ¥91.45 billion for the three months ended June 30, 2019, an increase of ¥19.45 billion from the same period of the previous fiscal year.

\*1: The total number of members of “d CARD” and “d CARD mini.”

\*2: The total amount of transactions of “d CARD” and “d CARD mini.”

- Smartphone payment service “d Payment” is available by newly rolling out the service in “Sugi Pharmacy” outlets operated by Sugi Pharmacy Co. Ltd. and “Matsuya” restaurants operated by Matsuya Foods, Co. The number of downloads of “d Payment” grew to approximately 6.49 million as of June 30, 2019.

## Other businesses—

### <Results of operations>

	Billions of yen					
	Three Months Ended June 30, 2018		Three Months Ended June 30, 2019		Increase (Decrease)	
Operating revenues from other businesses	¥	109.1	¥	<b>109.4</b>	¥ 0.3	0.3%
Operating profit (loss) from other businesses		24.1		<b>28.8</b>	4.7	19.3

Operating revenues from the other businesses for the three months ended June 30, 2019 amounted to ¥109.4 billion, an increase of ¥0.3 billion, or 0.3%, from ¥109.1 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 ¥80.6 billion, a decrease of ¥4.3 billion, or 5.1%, from ¥84.9 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 ¥28.8 billion, an increase of ¥4.7 billion, or 19.3%, from ¥24.1 billion for the same period of the previous fiscal year.

### <<Key Topics>>

- In April 2019, we also launched “AI Bus,” an on-demand transport system that uses AI to allow users to travel anytime, anywhere freely.
- In April 2019, we launched the “docomo IoT Manufacturing Line Analysis.” This measures vibration by using an acceleration sensor attached to manufacturing equipment, which allows us to visualize and analyze machine operation data. By utilizing this ICT, we aim to improve production capacity, resolve such issues as labor shortages and create added value at maximum for SMMs.
- In April 2019, we started offering a new rate plan for LTE modules, dubbed “LPWA plan” which is suited for LPWA\* use that enables use of IoT devices with low power consumption over a wide area, and a new communication system “NB-IoT” that realizes low-power and low-cost operations. Leveraging the new rate plan and the communication system, we will aim to enrich our IoT-related offerings and further boost our IoT business and usage.

\*: Abbreviation for Low Power Wide Area, a general name for telecommunication techniques that realize low power consumption, long-distance communication and multiple access.

- In May 2019, we released a new application for iOS tablet devices, dubbed “Touch de Kaiwa,” which is designed to assist enterprises that provide conversational assistance to foreign travelers visiting Japan, etc. We plan to alleviate the shortage of manpower attending to overseas tourists, which are expected to increase constantly in the coming years, and thereby help revitalize the regional economy and resolve social issues.
- The total number of subscriptions to “Anshin Pack,” which combines “Mobile Device Protection Service” and various other services for worry-free use of smartphones in a single package, reached 20.67 million as of June 30, 2019.

## **(2) Actions for Realizing a Sustainable Society**

We are promoting ESG<sup>\*1</sup> 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.<sup>\*2</sup>

We have set the CSR Medium-Term Target as our concrete goals for FY2020 to realize “a society in which people can live with security, safety, comfort and affluence” as aspired in DOCOMO’s CSR policy.

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

\*2: Abbreviation for Sustainable Development Goals. The international goal from 2016 to 2030 adopted by the United Nations General Assembly in 2015.

The principal actions we undertook for the three months ended June 30, 2019 are summarized below:

### <Innovative docomo>

- In May 2019, we started providing 5G communication environment for “CYBER WHEEL,” a solution that enables users to experience wheel chairs race in VR\*, produced by 1->10, Inc. To increase the opportunities for people to get closer exposure to, and to further spread and promote Paralympic sports, we made functional enhancements to the “CYBER WHEEL” solution in collaboration with 1->10, Inc., leveraging 5G’s unique properties of low-latency and large-capacity transmission, to enable many people to enjoy highly immersive Para-sport experience regardless of their actual locations.

\*: Abbreviation for Virtual Reality, a concept or technology that realizes a near-reality simulated environment using goggles or other dedicated devices.

- In May 2019, in a joint effort with the Ministry of the Environment, we commenced a verification trial to help spot rare species during poaching patrols or cargo inspection at airports, etc., using our AI-based “Image Recognition Engine\*,” toward the goal of preventing unlawful poaching and smuggling of rare species inhabiting in Okinawa. The north part of Okinawa Island and Iriomote Island, Okinawa Prefecture, are known as areas inhabited by a wide variety of rare species. Because illegal collection of such species has become a serious social issue, we will continuously endeavor to solve these challenges and help protect the environment using ICT.

\*: One of the component technologies of NTT Group’s AI technology “corevo”.

- In May 2019, we concluded a collaboration agreement with Kyoto Prefecture for the development of a smart city. Under this agreement, we will promote new business creation through the rollout of 5G indoor/outdoor verification environment and accelerate the adoption of cashless transactions in Kyoto.

### <Responsible docomo>

- In April 2019, in collaboration with docomo Healthcare, Inc., we started offering a trial enterprise program for health promotion assistance to other companies in the NTT group. The program presents employees health data in a visualized format and provides AI-based health risk predictions. Learning from our experience, we will continue to promote healthy corporate management and assist client’s employee health management practices with a wide array of enterprise services.
- Through our “Smartphone and Mobile Phone Safety Classes,” we teach participants the rules and manners of using smartphones and mobile phones, as well as how to respond to troubles that may arise with their use. We held a total of approximately 2,400 sessions with a cumulative participation of approximately 640,000 people during the three months ended June 30, 2019.
- Among the “Additional Disaster Preparedness Measures” that we have been tackling after the simultaneous occurrence of multiple disasters, we completed the installment of storage batteries in all 2,332 docomo shops outlets across Japan to provide our customers with continuous mobile phone charging services in the event of a disaster, in preparation for wide-area and long-hour power outages.

### (3) Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen				
	Three Months Ended June 30, 2018		Three Months Ended June 30, 2019		Increase (Decrease)
Total capital expenditures	¥	124.9	¥	<b>97.9</b>	¥ (27.1) (21.7) %
Telecommunications business		118.5		<b>91.4</b>	(27.1) (22.9)
Smart life business		3.5		<b>3.6</b>	0.1 1.5
Other businesses		2.9		<b>2.9</b>	(0.0) (0.1)

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 three months ended June 30, 2019 decreased by 21.7% to ¥97.9 billion. This was due to our efforts to make capital expenditures more efficient and lower costs for existing services, such as 3G and LTE, in preparation for the launch of 5G commercial services, while we constructed a more convenient mobile telecommunications network by expanding the area coverage of our “PREMIUM 4G” service and increased capital expenditure for the growth of our businesses.

### (4) Financial Position

	Billions of yen			
	June 30, 2018	June 30, 2019	Increase (Decrease)	(Reference) March 31, 2019
Total assets	¥ 7,369.0	¥ <b>7,240.0</b>	¥ (129.0) (1.8)%	¥ 7,340.5
Equity attributable to shareholders of NTT DOCOMO, INC.	5,718.0	<b>5,332.2</b>	(385.8) (6.7)	5,371.9
Liabilities	1,623.3	<b>1,885.8</b>	262.5 16.2	1,946.4
Including: Interest bearing liabilities	81.4	<b>50.0</b>	(31.4) (38.6)	50.0
Shareholders' equity ratio (1) (%)	77.6%	<b>73.6%</b>	(4.0)point -	73.2%
Debt to Equity ratio (2) (multiple)	0.014	<b>0.009</b>	(0.005) -	0.009

Notes1: (1) Shareholders' equity ratio = Equity attributable to shareholders of NTT DOCOMO, INC. / Total assets.

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

Notes2: The change in Equity attributable to shareholders of NTT DOCOMO, INC is mainly related to the purchase of treasury stock on January 7, 2019. Related information is disclosed in “Item 4. Financial Information 1. Condensed Consolidated Financial Statement Note 8 Equity.”

### (5) Cash Flow Conditions

	Billions of yen				
	Three Months Ended June 30, 2018		Three Months Ended June 30, 2019		Increase (Decrease)
Net cash provided by operating activities	¥	234.8	¥	<b>174.5</b>	¥ (60.4) (25.7)%
Net cash used in investing activities		(87.5)		<b>0.4</b>	87.9 —
Net cash used in financing activities		(263.0)		<b>(248.8)</b>	14.2 5.4
Free cash flows (1)		147.3		<b>174.8</b>	27.5 18.7
Changes in investments for cash management purposes		100.1		<b>0.0</b>	(100.1) (100.0)
Free cash flows excluding changes in investments for cash management purposes (2)		47.2		<b>174.8</b>	127.6 270.5
Free cash flows excluding impact of the application of IFRS 16 (3)		47.2		<b>151.5</b>	104.3 221.1

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

(3) This figure excludes the impact of the application of IFRS 16 while the presentation of expenses related to leases changed from “Cost of equipment sold and services, and other expenses” and “Communication network charges” to “Depreciation and amortization” as a result of adoption of IFRS 16 from the beginning of the first quarter ended June 30, 2019 (April 1, 2019).

For the three months ended June 30, 2019, net cash provided by operating activities was ¥174.5 billion, a decrease of ¥60.4 billion, or 25.7%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash inflows for profit and a decrease in trade and other payables.

Net cash provided by investing activities was ¥0.4 billion, a decrease in cash outflows of ¥87.9 billion, or —%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash outflows for purchases of short-term investments and proceeds from redemption of short term investment and an increase in proceeds from sales of non-current investment including the transfer of shares of Sumitomo Mitsui Card (¥234.2 billion.)

Net cash used in financing activities was ¥248.8 billion, a decrease of ¥14.2 billion, or 5.4%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash outflows for repayment of long-term debt and an increase in cash outflows in purchase of treasury stock.

As a result of the foregoing, the balance of cash and cash equivalents was ¥145.9 billion as of June 30, 2019, a decrease of ¥74.1 billion, or 33.7%, 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 three months ended June 30, 2019 and no new additional issues arose during the period.

#### **(7) Research and Development**

Our research and development expenses for the three months ended June 30, 2019 were ¥20.8 billion.

### **3. Material Contracts**

There were no material contracts relating to our operations that were agreed upon or entered into during the first quarter ended June 30, 2019.

## 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 June 30, 2019

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 June 30, 2019 (shares)	Number of Shares Issued as of the Filing Date (shares) (August 1, 2019)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,335,231,094	3,335,231,094	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,335,231,094	3,335,231,094	—	—

#### (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)
April 1, 2019 – June 30, 2019	—	3,335,231,094	—	949,679	—	292,385

(5) Major Shareholders

Not applicable for the three months ended June 30, 2019.

## (6) Information on Voting Rights

All details provided in this section “(6) Information of Voting Rights” are based on the register of shareholders as of March 31, 2019, the most recent record date, because the register of shareholders as of June 30, 2019 cannot be confirmed.

### (a) Issued Shares

As of March 31, 2019

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)	3,335,148,600 shares of common stock	33,351,486	—
Shares Representing Less than One Unit	82,394 shares of common stock	—	—
Number of Issued Shares	3,335,231,094 shares of common stock	—	—
Total Number of Voting Rights	—	33,351,486	—

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 March 31, 2019

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	0.0%
Total	—	100	—	100	0.0%

Note: Number of shares held under own name was 19,450,800 as of June 30, 2019.

## **2. Changes in Directors and Senior Management**

Not applicable.

## **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 first quarter ended June 30, 2019 (from April 1, 2019 to June 30, 2019) and the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019) 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, 2019	June 30, 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 219,963	¥ 145,905
Trade and other receivables		2,128,156	2,083,452
Other financial assets	11	70,933	70,799
Inventories		178,340	141,121
Other current assets		91,308	86,526
Subtotal		2,688,699	2,527,804
Asset held for sale	6	234,160	—
Total current assets		2,922,859	2,527,804
<b>Non-current assets:</b>			
Property, plant and equipment	7	2,623,789	2,603,086
Right-of-use assets	3	—	273,092
Goodwill		33,177	32,799
Intangible assets		608,513	604,634
Investments accounted for using the equity method		151,741	149,699
Securities and other financial assets	11	439,742	466,267
Contract costs		297,733	300,562
Deferred tax assets		150,725	166,313
Other non-current assets		112,267	115,781
Total non-current assets		4,417,687	4,712,234
<b>Total assets</b>		¥ 7,340,546	¥ 7,240,039

Notes	Millions of yen	
	March 31, 2019	June 30, 2019
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Trade and other payables	1,058,007	<b>800,155</b>
Lease liabilities 3	—	<b>66,315</b>
Other financial liabilities 11	10,495	<b>30,414</b>
Accrued income taxes	166,503	<b>109,530</b>
Contract liabilities	211,752	<b>220,550</b>
Provisions	29,086	<b>26,365</b>
Other current liabilities	150,805	<b>113,812</b>
Total current liabilities	1,626,647	<b>1,367,141</b>
<b>Non-current liabilities:</b>		
Long-term debt	50,000	<b>50,000</b>
Lease liabilities 3	—	<b>191,960</b>
Other financial liabilities 11	9,310	<b>6,100</b>
Defined benefit liabilities	207,425	<b>208,831</b>
Contract liabilities	37,054	<b>37,781</b>
Provisions	7,845	<b>7,660</b>
Other non-current liabilities	8,140	<b>16,320</b>
Total non-current liabilities	319,775	<b>518,652</b>
<b>Total liabilities</b>	<b>1,946,422</b>	<b>1,885,793</b>
<b>Equity:</b>		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock 8	949,680	<b>949,680</b>
Additional paid-in capital 8	169,083	<b>169,083</b>
Retained earnings 8	4,160,495	<b>4,214,924</b>
Treasury stock 8	(0)	<b>(48,213)</b>
Other components of equity 8	92,595	<b>46,738</b>
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,371,853	<b>5,332,211</b>
Noncontrolling interests	22,271	<b>22,035</b>
Total equity	5,394,124	<b>5,354,246</b>
<b>Total liabilities and equity</b>	<b>¥ 7,340,546</b>	<b>¥ 7,240,039</b>

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

Three months ended June 30, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Three months ended June 30, 2018	Three months ended June 30, 2019
<b>Operating revenues:</b>	10		
Telecommunications services		¥ 785,411	¥ 778,639
Equipment sales		178,619	167,659
Other operating revenues		212,638	212,987
<b>Total operating revenues</b>		<b>1,176,668</b>	<b>1,159,285</b>
<b>Operating expenses:</b>			
Personnel expenses		72,986	72,253
Cost of equipment sold and services, and other expenses		566,395	554,053
Depreciation and amortization		113,844	141,520
Communication network charges		103,154	104,037
Loss on disposal of property, plant and equipment and intangible assets		10,364	8,704
<b>Total operating expenses</b>		<b>866,744</b>	<b>880,568</b>
<b>Operating profit</b>		<b>309,925</b>	<b>278,717</b>
<b>Finance income</b>		<b>4,039</b>	<b>8,974</b>
<b>Finance costs</b>		<b>1,274</b>	<b>3,317</b>
<b>Share of profits (losses) on equity method investments</b>		<b>4,373</b>	<b>1,006</b>
<b>Profit before taxes</b>		<b>317,062</b>	<b>285,380</b>
<b>Income taxes</b>		<b>97,991</b>	<b>92,688</b>
<b>Profit</b>		<b>¥ 219,071</b>	<b>¥ 192,692</b>
<b>Profit attributable to:</b>			
Shareholders of NTT DOCOMO, INC.		218,318	192,307
Noncontrolling interests		754	385
<b>Profit</b>		<b>¥ 219,071</b>	<b>¥ 192,692</b>
<b>Earnings per share attributable to shareholders of NTT DOCOMO, INC.</b>			
<b>Basic earnings per share</b>		<b>¥ 60.76</b>	<b>¥ 57.76</b>

Three months ended June 30, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
<b>Profit</b>	¥ 219,071	¥ 192,692
<b>Other comprehensive income (net of taxes):</b>		
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	6,850	59
Share of other comprehensive income of investments accounted for using the equity method	7,385	(457)
<b>Total of items that will not be reclassified to profit or loss</b>	14,235	(397)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(12,028)	105
Share of other comprehensive income of investments accounted for using the equity method	44	(10)
<b>Total of items that may be reclassified subsequently to profit or loss</b>	(11,984)	95
<b>Total other comprehensive income (net of taxes)</b>	2,252	(302)
<b>Total comprehensive income</b>	¥ 221,323	¥ 192,390
<b>Total comprehensive income attributable to:</b>		
Shareholders of NTT DOCOMO, INC.	220,565	192,009
Noncontrolling interests	758	381
<b>Total comprehensive income</b>	¥ 221,323	¥ 192,390

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

Three months ended June 30, 2018

Millions of yen									
Equity attributable to shareholders of NTT DOCOMO, INC.									
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Noncon- trolling interests	Total equity
Balance as of March 31, 2018		¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228
Cumulative impact of adopting IFRS 9, "Financial Instruments"				2,665		9,371	12,035		12,035
Balance as of April 1, 2018		949,680	153,115	4,911,038	(448,403)	111,713	5,677,142	27,121	5,704,263
Profit				218,318			218,318	754	219,071
Other comprehensive income						2,247	2,247	5	2,252
Total comprehensive income		—	—	218,318	—	2,247	220,565	758	221,323
Dividends	9			(179,659)			(179,659)	(239)	(179,898)
Changes in ownership interests without loss control							—	1	1
Transfer from other components of equity to retained earnings				484		(484)	—		—
Total transactions with shareholders		—	—	(179,175)	—	(484)	(179,659)	(238)	(179,897)
<b>Balance as of June 30, 2018</b>		<b>¥ 949,680</b>	<b>¥ 153,115</b>	<b>¥ 4,950,181</b>	<b>¥ (448,403)</b>	<b>¥ 113,476</b>	<b>¥ 5,718,048</b>	<b>¥ 27,641</b>	<b>¥ 5,745,689</b>

Three months ended June 30, 2019

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, 2019	949,680	169,083	4,160,495	(0)	92,595	5,371,853	22,271	5,394,124
Profit			192,307			192,307	385	192,692
Other comprehensive income					(298)	(298)	(4)	(302)
Total comprehensive income	—	—	192,307	—	(298)	192,009	381	192,390
Dividends	9		(183,438)			(183,438)	(837)	(184,275)
Purchase of treasury stock	8			(48,213)		(48,213)		(48,213)
Changes in ownership interests without loss of control						—	246	246
Change in ownership interests with loss of control						—	(26)	(26)
Transfer from other components of equity to retained earnings			45,559		(45,559)	—		—
Total transactions with shareholders	—	—	(137,879)	(48,213)	(45,559)	(231,651)	(617)	(232,268)
<b>Balance as of June 30, 2019</b>	<b>¥ 949,680</b>	<b>¥ 169,083</b>	<b>¥ 4,214,924</b>	<b>¥ (48,213)</b>	<b>¥ 46,738</b>	<b>¥ 5,332,211</b>	<b>¥ 22,035</b>	<b>¥ 5,354,246</b>

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

	Millions of yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
<b>Cash flows from operating activities:</b>		
Profit	¥ 219,071	¥ 192,692
Reconciliation of profit and net cash provided by operating activities:		
Depreciation and amortization	113,844	141,520
Finance income	(4,039)	(8,974)
Finance costs	1,274	3,317
Share of (profits) losses on equity method investments	(4,373)	(1,006)
Income taxes	97,991	92,688
(Increase) decrease in inventories	6,715	36,105
(Increase) decrease in trade and other receivables	64,503	44,217
Increase (decrease) in trade and other payables	(99,306)	(153,007)
Increase (decrease) in contract liabilities	5,227	9,671
Increase (decrease) in defined benefit liabilities	1,756	1,451
Other, net	(16,149)	(26,569)
Subtotal	386,516	332,104
Dividends received	8,532	6,215
Interests received	149	77
Interests paid	(932)	(344)
Income taxes paid and refund	(159,428)	(163,574)
Net cash provided by operating activities	234,837	174,478
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(104,825)	(123,878)
Purchases of intangible and other assets	(79,677)	(89,650)
Purchases of non-current investments	(3,172)	(35,389)
Proceeds from sales of non-current investments	92	243,009
Purchases of short term investments	(200,256)	(79)
Proceeds from redemption of short term investments	300,362	84
Other, net	(63)	6,268
Net cash used in investing activities	(87,539)	365
<b>Cash flows from financing activities:</b>		
Repayments of long-term debt	(80,000)	—
Proceeds of short term borrowing	200	—
Payments of lease liabilities (2018: Repayments of finance lease liabilities)	(334)	(23,675)
Payments to acquire treasury stock	—	(48,213)
Cash dividends paid	(177,851)	(181,668)
Cash dividends paid to noncontrolling interests	(239)	(837)
Other, net	(4,773)	5,635
Net cash used in financing activities	(262,997)	(248,759)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(34)	(143)
<b>Net increase (decrease) in cash and cash equivalents</b>	(115,733)	(74,058)
<b>Cash and cash equivalents as of beginning of year</b>	390,468	219,963
<b>Cash and cash equivalents as of end of period</b>	¥ 274,735	¥ 145,905

## 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 quarter ended June 30, 2019 were approved on July 26, 2019 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, 2019.

#### (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 three months ended June 30, 2019 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019 except below. Meanwhile, income taxes for the three months ended June 30, 2019 are calculated based on the estimated annual effective tax rate.

#### (1) Lease

DOCOMO has adopted IFRS 16 “Lease” (“IFRS 16”) from the beginning of the first quarter ended June 30, 2019 (April 1, 2019).

##### 1) Accounting treatment of lease as lessee

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

After the adoption of IFRS 16, when it is determined that a contract is, or contains, a lease at inception of the contract, we recognize lease liabilities and right-of-use assets in condensed consolidated financial statements at the commencement date. However, we recognize lease payments as an expense on a straight-line basis over the lease term when they are associated with a lease term of 12 months or less or for which the underlying asset is of low value except the case that another systematic basis is more representative of the pattern of the lessee’s benefit.

##### i) Lease liabilities

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

##### ii) Right-of-use assets

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

#### 2) Transitional Measure

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

### 3) Impact from change of accounting policies

Upon the application of IFRS 16, leases that were previously classified as operating leases are recognized as right-of-use assets and lease liabilities. These items also include finance leases that were previously recognized as “Property, plant, and equipment” and “Other financial liabilities.” The change in the accounting policy mainly resulted in an increase of “Right-of-use assets” by ¥295,379 million and “Lease liabilities” by ¥286,503 million, while in a decrease of “Property, plant, and equipment” by ¥3,936 million, “Other current assets” (prepaid lease payments) by ¥8,775 million and “Other financial liabilities” by ¥4,057 million, respectively at the beginning of the first quarter ended June 30, 2019. The principal items recorded as right-of use assets include the fees for use of office, the rent for the land and building required for the installation of telecommunications facilities and the fees for use of transmission lines. The impact on the opening balance of retained earnings is little. In addition, the change in the accounting policy also mainly resulted in an increase of “Depreciation and amortization” by ¥23,500 million, while in a decrease of “Cost of equipment sold and services, and other expenses” by ¥17,382 million and “Communication network charges” by ¥6,078 million, respectively for the three months ended June 30, 2019. Similarly, due to the classification of repayment of lease liabilities as cash flows from financing activities, cash flows from operating activities increased by ¥23,332 million, while cash flows from financing activities decreased by ¥23,332 million for the three months ended June 30, 2019.

## (2) Revenue from contracts with customers

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

DOCOMO offers telecommunications services, equipment sales and other services in three reportable segments, namely the Telecommunications business, Smart life business and Other businesses. Details are stated in “Note 5. Segment reporting” for reportable segments, and “Note 10. Revenue from contracts with customers” for products and services.

Furthermore, DOCOMO provides point programs to customers.

### 1) Telecommunications services

#### i) Mobile communications services

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

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

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

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

## ii) Optical-fiber broadband service and other telecommunications services

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

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

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

## 2) Equipment sales

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

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

We also offer a program in which we give a waiver of up to 12 months of installment payments to customers who choose the installment payment plan in 36 months on the sale of handset, on condition of returning the handset to DOCOMO after use. The estimated amount of consideration received for which we do not expect to be entitled is recognized as refund liabilities upon the sale of handset, and the same amount is deducted from revenues. The liability is included in “Other non-current liabilities” in the condensed consolidated statement of financial position. The above estimations are made for each type of product based on our past experience and other factors, and included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. On the other hand, the right of collection of handset from customers in exchange for settlement of the refund liability is recorded in “Other current liabilities” and “Other non-current liabilities” respectively in the condensed consolidated statement of financial position. These assets are measured at the amount equal to carrying amount of the product less any expected costs to recover those handsets (including potential decreases in the value to the entity of returned handsets) when they are sold.

### 3) Others

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

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

(Presentation as a gross amount or net amount)

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

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

(Contract costs)

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

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

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

(Point program)

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

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

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

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

#### 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 first quarter ended June 30, 2019, as well as the reported amounts of revenues and expenses during the three months ended June 30, 2019. 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, right-of-use assets, internal use software and other intangible assets; impairment of property, plant and equipment, right-of-use assets, goodwill, intangible assets, and contract costs; 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 (LTE(Xi) services and FOMA services), optical-fiber broadband services, satellite mobile communications services, international services and the equipment sales related to these services. The smart life business segment includes distribution services such as video, music and electronic books as well as finance/payment services, shopping services and various other services to support our customers' daily lives.

The other businesses segment primarily includes "Mobile Device Protection Service," and enterprise IoT solutions as well as development, sales and maintenance of IT systems.

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

DOCOMO's segment information is as follows.

Segment operating revenues:

<b>Three Months Ended June 30</b>	Millions of yen	
	2018	2019
Telecommunications business-		
External customers.....	¥ 963,232	¥ 944,736
Intersegment.....	339	404
Subtotal.....	963,571	945,141
Smart life business-		
External customers.....	105,946	106,886
Intersegment.....	3,705	4,462
Subtotal.....	109,651	111,349
Other businesses-		
External customers.....	107,490	107,662
Intersegment.....	1,580	1,745
Subtotal.....	109,070	109,407
Segment total.....	1,182,292	1,165,896
Elimination.....	(5,624)	(6,612)
Consolidated.....	¥ 1,176,668	¥ 1,159,285

Segment operating profit (loss):

<b>Three Months Ended June 30</b>	Millions of yen	
	2018	2019
Segment operating profit (loss)-		
Telecommunications business.....	¥ 266,641	¥ 231,204
Smart life business.....	19,136	18,703
Other businesses.....	24,148	28,810
Operating profit.....	309,925	278,717
Finance income.....	4,039	8,974
Finance costs.....	1,274	3,317
Share of profits (losses) on equity method investments .....	4,373	1,006
Profit before taxes.....	¥ 317,062	¥ 285,380

(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 10. Revenue from contracts with customers.”

## 6. Asset held for sale

As of March 31, 2019, DOCOMO held 34% of the outstanding common shares of Sumitomo Mitsui Card Company, Limited. (“Sumitomo Mitsui Card”). Sumitomo Mitsui Card is a credit card operator in Japan and a privately held company.

In July 2005, DOCOMO entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. (SMFG) and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services which use mobile phones compatible with the “Osai-fu-Keitai” (mobile wallet) service. The investment we made in Sumitomo Mitsui Card in accordance with this agreement had been accounted for using the equity method.

In September 2018, we entered into an agreement for new business cooperation with Sumitomo Mitsui Card and SMFG, under which DOCOMO and SMFG would pursue joint business development to further expand our “iD” electronic money service leveraging the customer base and know-how of the two companies and thereby facilitate cashless payments, and look into the possibility of new ways of collaboration in the area of FinTech, etc. As a result of this arrangement, we agreed to sell all Sumitomo Mitsui Card shares in our possession to SMFG in April 2019.

Therefore, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations,” DOCOMO reclassified its investment in Sumitomo Mitsui Card from “Investment accounted for using the equity method” to “Asset held for sale.” In addition, the application of the equity method was discontinued and the asset was subsequently measured at the lower of its carrying amount and fair value less costs to sell. As a result, the asset is recorded at carrying amount at the time when the equity method was discontinued as of March 31, 2019.

Asset classified as “Asset held for sale” as of March 31, 2019 was as follows:

	Millions of yen	
	March 31, 2019	
Asset held for sale		
Investment in associate which had been accounted for by using equity method	¥	234,160
Total	¥	234,160

Cumulative other comprehensive income (net of taxes) related to “Asset held for sale” amounted to ¥47,765 million (credit) and was included in “Other components of equity” in the consolidated statements of financial position as of March 31, 2019. All of this amount were recognized as change in the fair value of financial assets measured at fair value through other comprehensive income.

In addition, “Deferred tax assets” decreased by ¥42,530 million due to change of tax rate applicable to temporary differences in the asset to reflect the tax consequences that DOCOMO recovered the carrying amount of its asset by sale. As a result of this, “Income taxes” in the consolidated statements of profit or loss for the fiscal year ended March 31, 2019 increased by ¥20,667 million, and “Share of other comprehensive income of investments accounted for using the equity method (Items that will not be reclassified to profit or loss)” (credit) in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2019 decreased by ¥21,863 million, respectively.

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

## 7. Property, plant and equipment

The breakdown of property, plant and equipment at the end of the previous fiscal year, and the end of the first quarter ended June 30, 2019 are as follows:

	Millions of yen	
	March 31, 2019	June 30, 2019
Wireless telecommunications equipment	¥ 5,203,932	¥ <b>5,221,374</b>
Buildings and structures	919,674	<b>920,958</b>
Tools, furniture and fixtures	466,045	<b>465,183</b>
Land	153,989	<b>154,016</b>
Construction in progress	194,935	<b>194,659</b>
Sub-total	6,938,574	<b>6,956,191</b>
Accumulated depreciation and amortization and accumulated impairment losses	(4,314,785)	<b>(4,353,105)</b>
Total property, plant and equipment, net	¥ <u>2,623,789</u>	¥ <u><b>2,603,086</b></u>

## 8. Equity

### (1) Number of outstanding shares

The total number of outstanding shares is as follows.

	(Shares)	
	Number of authorized shares (common shares with no par value)	Number of issued shares (Note 1) (common shares with no par value)
Balance as of March 31, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	—	—
Balance as of June 30, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	—	(447,067,906)
Balance as of March 31, 2019	17,460,000,000	3,335,231,094
Changes during the period (Note 2)	—	—
Balance as of June 30, 2019	17,460,000,000	3,335,231,094

(Note 1) Issued shares at the end of the previous fiscal year, and the three months ended June 30, 2019, are all fully paid in.

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

(2) Treasury stock

The number of treasury stock is as follows.

	(Shares)
	Number of treasury stock
Balance as of March 31, 2018	189,114,487
Purchase	—
Retirement	—
Balance as of June 30, 2018	189,114,487
Purchase (Note 1)	257,953,552
Retirement	(447,067,906)
Balance as of March 31, 2019	133
Purchase (Note 1)	19,450,705
Retirement	—
Balance as of June 30, 2019	19,450,838

(Note 1)

On October 31, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 260 million shares of its common stock for an amount in total not exceeding ¥ 600,000 million during the period from November 1, 2018 through March 31, 2019.

On November 6, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 257,953,468 shares of its common stock for an amount in total not exceeding ¥600,000 million by way of tender offer from November 7, 2018 through December 7, 2018 and repurchased 257,953,469 shares of its common stock at ¥600,000 million on January 7, 2019.

The aggregate number of shares acquired from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 256,752,200 shares and the amount in total was ¥597,206 million for the fiscal year ended March 31, 2019.

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 19,450,700 shares of its common stock at ¥48,213 million until June 30, 2019. NTT DOCOMO, INC. also repurchased 9,810,800 shares of its common stock for a total purchase price of ¥25,427 million during July 2019.

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

(3) Other components of equity

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

Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(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, 2018	106,732	(348)	(4,042)	—	102,342
Cumulative impact of adopting IFRS 9 “Financial Instruments”	9,309	62	—	—	9,371
Balance as of April 1, 2018	116,041	(286)	(4,042)	—	111,713
Amount arising during the period	13,719	8	(11,935)	455	2,247
Reclassification to retained earnings	(29)	—	—	(455)	(484)
Balance as of June 30, 2018	129,731	(277)	(15,977)	—	113,476

(Note) The balance of “Unrealized holding gains (losses) of available-for-sale securities” is reclassified as of March 31, 2018 of “Change in the fair value of financial assets measured at fair value through other comprehensive income,” pursuant to the exemptions under IFRS 7 and IFRS 9, which are based on IFRS 1.

Three months ended June 30, 2019 (April 1, 2019 to June 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 March 31, 2019	105,445	(359)	(12,491)	—	92,595
Amount arising during the period	(258)	(23)	(801)	(132)	(1,214)
Reclassification to profit or loss	—	—	916	—	916
Reclassification to retained earnings	(45,691)	—	—	132	(45,559)
Balance as of June 30, 2019	59,495	(381)	(12,376)	—	46,738

## 9. Dividends

### Cash dividends paid

Cash dividends paid during the three months ended June 30, 2018 and 2019

Resolution	Class of shares	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Date of record	Date of payment
The general meeting of shareholders on June 19, 2018	Shares of common stock of the Company	179,659	50	March 31, 2018	June 20, 2018
The general meeting of shareholders on June 18, 2019	Shares of common stock of the Company	183,438	55	March 31, 2019	June 19, 2019

## 10. 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.

The detail of each item in table below is disclosed in "Note 3. Significant accounting policies (2) Revenue from contracts with customers."

Three months ended June 30, 2018 (April 1, 2018 – June 30, 2018) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	772,393	1,176	11,842	—	785,411
Mobile communications services revenues	706,079	1,176	11,047	—	718,303
Optical-fiber broadband service and other telecommunications services revenues	66,314	—	794	—	67,108
Equipment sales	178,388	14	217	—	178,619
Other operating revenues	12,790	108,461	97,011	(5,624)	212,638
Total	963,571	109,651	109,070	(5,624)	1,176,668

Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	764,919	1,019	12,701	—	778,639
Mobile communications services revenue	686,924	1,019	11,751	—	699,694
Optical-fiber broadband service and other telecommunications services revenues	77,995	—	950	—	78,945
Equipment sales	167,222	29	408	—	167,659
Other operating revenues	13,000	110,300	96,298	(6,612)	212,987
Total	945,141	111,349	109,407	(6,612)	1,159,285

The cost of equipment sold stood at ¥180,516 million for the three months ended June 30, 2018 and ¥172,452 million for the three months ended June 30, 2019 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.

## 11. 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, 2019 and June 30, 2019 are as follows. If the carrying amounts of financial assets or financial liabilities not measured at fair value are a reliable approximation of their fair values, information concerning the fair values of such items is not included in the following tables.

March 31, 2019

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,178,186	¥ 1,178,186	¥ —	¥ 1,178,186	¥ —
Derivatives.....					
Foreign exchange forward contracts	1	1	—	1	—
Total derivatives.....	1	1	—	1	—
Investment trust.....	942	942	—	942	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	200,984	200,984	160,064	1,675	39,244
<b>Total.....</b>	<b>¥ 1,380,113</b>	<b>¥ 1,380,113</b>	<b>¥ 160,064</b>	<b>¥ 1,180,804</b>	<b>¥ 39,244</b>
<b>Financial liabilities measured at fair value:</b>					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign currency option contracts....	¥ 26	¥ 26	¥ —	¥ 26	¥ —
Foreign exchange forward contracts	0	0	—	0	—
Total derivatives.....	26	26	—	26	—
<b>Total.....</b>	<b>¥ 26</b>	<b>¥ 26</b>	<b>¥ —</b>	<b>¥ 26</b>	<b>¥ —</b>

June 30, 2019

	Millions of yen				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,146,797	¥ 1,146,797	¥ —	¥ 1,146,797	¥ —
Derivatives.....					
Foreign exchange forward contracts.	0	0	—	0	—
Total derivatives.....	0	0	—	0	—
Investment trust.....	1,065	1,065	—	1,065	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	233,127	233,127	193,190	—	39,937
<b>Total.....</b>	<b>¥ 1,380,990</b>	<b>¥ 1,380,990</b>	<b>¥ 193,190</b>	<b>¥ 1,147,863</b>	<b>¥ 39,937</b>
<b>Financial liabilities measured at fair value:</b>					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts	¥ 48	¥ 48	¥ —	¥ 48	¥ —
Total derivatives.....	48	48	—	48	—
<b>Total.....</b>	<b>¥ 48</b>	<b>¥ 48</b>	<b>¥ —</b>	<b>¥ 48</b>	<b>¥ —</b>

1. No significant transfer between levels occurred during the fiscal year ended March 31, 2019 and the three months ended June 30, 2019.
2. With respect to financial instruments categorized within Level 3, no significant changes in fair value are expected when any of the unobservable inputs used in the measurement are changed to reasonably possible alternative assumptions.
3. With respect to financial instruments categorized within Level 3, no reconciliation is stated since there was no significant change in the financial instruments.

The fair values of financial assets and financial liabilities are determined by the following method. In estimating the fair values of financial instruments, market prices are used where available. If market prices are not available, the fair values of financial instruments are estimated by discounting their future cash flows, or by other appropriate methods.

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

Short-term receivables held for sale and trade receivables measured at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

**“Other financial assets (current)” and “securities and other financial assets (non-current)”**

Other financial assets include marketable securities and investments in shares of common stock and bonds issued by unlisted non-equity-method associates.

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

Unlisted common shares are measured at fair value, using the evaluation model based on discounted future cash flows, revenues, profitability and net assets, along with the evaluation methods including the peer comparison method.

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

Long-term receivables held for sale and trade receivables measured at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

**“Short-term borrowings” and “long-term debt including current portion”**

The fair values of short-term borrowings and long-term debt including current portion are estimated based on discounted future cash flows calculated using an interest rate that will be applicable when similar debt is obtained.

Their fair values are evaluated and verified based on observable market data, and categorized within Level 2.

**“Other financial liabilities (current)” and “other financial liabilities (non-current)”**

Derivative instruments comprise foreign currency option contracts and foreign exchange forward contracts. Their fair values are evaluated based on observable market data and categorized within Level 2. The valuation of such derivatives is periodically verified using observable market data, such as exchange rates.

The fair values of other financial liabilities that do not mature within a short period are determined by discounting their estimated future cash flows, using an interest rate that will be applicable when debt with the same residual period under the same terms is obtained by a consolidated company.

### Quantitative information regarding assets categorized within Level 3

Quantitative information at the end of the year ended March 31, 2019 and at the end of the first quarter ended June 30, 2019 regarding the assets measured at fair value using significant unobservable inputs, on a recurring basis, is as follows.

March 31, 2019

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	39,244	Peer comparison method	EV/EBITDA ratio	7 to 9
			Price-to-book ratio	0 to 2

June 30, 2019

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	39,937	Peer comparison method	EV/EBITDA ratio	7 to 9
			Price-to-book ratio	0 to 2

Significant unobservable inputs used for measuring fair value of unlisted shares are mainly EV/EBITDA ratio and Price-to-book ratio.

The personnel responsible in the Accounts and Finance Group of the Company conducts, subject to internal regulations, the fair value measurement, using valuation techniques and inputs that can most appropriately reflect the nature, characteristics and risks of the financial instruments subject to the fair value measurement. For financial instruments requiring the fair value measurement that involves high-level knowledge and experience, and whose monetary values are material, external experts for valuation are hired for the purpose of the fair value measurement. The analysis of changes in the fair value is reviewed and approved by the manager of the responsible department, after which the results of the fair value measurement of financial instruments, including results of the evaluation by the external experts, are reported to the Board of Directors of the Company.

#### 12. Events after the reporting period

During July 2019, NTT DOCOMO, INC. repurchased its common stock. Related information is disclosed in “Note 8 Equity.”

## **2. Others**

There is no corresponding item.

## **Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements**

August 1, 2019

To the Board of Directors of NTT DOCOMO, INC.

KPMG AZSA LLC

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

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

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

We have reviewed the accompanying condensed consolidated financial statements of NTT DOCOMO, INC. and its consolidated subsidiaries provided in the "Financial Information" section in the Company's Quarterly Securities Report, which comprise the condensed consolidated statement of financial position as at June 30, 2019, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed consolidated financial statements, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

### **Management's Responsibility for the Condensed Quarterly Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements 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, 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.

### **Auditor's Responsibility**

Our responsibility is to independently express a conclusion on these condensed consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan.

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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

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 NTT DOCOMO, INC. and its consolidated subsidiaries as at June 30, 2019, their financial performance and cash flows for the three-month period then ended, in accordance with IAS 34 “Interim Financial Reporting”.

### **Emphasis of Matter**

We draw attention to Note 3. Significant accounting policies (1) Lease to the condensed consolidated financial statements, which describes that the Company has adopted IFRS 16 “Lease” from the beginning of the first quarter ended June 30, 2019 (April 1, 2019). Our conclusion is not modified in respect of this matter.

### **Other Matter**

We have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor’s Report on 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.