

[Translation]

Quarterly Securities Report

(The Third Quarter of the 29th Business Term)

NTT DOCOMO, INC.

Table of Contents

Cover	1
Item 1. Overview of the Company	2-3
1. Selected Financial Data	2
2. Description of Business	3
Item 2. Business Overview	4-22
1. Risk Factors	4
2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Condition	5-21
3. Material Contracts	22
Item 3. Information related to NTT DOCOMO	23-26
1. Information related to NTT DOCOMO's Shares	23-25
2. Changes in Directors and Senior Management	26
Item 4. Financial Information	27-60
1. Condensed Consolidated Financial Statements.....	27-59
2. Others.....	60
Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements	

[Note]

This document is an English translation of certain items that were disclosed in our Quarterly Securities Report for the nine-month period ended December 31, 2019, which we filed on February 5, 2020 with the Financial Services Agency of Japan.

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

[Cover]

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

Item 1. Overview of the company

1. Selected Financial Data

IFRS

		Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Fiscal year ended March 31, 2019
Operating revenues [Three months ended December 31, 2018 and 2019, respectively]	Millions of yen	3,654,116 [1,264,595]	3,516,037 [1,186,034]	4,840,849
Profit before taxes	Millions of yen	911,635	796,434	1,002,635
Profit attributable to shareholders of NTT DOCOMO, INC. [Three months ended December 31, 2018 and 2019, respectively]	Millions of yen	607,551 [200,495]	542,313 [169,961]	663,629
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	602,232	555,103	656,026
Total equity attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	5,302,091	5,359,145	5,371,853
Total assets	Millions of yen	7,718,007	7,387,649	7,340,546
Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. [Three months ended December 31, 2018 and 2019, respectively]	Yen	169.08 [55.80]	164.26 [51.90]	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)	%	68.7	72.5	73.2
Net cash provided by operating activities	Millions of yen	835,584	801,314	1,216,014
Net cash used in investing activities	Millions of yen	(148,690)	(246,832)	(296,469)
Net cash used in financing activities	Millions of yen	(494,654)	(616,700)	(1,090,052)
Cash and cash equivalents at the end of period	Millions of yen	582,764	157,781	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 nine months ended December 31, 2019.

Material changes in associated companies during the nine months ended December 31, 2019 were as follows:

Consolidated subsidiary:

<Smart life business>

Nihon Ultmarc INC. was excluded from the subsidiaries within the scope of consolidation beginning with the three months ended June 30, 2019, as a result of the sale of our investments that we had held in the said company.

NTT Plala Inc., previously an associate accounted for using the equity method, as well as its subsidiary I-Cast, Inc. were added as subsidiaries within the scope of consolidation beginning with the three months ended September 30, 2019 as a result of our acquisition of NTT Plala's equity shares.

Associates to which the equity method is applied:

UC CARD Co., Ltd. was added to associates to which the equity method is applied beginning with the three months ended December 31, 2019, due to an increase in the ratio of voting rights owned by the Company as a result of repurchase of shares executed by UC CARD.

Associates to which the equity method is not applied:

Sumitomo Mitsui Card Company, Limited and Hutchison Telephone Company Limited were excluded from associates to which the equity method is not applied beginning with the three months ended June 30, 2019, 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 nine months ended December 31, 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 February 5, 2020, at which it was filed.

(1) Business Overview

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

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

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

Through these measures, we plan to achieve ¥5 trillion in operating revenues in FY2021 and ¥990 billion in operating profit in FY2023—recovering the profit to a level equivalent with FY2017. Our shareholder return policy under the medium-term management strategy is to accelerate shareholder returns through continuous dividend increases and expeditious share purchases.

As of December 31, 2019, our total mobile telecommunications services subscriptions^{*1} stood at 79.67 million, while the number of "docomo Hikari" optical fiber service subscriptions was 6.33 million. Churn rate for the nine months ended December 31, 2019 was 0.54%^{*2} and the handset churn rate was 0.43%^{*2*3}.

The total number of "dPOINT CLUB" members and "d POINT CARD" registrants^{*4} as of December 31, 2019 were 73.45 million and 40.65 million, respectively. The total "d POINTS" used during the nine months ended December 31, 2019 amounted to 145.9 billion points, of which usage at partner stores accounted for 86.4 billion points. The total number of locations where our payment and point programs can be used^{*5} reached 1.43 million as of December 31, 2019.

With respect to the key initiatives undertaken in the nine months ended December 31, 2019, we lowered the cancellation fee of mobile telecommunications services for early termination of two-year term contracts and the monthly charges of non-fixed term contracts, and started offering discounts under the "d CARD Oshiharai Wari" program. For subscribers of our simple and great-value new rate plans "Gigaho" and "Gigalight," we began offering "Amazon Prime comes with DOCOMO's plan" and "'Gigaho' 'Gigalight' & 'Disney DELUXE' Set Discount." Meanwhile, we announced the termination of FOMA (3G) and i-mode services on March 31, 2026 in order to concentrate our managerial resources on 5G which will be rolled out in earnest from now onwards. We are promoting the smooth transition to 4G by offering handsets lineup and various promotions that make it easier for customers to switch to 4G. For business customers, we are also promoting a system shift that utilizes 4G modules.

- *1: Subscriptions include mobile line subscriptions of MVNOs and Communication Module subscriptions.
- *2: Churn rate is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.
- *3: Handset churn rate represents the churn rate of billing plans that offer voice communications service (excluding 2in1 service).
- *4: The number of users who can earn and use “d POINTS” at participating stores by registering their personal information.
- *5: The total number of locations where “d POINTS”, “iD” and “d Payment (code and online payment)” can be used.

<Actions for Future Growth>

- In October 2019, we commenced a joint project with Hanoi University, Asia Human Training Development Organization and Tenpo Ryutsuu NET, Inc. that promotes Japanese language education in Vietnam and provides total support for employment opportunity in Japan to help foreign nationals who hold Specified Skill Worker* status secure jobs as work-ready forces in Japan’s food-service industry. We will continue to strive to solve the issue of Japanese speaking ability that lie between foreigners who wish to work in Japan and Japanese enterprises that require the help of foreign workers, to improve the environment where foreign nationals can acquire the required Japanese language skills and realize a society in which international talents can play an active role.
 - *: Foreign nationals with the status of residence who engage in work requiring a considerable degree of knowledge or experience or proficient skills in specified industrial fields.
- In November 2019, as a 5G pre-commercial service, we performed a live show in VR* space with virtual characters that take advantage of 5G’s characteristics such as high-speed, massive capacity and low latency at 32nd Tokyo International Film Festival. This project was selected “J-LOD,” the Ministry of Economy, Trade and Industry's subsidy for promoting global demand creation of contents.
 - *: Abbreviation for Virtual Reality, a concept or technology that simulates a user’s physical presence in an artificial environment by specialized equipment such as goggles.
- In November 2019, in our joint verification trial with the Nakao Research Laboratory, Interfaculty Initiatives in Information Studies, Graduate School of Interdisciplinary Information Studies of the University of Tokyo, we succeeded in the remote surveillance of fishing grounds leveraging 5G’s massive capacity and low-latency transmission capabilities and underwater drones. The fisheries industry has undertaken various measures to reduce the burden of workers employing ICT. The adoption of an underwater drone-based remote monitoring system is expected to enhance the efficiency of tracking the conditions under the sea and lead to further productivity improvement. In this verification trial, base stations on the ground and mobile stations installed in small vessels at sea were connected via 5G, and we successfully operated the underwater drones connected to the vessel without latency and delivered high-quality video feeds. Going forward, we will aim to further improve the operational efficiency of fisheries industry and tackle the development of maritime communications infrastructure.
- In November 2019, we entered into a business and capital alliance with Showcase Gig Co., Ltd. (“Showcase Gig”). Through collaboration between Showcase Gig’s “O:der,” Japan's first mobile ordering platform for restaurants and retail businesses, and our “d Payment” smartphone payment service, we and Showcase Gig will try to offer new solutions to our participating shops.
- The total number of partners joining the “docomo 5G Open Partner Program” that we have been promoting toward the goal of creating new solutions for 5G era together 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 3,206 as of December 31, 2019.

For the nine months ended December 31, 2019, operating revenues decreased by ¥138.1 billion from the same period of the previous fiscal year to ¥3,516.0 billion. This was mainly due to a decrease in equipment sales as well as a decrease in mobile communication services revenues because of the expansion of customer returns. This decrease in revenues exceeded an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” users.

Operating expenses decreased by ¥23.9 billion from the same period of the previous fiscal year to ¥2,728.2 billion. This was mainly due to a decrease in the cost of equipment sold associated with a decrease in equipment sales. This decrease in expenses was greater than an increase in expenses attributable to NTT Plala Inc. which became a subsidiary in July 2019, and an increase in expenses associated with the expansion of “docomo Hikari” revenues.

As a result, operating profit decreased by ¥114.2 billion from the same period of the previous fiscal year to ¥787.9 billion for the nine months ended December 31, 2019.

Consolidated results of operations for the nine months ended December 31, 2018 and 2019 were as follows:

<Results of operations>

	Billions of yen			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)	
Operating revenues	¥ 3,654.1	¥ 3,516.0	¥ (138.1)	(3.8)%
Operating expenses	2,752.1	2,728.2	(23.9)	(0.9)
Operating profit	902.0	787.9	(114.2)	(12.7)
Finance income	5.4	10.6	5.2	97.1
Finance costs	2.6	5.2	2.6	100.6
Share of profits (losses) on equity method investments	6.8	3.1	(3.7)	(54.0)
Profit before taxes	911.6	796.4	(115.2)	(12.6)
Income taxes	302.2	252.2	(50.0)	(16.6)
Profit	609.4	544.2	(65.2)	(10.7)
Shareholders of NTT DOCOMO, INC.	607.6	542.3	(65.2)	(10.7)
Noncontrolling interests	¥ 1.9	¥ 1.9	¥ 0.1	4.2
EBITDA	1,271.0	1,235.7	(35.3)	(2.8)
EBITDA excluding impact of the application of IFRS 16*	1,271.0	1,164.9	(106.1)	(8.4)
ROE	11.1 %	10.1%	(1.0) point	—

*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 fiscal year ending March 31, 2020.

<EBITDA>

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

	Billions of yen	
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019
EBITDA	¥ 1,271.0	¥ 1,235.7
Depreciation and amortization	(348.6)	(430.9)
Loss on sale or disposal of property, plant and equipment	(20.4)	(15.1)
Impairment loss	—	(1.7)
Operating profit	902.0	787.9
a. Profit attributable to NTT DOCOMO, INC.	607.6	542.3
b. Operating revenues	3,654.1	3,516.0
Net profit margin (=a/b)	16.6%	15.4%
EBITDA	¥ 1,271.0	¥ 1,235.7
Impact of the application of IFRS16	—	(70.8)
EBITDA excluding impact of the application of IFRS 16	1,271.0	1,164.9

<ROE>

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

	Billions of yen	
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥ 607.6	¥ 542.3
b. Total equity attributable to shareholders of NTT DOCOMO, INC.	5,483.6	5,365.5
ROE (=a/b)	11.1%	10.1%

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

<Operating revenues>

	Billions of yen			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)	
Telecommunications services	¥ 2,357.8	¥ 2,327.2	¥ (30.6)	(1.3)%
Mobile communications services revenues	2,147.8	2,078.9	(68.8)	(3.2)
Optical-fiber broadband service and other telecommunications services revenues	210.0	248.3	38.3	18.2
Equipment sales	650.1	488.8	(161.3)	(24.8)
Other operating revenues	646.2	700.1	53.8	8.3
Total operating revenues	¥ 3,654.1	¥ 3,516.0	¥ (138.1)	(3.8)%

Segment Results

Telecommunications business—

<Results of operations>

	Billions of yen		
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)
Operating revenues from telecommunications business	¥ 3,005.2	¥ 2,805.9	¥ (199.4) (6.6)%
Operating profit (loss) from telecommunications business	767.2	651.4	(115.8) (15.1)

Operating revenues from the telecommunications business for the nine months ended December 31, 2019 decreased by ¥199.4 billion, or 6.6%, from ¥3,005.2 billion for the same period of the previous fiscal year to ¥2,805.9 billion.

This was mainly due to a decrease in equipment sales as well as a decrease in mobile communication services revenues because of the expansion of customer returns. This decrease in revenues exceeded an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” users.

Operating expenses from the telecommunications business decreased by ¥83.5 billion, or 3.7%, from ¥2,238.0 billion for the same period of the previous fiscal year to ¥2,154.5 billion. This was mainly due to a decrease in the cost of equipment sold associated with a decrease in equipment sales. This decrease in expenses was greater than an increase in expenses associated with the expansion of “docomo Hikari” revenues.

Consequently, operating profit from the telecommunications business was ¥651.4 billion, a decrease of ¥115.8 billion, or 15.1%, from ¥767.2 billion for the same period of the previous fiscal year.

<<Key Topics>>

- We lowered the cancellation fee of mobile telecommunications services for two-year term contracts and the monthly rates for non-term contracts starting with the applications that came in from October 2019. We also launched “d CARD Oshiharai Wari” discount program, in which we offer to the customers of our simple and great-value new rate plans “Gigaho,” “Gigalight,” and “Keitai Plan” for non-term contracts a discount of ¥170 per month on their usage fee if they choose to pay their monthly fees with “d CARD” or “d CARD GOLD.”
- In December 2019, for subscribers of our “Gigaho” and “Gigalight” rate plans, we launched a service that allows them to use Amazon’s “Amazon Prime” premium membership program without any annual membership fee*¹ for one year under the name of “Amazon Prime comes with DOCOMO’s plan*².” We also introduced what is called “‘Gigaho’ ‘Gigalight’ & ‘Disney DELUXE’ Set Discount” package, which provides discounts on monthly usage fees to subscribers of “Disney DELUXE” service (an official Disney video delivery service that we provide jointly with the Walt Disney Company (Japan) Ltd.) for one year starting from the next month of enrollment.
 - *1: “Amazon Prime” annual membership fee is ¥4,900 (tax included; as of January 30, 2020).
 - *2: “Amazon Prime” membership fee is borne by the Company for one year.
- As of December 31, 2019, the total number of applications* to our simple and great value new rate plans such as “Gigaho” and “Gigalight”, was 11.14 million of which 10.16 million were subscriptions*.
 - *: The number of applications represents the sum of the numbers of subscriptions and reservations (including the number of cancellations after submitting application) for “Gigaho,” “Gigalight,” “Keitai Plan,” “Kids Keitai Plan,” and “Data Plus.”
- The total number of smartphone/tablet users as of December 31, 2019 increased by 1.79 million from the

number a year ago to 41.46 million as a result of continued implementation of various customer return measures.

- We promoted the construction of a network that provides a comfortable communication environment. The coverage of our “PREMIUM 4G” service reached 1,687 cities and 160,400 base stations across Japan as of December 31, 2019. The total number of LTE base stations reached 220,400 across Japan.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	December 31, 2018	December 31, 2019	Increase (Decrease)	
Mobile telecommunications services	77,517	79,670	2,152	2.8 %
Mobile telecommunications services (LTE(Xi))	53,834	59,897	6,064	11.3
Mobile telecommunications services (FOMA)	23,684	19,772	(3,911)	(16.5)
“docomo Hikari” optical broadband service	5,545	6,329	785	14.1

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

<Number of units sold>

	Thousand units			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)	
Number of units sold	17,765	16,981	(784)	(4.4)%
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription* ¹	6,963	7,332	368	5.3
Change of subscription* ¹ from FOMA	2,119	2,126	8	0.4
LTE(Xi) handset upgrade* ¹ by LTE(Xi) subscribers* ⁴	7,568	6,885	(684)	(9.0)
Mobile telecommunications services (FOMA)				
New FOMA subscription* ¹	732	422	(309)	(42.3)
Change of subscription* ¹ from LTE(Xi)	17	19	1	7.8
FOMA handset upgrade* ¹ by FOMA subscribers* ⁴	366	197	(169)	(46.1)
Churn rate* ²	0.55%	0.54%	(0.02)point	–
Handset churn rate* ³	0.45%	0.43%	(0.02)point	–

*1: New subscriptions (including mobile line subscriptions of MVNOs and Communication Module subscriptions)
Change of subscription (including Communication Module subscriptions)
Handset upgrade (including Communication Module subscriptions)

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

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

*4: Number of handset upgrade for the nine months ended December 31, 2018 does not include “DOCOMO rental service for business.”

<Trend of ARPU and MOU>

	Yen		Increase	
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	(Decrease)	
Aggregate ARPU	¥ 4,820	¥ 4,740	¥ (80)	(1.7) %
Mobile ARPU	4,390	4,240	(150)	(3.4)
“docomo Hikari” ARPU	430	500	70	16.3
MOU (minutes)	135	133	(2)	(1.5)

Notes:

1. Definition of ARPU and MOU

a. ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure the average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users of our wireless services in the relevant periods, as shown below under “ARPU Calculation Method.” We believe that our ARPU figures provide useful information to analyze the average usage per user and the impacts of changes in our billing arrangements.

b. MOU (Minutes of Use):

Average monthly communication time per user

2. ARPU Calculation Methods

Aggregate ARPU = Mobile ARPU + “docomo Hikari” ARPU

- Mobile ARPU : Mobile ARPU Related Revenues (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				
	Nine Months Ended December 31, 2018		Nine Months Ended December 31, 2019		Increase (Decrease)
Operating revenues from smart life business	¥	337.6	¥	397.5	¥ 59.9 17.7 %
Operating profit (loss) from smart life business		59.8		47.7	(12.1) (20.2)

Operating revenues from the smart life business for the nine months ended December 31, 2019 were ¥397.5 billion, an increase of ¥59.9 billion, or 17.7%, from ¥337.6 billion for the same period of the previous fiscal year. This was mainly due to an increase in revenues attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in revenues from our finance/payment services and other services.

Operating expenses from the smart life business were ¥349.8 billion, an increase of ¥72.0 billion, or 25.9%, from ¥277.8 billion for the same period of the previous fiscal year. This was mainly due to an increase in expenses attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in expenses associated with the increase in revenues from our finance/payment services.

As a result, operating profit from the smart life business was ¥47.7 billion, a decrease of ¥12.1 billion, or 20.2%, from ¥59.8 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In October 2019, in a joint effort with Tokyo Metro Co. Ltd., we introduced our multi-language translation application, “Hanashite Hon’yaku,” to all stations* of Tokyo METRO subway lines so it can be used for guidance to foreigners visiting Japan. The “Hanashite Hon’yaku” service, which is compatible with 12 different languages, can deliver smooth guidance to travelers from overseas by pre-registering region-specific guidance and other frequently-used information as template data. We are committed to making ongoing efforts to offer high-quality services to foreign travelers visiting Japan.

*: Excluding certain stations whose management is outsourced to third parties.

- In November 2019, we entered into an agreement with Saitama Railway Corporation, BiZright Technology Inc. and LIVE BOARD, Inc. to use the “Dynamic Vehicle Screen” digital signage^{*1} system for railway cars to promote world’s first^{*2} dynamic Digital Out Of Home (hereinafter DOOH^{*3}) business for railway vehicles that can dynamically change the display content or advertisements in real time reflecting the changes in environment. Through this collaborative initiative, we aim to realize effective and efficient operation of transport advertisements and provide useful information to customers of railway service, thereby enhancing the area value and the convenience of residents along the railway routes.

*1: Advertisement media delivered through the use of display equipment and digital technologies.

*2: As of November 10, 2019 (according to survey conducted by BiZright Technology.)

*3: Advertisement media that use digital signage installed on transportation/outdoor advertisements or retail outlets, etc.

- We continued to expand the network of shops participating in our “d POINT” loyalty point program, and the number of overseas participating shops exceeded 100 in December 2019. We also added the “Family Mart” convenience stores operated by FamilyMart Co., Ltd. and the “Premium Outlet” shopping malls operated by MITSUBISHI ESTATE-SIMON CO., Ltd. to our participating shops. As a result of these undertakings, the total number of partners participating in the “d POINT” program grew to 686 as of December 31, 2019.
- The total members* of “d CARD” credit card service grew to 12.47 million as of December 31, 2019, up 1.39 million from the number a year ago. Of these, the total members of “d CARD GOLD” grew to 6.40 million as of December 31, 2019, posting an increase of 1.50 million in the last twelve months. The total amount of transactions processed through our finance/payment services reached ¥3,818.7 billion for the nine

months ended December 31, 2019, an increase of ¥959.4 billion from the same period of the previous fiscal year. Of these, the total amount of transactions* processed with “d CARD” reached ¥2,994.0 billion for the nine months ended December 31, 2019, recording an increase of ¥698.3 billion from the same period of the previous fiscal year.

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

- In November 2019, as part of a functional upgrade to our “d Payment” smartphone payment service, we newly added the “d Payment mini app” function, which enables customers to access and use the various smartphone services offered by merchants supporting “d Payment” within the “d Payment” app. In addition, “d Payment” was introduced at the “7-Eleven” convenience stores operated by SEVEN-ELEVEN JAPAN CO., LTD., and the “Furusato Choice” online stores operated by TRUSTBANK, Inc. The total number of “d Payment” users*^{1*2} grew to 21.98 million as of December 31, 2019, an increase of 11.43 million from the same period of the previous fiscal year. The total amount of transactions*^{1*3} processed through “d Payment” reached ¥259.5 billion for the nine months ended December 31, 2019, an increase of ¥180.8 billion from the same period of the previous fiscal year.

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

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

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

Other businesses—

<Results of operations>

	Billions of yen			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019		Increase (Decrease)
Operating revenues from other businesses	¥ 328.9	¥	335.2	¥ 6.3 1.9%
Operating profit (loss) from other businesses	75.0		88.7	13.8 18.4

Operating revenues from the other businesses for the nine months ended December 31, 2019 amounted to ¥335.2 billion, an increase of ¥6.3 billion, or 1.9%, from ¥328.9 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 ¥246.5 billion, a decrease of ¥7.4 billion, or 2.9%, from ¥253.9 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 ¥88.7 billion, an increase of ¥13.8 billion, or 18.4%, from ¥75.0 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In October 2019, we started offering a cloud-based telephone solution that connects conventional telephone systems (e.g., fixed line phones, extension phones) to “Microsoft Teams” of “Office 365” cloud services offered by Microsoft Japan Co., Ltd. The solution enables users to place and receive outbound/inbound calls using their office phone number with their personal computers, smartphones or tablet devices from any location, which is expected to change their workstyle and bring about productivity improvement.
- In December 2019, we unified the contents of initial device set-up support that we provide across all docomo Shops so that we provide free support for customers who purchase new handsets at docomo Shops and want to receive the support for their initial device set-up and data transfer.
- In November 2019, we and TOMY COMPANY, LTD. entered into a business alliance agreement and launched a joint project for “embod” a programming education service that enables students to experience the basics of electronic handicraft and manufacturing as well as visual programming* using tablets, etc. by freely assembling robots made of cardboard.

*: A method of programming by combining pictures and figures.

- In December 2019, we launched the “docomo AI Agent API Partner Program^{*1*2}”. Under this program, we provide sales and business support to partner companies to whom we supply solutions that use our dialogue-type AI service, “docomo AI Agent API.” Through this program, we will strive to contribute to creating and expanding the businesses of our partners to whom we supply solutions through “docomo AI Agent API,” so we can deliver new value and improved convenience to customers.

*1: Abbreviation for Application Programming Interface.

*2: NTT Group’s AI technology, “corevo,” is adopted.

- In December 2019, we launched the “OMNIedge” IoT service for manufacturers jointly with THK CO., LTD., Cisco Systems G.K and Itochu Techno-Solutions Corporation. The service, which combines the technical prowess owned by each company, enables predictive detection of equipment failure by performing an analysis on the state information of machine components obtained through our LTE network after converting it into numerical data. Each company will continue their undertakings toward the goal of

achieving sustained productivity improvement on the production floor.

- The total number of subscriptions to “Anshin Pack Mobile^{*}” which provides various services such as “Mobile Device Protection Service” in packages so that customers can use smartphones safely and securely, reached 21.19 million as of December 31, 2019.

*: In July 2019, we renamed “Anshin Pack” into “Anshin Pack Mobile.” Accordingly, “Anshin Pack” is the name of the service that includes not only “Anshin Pack Mobile” but also “Anshin Pack Home,” a new service that was introduced to support digital device used in the home.

(2) Actions for Realizing a Sustainable Society

We are promoting ESG^{*1}management and contributing to sustained social development through our twin pillars: (i)“Innovative docomo” to solve various social issues through the provision of “new value”, and (ii) “Responsible docomo” to create a corporate constitution that satisfies our corporate social responsibility and earns the trust of customers. We are also aiming to contribute to SDGs.^{*2}

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, identifying eight priority areas that we need to address to fulfill our social responsibility and defining concrete medium-terms objectives and KPIs for each area.

*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 nine months ended December 31, 2019 are summarized below:

- We implemented various measures to assist customers living in the areas where the Disaster Relief Act was applied in relation to the “Typhoon No. 15 of 2019,” including the free provision of battery chargers and other devices, partial waiver of repair fees as well as the activation of “Disaster Data Unlimited Mode,” which allows customers to use mobile phones and other devices at high data speeds without any speed restrictions even after they run out of their monthly data allowances. We also established a charity web site to support the people and communities affected by the disaster and collected donations using the “docomo kouza” accounts and “d POINTs.” In addition to furnishing our base stations with uninterruptible power supply and 24-hour batteries as part of our disaster preparedness measures which we have been implementing since peacetime, we dispatched satellite mobile base station vehicles and mobile power supply vehicles to the disaster-stricken areas to minimize the impact on our communication services. Furthermore, we offered mobile phone charging service in affected areas using the storage batteries, which we completed installing in all docomo shops across Japan in June 2019, and rented out mobile devices to Self Defense Forces and local governments. We mobilized a maximum of approximately 2,000 people per day to realize early recovery of our communication services and to assist the stricken areas.
- In November 2019, we commenced a farming-support platform, “Hatake Assist,” that can handle not only soil culture but also hydroponics and aquaculture and enables easy management of the field conditions and growth state of crops. In this system, the data collected from the sensors installed in the field via access points are stored in our cloud, which can be confirmed and managed easily from smartphones or other devices, thereby boosting the efficiency of various management costs incurred in farm work. We will strive toward further advancement of Japan’s agriculture through our continued engagement in agricultural IoT businesses.
- We, together with Kyoto University, developed the world’s first artificial intelligence-based system for inspecting bridges based on vehicle weights and structural deflection estimated from video footage (“the technology”) and started its verification trial from December 2019. Using the technology, we will aim to establish a low-cost and easy-to-operate bridge inspection processes to promote the inspection, early repair and life span extension of old infrastructure with the view to build a society where everyone can live with a peace of mind.
- In December 2019, as part of a specific initiative based on the “NTT DOCOMO Personal Data Charter,” we revised “NTT DOCOMO Privacy Policy” (“the Policy”), which sets forth the Company’s guidelines as to how customers’ personal data^{*1} should be handled. With the recent revision, we has integrated the policies

previously established for each business field into one single policy, and without making any modifications to the scope of personal data that we handle, we changed the composition and expressions so that customers can more easily understand for what purpose their personal data are used. We also started the provision of a content service dubbed “Understand by Knowing! DOCOMO's Use of Personal Data” that explains how personal data is handled at DOCOMO, as well as a new feature called “Personal Data Dashboard,” which allows customers to confirm major items, set and change*² the details of their own consent pertaining to the handling of personal data within a certain range. Going forward, we will endeavor to “continually provide new value to customers and society through the use of data” and realize “optimal privacy protection.”

*1: This includes not only “personal information” as defined in the Personal Data Protection Act, but also “personal data that can be identified by device, browser ID, etc.”

*2: The contents of agreement required for the provision of services cannot be set or changed.

- 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 6,500 sessions with a cumulative participation of approximately 1.27 million people during the nine months ended December 31, 2019.

(3) Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)	
Total capital expenditures	¥ 389.5	¥ 338.1	¥ (51.4)	(13.2)%
Telecommunications business	367.7	312.4	(55.4)	(15.1)
Smart life business	11.9	15.6	3.7	30.9
Other businesses	9.8	10.1	0.3	3.3

Notes:

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

Capital expenditures for the nine months ended December 31, 2019 decreased by 13.2% to ¥338.1 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				
	December 31, 2018	December 31, 2019	Increase (Decrease)		(Reference) March 31, 2019
Total assets	¥ 7,718.0	¥ 7,387.6	¥ (330.4)	(4.3)%	¥ 7,340.5
Equity attributable to shareholders of NTT DOCOMO, INC.	5,302.1	5,359.1	57.1	1.1	5,371.9
Liabilities	2,387.2	2,007.4	(379.8)	(15.9)	1,946.4
Including: Interest bearing liabilities	51.4	80.0	28.6	55.6	50.0
Shareholders' equity ratio (1) (%)	68.7%	72.5%	3.8point	-	73.2%
Debt to Equity ratio (2) (multiple)	0.010	0.015	0.005	-	0.009

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

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

(5) Cash Flow Conditions

	Billions of yen			
	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Increase (Decrease)	
Net cash provided by operating activities	¥ 835.6	¥ 801.3	¥ (34.3)	(4.1)%
Net cash used in investing activities	(148.7)	(246.8)	(98.1)	(66.0)
Net cash used in financing activities	(494.7)	(616.7)	(122.0)	(24.7)
Free cash flows (1)	686.9	554.5	(132.4)	(19.3)
Changes in investments for cash management purposes	300.1	69.7	(230.4)	(76.8)
Free cash flows excluding changes in investments for cash management purposes (2)	386.8	484.8	97.9	25.3
Free cash flows excluding impact of the application of IFRS 16 (3)	386.8	414.3	27.4	7.1

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 fiscal year ending March 31, 2020.

For the nine months ended December 31, 2019, net cash provided by operating activities was ¥801.3 billion, a decrease of ¥34.3 billion, or 4.1%, 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 used in investing activities was ¥246.8 billion, an increase of ¥98.1 billion, or 66.0%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash inflows for proceeds from redemption of short term investments. This decrease in cash inflows exceeded a decrease in cash outflows for purchases of short term investments and an increase in cash inflows for proceeds from sales of non-current investments including the transfer of shares of Sumitomo Mitsui Card Company, Limited.

Net cash used in financing activities was ¥616.7 billion, an increase of ¥122.0 billion, or 24.7%, from the same period of the previous fiscal year. This was mainly due to an increase in cash outflows for purchase of treasury stock and an increase in cash outflows for payment of lease liabilities. This increase in cash outflows exceeded a decrease in cash outflows for repayment of long-term debt.

As a result of the foregoing, the balance of cash and cash equivalents was ¥157.8 billion as of December 31, 2019, a decrease of ¥62.2 billion, or 28.3%, 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 nine months ended December 31, 2019 and no new additional issues arose during the period.

(7) Research and Development

Our research and development expenses for the nine months ended December 31, 2019 were ¥66.3 billion.

3. Material Contracts

There were no material contracts relating to our operations that were agreed upon or entered into during the third quarter ended December 31, 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 December 31, 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 December 31, 2019 (shares)	Number of Shares Issued as of the Filing Date (shares) (February 5, 2020)	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)
October 1, 2019 – December 31, 2019	—	3,335,231,094	—	949,679	—	292,385

(5) Major Shareholders

Not applicable for the three months ended December 31, 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 the preceding reference date for the three months ended September 30, 2019, as the register of shareholders as of December 31, 2019 cannot be confirmed.

(a) Issued Shares

As of September 30, 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) 47,712,000 shares of common stock	—	—
Shares with Full Voting Rights (others)	3,287,428,500 shares of common stock	32,874,285	—
Shares Representing Less than One Unit	90,594 shares of common stock	—	—
Number of Issued Shares	3,335,231,094 shares of common stock	—	—
Total Number of Voting Rights	—	32,874,285	—

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

(b) Treasury Stock

As of September 30, 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	47,712,000	—	47,712,000	1.43%
Total	—	47,712,000	—	47,712,000	1.43%

Note: Number of shares held under own name was 70,798,700 as of December 31, 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 third quarter ended December 31, 2019 (from October 1, 2019 to December 31, 2019) and the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	December 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents		¥ 219,963	¥ 157,781
Trade and other receivables	11	2,128,156	2,263,118
Other financial assets	11	70,933	1,099
Inventories		178,340	133,458
Other current assets		91,308	77,038
Subtotal		2,688,699	2,632,494
Asset held for sale	6	234,160	—
Total current assets		2,922,859	2,632,494
Non-current assets:			
Property, plant and equipment	7	2,623,789	2,603,835
Right-of-use assets	3	—	258,659
Goodwill		33,177	30,830
Intangible assets		608,513	619,023
Investments accounted for using the equity method		151,741	151,731
Securities and other financial assets	11	439,742	512,329
Contract costs		297,733	304,899
Deferred tax assets		150,725	145,679
Other non-current assets		112,267	128,170
Total non-current assets		4,417,687	4,755,155
Total assets		¥ 7,340,546	¥ 7,387,649

Notes	Millions of yen	
	March 31, 2019	December 31, 2019
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ —	¥ 30,000
Trade and other payables	1,058,007	911,604
Lease liabilities 3	—	69,884
Other financial liabilities 11	10,495	13,075
Accrued income taxes	166,503	106,023
Contract liabilities	211,752	216,634
Provisions	29,086	22,055
Other current liabilities	150,805	110,691
Total current liabilities	1,626,647	1,479,964
Non-current liabilities:		
Long-term debt	50,000	50,000
Lease liabilities 3	—	181,143
Other financial liabilities 11	9,310	—
Defined benefit liabilities	207,425	217,755
Contract liabilities	37,054	33,934
Provisions	7,845	8,088
Other non-current liabilities	8,140	36,547
Total non-current liabilities	319,775	527,467
Total liabilities	1,946,422	2,007,431
Equity:		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock 8	949,680	949,680
Additional paid-in capital 8	169,083	155,630
Retained earnings 8	4,160,495	4,390,734
Treasury stock 8	(0)	(190,690)
Other components of equity 8	92,595	53,791
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,371,853	5,359,145
Noncontrolling interests	22,271	21,073
Total equity	5,394,124	5,380,217
Total liabilities and equity	¥ 7,340,546	¥ 7,387,649

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

Nine months ended December 31, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating revenues:	5,10		
Telecommunications services		¥ 2,357,777	¥ 2,327,189
Equipment sales		650,096	488,774
Other operating revenues		646,243	700,074
Total operating revenues		3,654,116	3,516,037
Operating expenses:			
Personnel expenses		217,872	218,683
Cost of equipment sold and services, and other expenses		1,826,680	1,721,455
Depreciation and amortization		348,596	430,947
Communication network charges		321,015	322,978
Loss on disposal of property, plant and equipment and intangible assets		37,930	32,404
Impairment Loss		—	1,719
Total operating expenses		2,752,093	2,728,186
Operating profit	5	902,023	787,851
Finance income		5,392	10,626
Finance costs		2,579	5,174
Share of profits (losses) on equity method investments		6,800	3,130
Profit before taxes		911,635	796,434
Income taxes		302,228	252,185
Profit		¥ 609,408	¥ 544,248
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		607,551	542,313
Noncontrolling interests		1,857	1,935
Profit		¥ 609,408	¥ 544,248
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 169.08	¥ 164.26

Nine months ended December 31, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	¥ 609,408	¥ 544,248
Other comprehensive income (net of taxes):		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	8,003	14,209
Share of other comprehensive income of investments accounted for using the equity method	(3,832)	(620)
Total of items that will not be reclassified to profit or loss	4,171	13,589
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(9,363)	(731)
Share of other comprehensive income of investments accounted for using the equity method	41	(33)
Total of items that may be reclassified subsequently to profit or loss	(9,321)	(764)
Total other comprehensive income (net of taxes)	(5,150)	12,825
Total comprehensive income	¥ 604,258	¥ 557,073
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	602,232	555,103
Noncontrolling interests	2,026	1,970
Total comprehensive income	¥ 604,258	¥ 557,073

Three months ended December 31, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Three months ended December 31, 2018	Three months ended December 31, 2019
Operating revenues:	5,10		
Telecommunications services		¥ 785,876	¥ 768,517
Equipment sales		259,704	171,009
Other operating revenues		219,014	246,508
Total operating revenues		1,264,595	1,186,034
Operating expenses:			
Personnel expenses		72,614	73,700
Cost of equipment sold and services, and other expenses		658,188	594,142
Depreciation and amortization		117,058	145,961
Communication network charges		110,942	110,401
Loss on disposal of property, plant and equipment and intangible assets		14,294	12,519
Impairment Loss		—	1,719
Total operating expenses		973,096	938,442
Operating profit	5	291,499	247,592
Finance income		701	1,059
Finance costs		1,136	1,264
Share of profits (losses) on equity method investments		(564)	474
Profit before taxes		290,500	247,862
Income taxes		89,352	77,248
Profit		¥ 201,147	¥ 170,614
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		200,495	169,961
Noncontrolling interests		653	652
Profit		¥ 201,147	¥ 170,614
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 55.80	¥ 51.90

Three months ended December 31, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit	¥ 201,147	¥ 170,614
Other comprehensive income (net of taxes):		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	(5,410)	15,346
Share of other comprehensive income of investments accounted for using the equity method	294	(41)
Total of items that will not be reclassified to profit or loss	(5,117)	15,305
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	472	(399)
Share of other comprehensive income of investments accounted for using the equity method	11	47
Total of items that may be reclassified subsequently to profit or loss	483	(352)
Total other comprehensive income (net of taxes)	(4,634)	14,953
Total comprehensive income	¥ 196,514	¥ 185,567
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	195,642	184,908
Noncontrolling interests	872	659
Total comprehensive income	¥ 196,514	¥ 185,567

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

Nine months ended December 31, 2018

	Millions of yen								
	Equity attributable to shareholders of NTT DOCOMO, INC.							Noncontrolling interests	Total equity
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
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				607,551			607,551	1,857	609,408
Other comprehensive income						(5,319)	(5,319)	169	(5,150)
Total comprehensive income		—	—	607,551	—	(5,319)	602,232	2,026	604,258
Dividends	9			(377,284)			(377,284)	(582)	(377,866)
Purchase and retirement of treasury stock	8				(0)		(0)		(0)
Changes in ownership interests without loss control			1				1	103	104
Transfer from other components of equity to retained earnings	8			7,104		(7,104)	—		—
Changes in equity corresponding to treasury stock to be purchased	8					(600,000)	(600,000)		(600,000)
Total transactions with shareholders		—	1	(370,181)	(0)	(607,103)	(977,284)	(479)	(977,763)
Balance as of December 31, 2018		¥ 949,680	¥ 153,116	¥ 5,148,409	¥ (448,403)	¥ (500,710)	¥ 5,302,091	¥ 28,668	¥ 5,330,759

Nine months ended December 31, 2019

	Millions of yen							
	Notes	Equity attributable to shareholders of NTT DOCOMO, INC.					Noncontrolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2019	¥ 949,680	¥ 169,083	¥ 4,160,495	¥ (0)	¥ 92,595	¥ 5,371,853	¥ 22,271	¥ 5,394,124
Profit			542,313			542,313	1,935	544,248
Other comprehensive income					12,789	12,789	35	12,825
Total comprehensive income		—	542,313	—	12,789	555,103	1,970	557,073
Dividends	9		(380,689)			(380,689)	(1,208)	(381,897)
Purchase of treasury stock	8			(190,689)		(190,689)		(190,689)
Changes due to business combinations under common control		(13,441)	17,154		(132)	3,580		3,580
Changes in ownership interests without loss of control		(13)				(13)	(1,935)	(1,947)
Changes in ownership interests with loss of control						—	(26)	(26)
Transfer from other components of equity to retained earnings	8		51,460		(51,460)	—		—
Total transactions with shareholders		—	(13,454)	(312,075)	(190,689)	(51,593)	(567,810)	(3,169)
Balance as of December 31, 2019	¥ 949,680	¥ 155,630	¥ 4,390,734	¥ (190,690)	¥ 53,791	¥ 5,359,145	¥ 21,073	¥ 5,380,217

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

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

	Millions of yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities:		
Profit	¥ 609,408	¥ 544,248
Reconciliation of profit and net cash provided by operating activities:		
Depreciation and amortization	348,596	430,947
Impairment loss	—	1,719
Finance income	(5,392)	(10,626)
Finance costs	2,579	5,174
Interest income included in operating revenues	(16,898)	(20,006)
Share of (profits) losses on equity method investments	(6,800)	(3,130)
Income taxes	302,228	252,185
(Increase) decrease in inventories	(43,517)	45,158
(Increase) decrease in trade and other receivables	(121,944)	(116,088)
Increase (decrease) in trade and other payables	30,636	(59,781)
Increase (decrease) in contract liabilities	20,404	1,428
Increase (decrease) in defined benefit liabilities	7,470	9,738
Other, net	(24,127)	2,999
Subtotal	1,102,642	1,083,966
Dividends received	15,019	11,684
Interests received	16,752	20,613
Interests paid	(1,569)	(1,219)
Income taxes paid and refund	(297,261)	(313,729)
Net cash provided by operating activities	835,584	801,314
Cash flows from investing activities:		
Purchases of property, plant and equipment	(292,628)	(293,539)
Purchases of intangible and other assets	(160,372)	(187,103)
Purchases of non-current investments	(14,123)	(70,761)
Proceeds from sales of non-current investments	16,615	244,548
Purchases of short term investments	(270,866)	(60,627)
Proceeds from redemption of short term investments	570,921	130,326
Acquisitions of control over subsidiaries	—	(17,099)
Other, net	1,763	7,423
Net cash used in investing activities	(148,690)	(246,832)
Cash flows from financing activities:		
Repayments of long-term debt	(110,026)	(2,800)
Proceeds of short term borrowing	200	28,015
Payments of lease liabilities (2018: Repayments of finance lease liabilities)	(914)	(72,170)
Payments to acquire treasury stock	—	(190,689)
Cash dividends paid	(377,067)	(380,500)
Cash dividends paid to noncontrolling interests	(582)	(1,208)
Other, net	(6,265)	2,652
Net cash used in financing activities	(494,654)	(616,700)
Effect of exchange rate changes on cash and cash equivalents	55	36
Net increase (decrease) in cash and cash equivalents	192,296	(62,183)
Cash and cash equivalents as of beginning of year	390,468	219,963
Cash and cash equivalents as of end of period	¥ 582,764	¥ 157,781

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 third quarter ended December 31, 2019 were approved on January 30, 2020 by the Board of Directors.

2. Basis of preparation

(1) Compliance with IFRS

The condensed consolidated financial statements of DOCOMO meet the requirements of the “Specified Companies Complying with Designated International Accounting Standards” under Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007), and thus were prepared in accordance with IAS 34 “Interim Financial Reporting,” pursuant to the provisions of Article 93 of the aforementioned Ordinance. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 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.

(4) Change in presentation

Regarding the condensed consolidated statement of cash flows for the nine months ended December 31, 2019, interests received as to credit card services in operating revenues, which had been included in subtotal in cash flows from operating activities have been represented in “Interests received” since its amount became significant. In order to reflect the change in presentation, regarding the condensed consolidated statement of cash flows for the nine months ended December 31, 2018, the amount which had been included in subtotal in cash flows from operating activities have been reclassified as “Interests received” of ¥16,373 million in cash flows from operating activities and “Interest income included in operating revenues” of ¥(16,898) million.

3. Significant accounting policies

The significant accounting policies applied to the condensed consolidated financial statements for the nine months ended December 31, 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 nine months ended December 31, 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 fiscal year ending March 31, 2020.

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 fiscal year ending March 31, 2020. The principal items recorded as right-of use assets include the fees for use of office, the rent for the land and building required for the installation of telecommunications facilities and the fees for use of transmission lines. The impact on the opening balance of retained earnings is little. In addition, the change in the accounting policy also mainly resulted in an increase of “Depreciation and amortization” by 70,797 million, while in a decrease of “Cost of equipment sold and services, and other expenses” by ¥52,790 million and “Communication network charges” by ¥18,109 million, respectively for the nine months ended December 31, 2019. Similarly, due to the classification of repayment of lease liabilities as cash flows from financing activities, cash flows from operating activities increased by ¥70,533 million, while cash flows from financing activities decreased by ¥70,533 million for the nine months ended December 31, 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 third quarter ended December 31, 2019, as well as the reported amounts of revenues and expenses during the nine months ended December 31, 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.

Certain services that had been included in the smart life business were reclassified to other businesses to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the nine months ended December 31, 2018 and the three months ended December 31, 2018 has been restated to conform, respectively, to the presentation for the nine months ended December 31, 2019 and the three months ended December 31, 2019.

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:

Nine Months Ended December 31	Millions of yen	
	2018	2019
Telecommunications business-		
External customers.....	¥ 3,004,148	¥ 2,804,239
Intersegment.....	1,100	1,619
Subtotal.....	3,005,248	2,805,858
Smart life business-		
External customers.....	325,891	381,905
Intersegment.....	11,725	15,609
Subtotal.....	337,616	397,514
Other businesses-		
External customers.....	324,077	329,893
Intersegment.....	4,833	5,356
Subtotal.....	328,910	335,249
Segment total.....	3,671,773	3,538,621
Elimination.....	(17,658)	(22,584)
Consolidated.....	¥ 3,654,116	¥ 3,516,037

Three Months Ended December 31	Millions of yen	
	2018	2019
Telecommunications business-		
External customers.....	¥ 1,044,068	¥ 934,099
Intersegment.....	340	635
Subtotal.....	1,044,408	934,734
Smart life business-		
External customers.....	111,191	138,617
Intersegment.....	4,062	5,741
Subtotal.....	115,252	144,358
Other businesses-		
External customers.....	109,336	113,318
Intersegment.....	1,135	1,817
Subtotal.....	110,471	115,135
Segment total.....	1,270,131	1,194,227
Elimination.....	(5,537)	(8,192)
Consolidated.....	¥ 1,264,595	¥ 1,186,034

Segment operating profit (loss):

	Millions of yen	
	2018	2019
Nine Months Ended December 31		
Segment operating profit (loss)-		
Telecommunications business.....	¥ 767,244	¥ 651,402
Smart life business.....	59,815	47,722
Other businesses.....	74,964	88,727
Operating profit.....	902,023	787,851
Finance income.....	5,392	10,626
Finance costs.....	2,579	5,174
Share of profits (losses) on equity method investments	6,800	3,130
Profit before taxes.....	¥ 911,635	¥ 796,434

	Millions of yen	
	2018	2019
Three Months Ended December 31		
Segment operating profit (loss)-		
Telecommunications business.....	¥ 242,701	¥ 205,666
Smart life business.....	22,064	13,000
Other businesses.....	26,734	28,926
Operating profit.....	291,499	247,592
Finance income.....	701	1,059
Finance costs.....	1,136	1,264
Share of profits (losses) on equity method investments	(564)	474
Profit before taxes.....	¥ 290,500	¥ 247,862

(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 third quarter ended December 31, 2019 are as follows:

	Millions of yen	
	March 31, 2019	December 31, 2019
Wireless telecommunications equipment	¥ 5,203,932	¥ 5,237,093
Buildings and structures	919,674	926,500
Tools, furniture and fixtures	466,045	483,605
Land	153,989	154,103
Construction in progress	194,935	189,400
Sub-total	6,938,574	6,990,702
Accumulated depreciation and amortization and accumulated impairment losses	(4,314,785)	(4,386,867)
Total property, plant and equipment, net	<u>¥ 2,623,789</u>	<u>¥ 2,603,835</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 December 31, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	—	(447,067,906)
Balance as of March 31, 2019	17,460,000,000	3,335,231,094
Changes during the period (Note 2)	—	—
Balance as of December 31, 2019	17,460,000,000	3,335,231,094

(Note 1) Issued shares at the end of the previous fiscal year, and the nine months ended December 31, 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	50
Retirement	—
Balance as of December 31, 2018	189,114,537
Purchase (Note 1)	257,953,502
Retirement	(447,067,906)
Balance as of March 31, 2019	133
Purchase (Note 1)	70,798,605
Retirement	—
Balance as of December 31, 2019	70,798,738

(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 70,798,600 shares of its common stock at ¥190,689 million until December 31, 2019. NTT DOCOMO, INC. also repurchased 9,522,900 shares of its common stock for a total purchase price of ¥29,310 million during January 2020.

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:

Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note1,2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Changes in equity corresponding to treasury stock to be purchased (Note3)	Total
Balance as of March 31, 2018	106,732	(348)	(4,042)	—	—	102,342
Cumulative impact of adopting IFRS 9 “Financial Instruments”	9,309	62	—	—	—	9,371
Balance as of April 1, 2018	116,041	(286)	(4,042)	—	—	111,713
Amount arising during the period	3,910	(34)	(9,184)	(11)	(600,000)	(605,318)
Reclassification to retained earnings	(7,115)	—	—	11	—	(7,104)
Balance as of December 31, 2018	112,837	(320)	(13,226)	—	(600,000)	(500,710)

Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2019	105,445	(359)	(12,491)	—	92,595
Amount arising during the period	13,807	(66)	(1,568)	(299)	11,873
Reclassification to profit or loss	—	—	916	—	916
Changes due to business combinations under common control	(132)	—	—	—	(132)
Reclassification to retained earnings	(51,760)	—	—	299	(51,460)
Balance as of December 31, 2019	67,360	(425)	(13,144)	—	53,791

Three months ended December 31, 2018 (October 1, 2018 to December 31, 2018)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Changes in equity corresponding to treasury stock to be purchased (Note3)	Total
Balance as of September 30, 2018	118,349	(314)	(13,689)	—	—	104,346
Amount arising during the period	(5,122)	(6)	463	(188)	(600,000)	(604,852)
Reclassification to retained earnings	(391)	—	—	188	—	(203)
Balance as of December 31, 2018	112,837	(320)	(13,226)	—	(600,000)	(500,710)

Three months ended December 31, 2019 (October 1, 2019 to December 31, 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 September 30, 2019	57,986	(418)	(12,796)	—	44,772
Amount arising during the period	15,349	(7)	(347)	(49)	14,946
Reclassification to retained earnings	(5,976)	—	—	49	(5,927)
Balance as of December 31, 2019	67,360	(425)	(13,144)	—	53,791

(Note 1) 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.

(Note 2) The balance of “Change in the fair value of financial assets measured at fair value through other comprehensive income” on December 31, 2018 and March 31, 2019 include amounts related to “Asset held for sale” under IFRS 5. For details, please refer to “Note 6. Asset held for sale.”

(Note 3) Since payment for treasury stock had not been completed on December 31, 2018, the obligation to purchase the treasury stock is recognized in “Other financial liabilities” with a corresponding debit to equity in “Other components of equity.”

9. Dividends

Cash dividends paid

Cash dividends paid during the nine months ended December 31, 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 board of directors on October 31, 2018	Shares of common stock of the Company	197,625	55	September 30, 2018	November 22, 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
The board of directors on October 29, 2019	Shares of common stock of the Company	197,251	60	September 30, 2019	November 26, 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."

The figures for the nine months ended December 31, 2018 and the three months ended December 31, 2018 have been restated to conform, respectively, to the presentation for the nine months ended December 31, 2019 and the three months ended December 31, 2019. The detail is disclosed in "Note 5. Segment reporting."

Nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	2,317,806	3,391	36,581	—	2,357,777
Mobile communications services revenues	2,110,243	3,391	34,137	—	2,147,771
Optical-fiber broadband service and other telecommunications services revenues	207,562	—	2,444	—	210,006
Equipment sales	649,033	45	1,018	—	650,096
Other operating revenues	38,409	334,180	291,311	(17,658)	646,243
Total	3,005,248	337,616	328,910	(17,658)	3,654,116

Nine months ended December 31, 2019 (April 1, 2019 – December 31, 2019) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	2,277,964	7,195	42,030	—	2,327,189
Mobile communications services revenues	2,037,047	2,770	39,107	—	2,078,924
Optical-fiber broadband service and other telecommunications services revenues	240,916	4,425	2,923	—	248,265
Equipment sales	486,842	82	1,850	—	488,774
Other operating revenues	41,052	390,236	291,369	(22,584)	700,074
Total	2,805,858	397,514	335,249	(22,584)	3,516,037

Three months ended December 31, 2018 (October 1, 2018 – December 31, 2018)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	772,140	1,087	12,649	—	785,876
Mobile communications services revenues	699,742	1,087	11,815	—	712,644
Optical-fiber broadband service and other telecommunications services revenues	72,398	—	835	—	73,233
Equipment sales	259,499	15	190	—	259,704
Other operating revenues	12,769	114,150	97,631	(5,537)	219,014
Total	1,044,408	115,252	110,471	(5,537)	1,264,595

Three months ended December 31, 2019 (October 1, 2019 – December 31, 2019)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	749,940	3,217	15,360	—	768,517
Mobile communications services revenues	666,426	865	14,361	—	681,652
Optical-fiber broadband service and other telecommunications services revenues	83,514	2,352	999	—	86,865
Equipment sales	170,229	24	756	—	171,009
Other operating revenues	14,565	141,116	99,019	(8,192)	246,508
Total	934,734	144,358	115,135	(8,192)	1,186,034

The cost of equipment sold stood at ¥634,142 million for the nine months ended December 31, 2018 and ¥505,584 million for the nine months ended December 31, 2019, ¥250,310 million for the three months ended December 31, 2018 and ¥180,774 million for the three months ended December 31, 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 December 31, 2019 are as follows. If the carrying amounts of financial assets or financial liabilities not measured at fair value are a reliable approximation of their fair values, information concerning the fair values of such items is not included in the following tables.

March 31, 2019

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

December 31, 2019

	Millions of yen				
	Carrying amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,092,292	¥ 1,092,292	¥ —	¥ 1,092,292	¥ —
Derivatives.....					
Foreign exchange forward contracts	6	6	—	6	—
Total Derivative	6	6	—	6	—
Investment trust.....	1,224	1,224	—	1,224	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	277,491	277,491	219,153	—	58,338
Total.....	¥ 1,371,014	¥ 1,371,014	¥ 219,153	¥ 1,093,523	¥ 58,338
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts	¥ 0	¥ 0	¥ —	¥ 0	¥ —
Total derivatives.....	0	0	—	0	—
Total.....	¥ 0	¥ 0	¥ —	¥ 0	¥ —

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

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 third quarter ended December 31, 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

At the end of the third quarter ended December 31, 2019, valuation technique used for measuring fair value of unlisted shares is mainly discounted cash flow method and significant unobservable input is discount rate.

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 January 2020, NTT DOCOMO, INC. repurchased its common stock. Related information is disclosed in “Note 8. Equity.”

2. Others

On October 29, 2019, the Board of Directors declared interim cash dividends of ¥197,251 million or ¥60 per share, payable to shareholders of record as of September 30, 2019 as below.

Total interim cash dividends (millions of yen)	197,251
Cash interim dividends per share (yen)	60
Date of payment	November 26, 2019

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

February 5, 2020

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 December 31, 2019, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three and nine-month periods 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 December 31, 2019, their financial performance for the three and nine-month periods then ended and cash flows for the six-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 fiscal year ending March 31, 2020. 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.