

Corporate Philosophy

To realize “the creation of a new world of communications culture,” DOCOMO will maximize the potential held by each individual to provide highly personalized communication solutions that truly satisfy customers.

The new of today, the norm of tomorrow



We create a new communication culture.

We satisfy our customers.

We fully utilize individual potential.

● Satisfying Customers

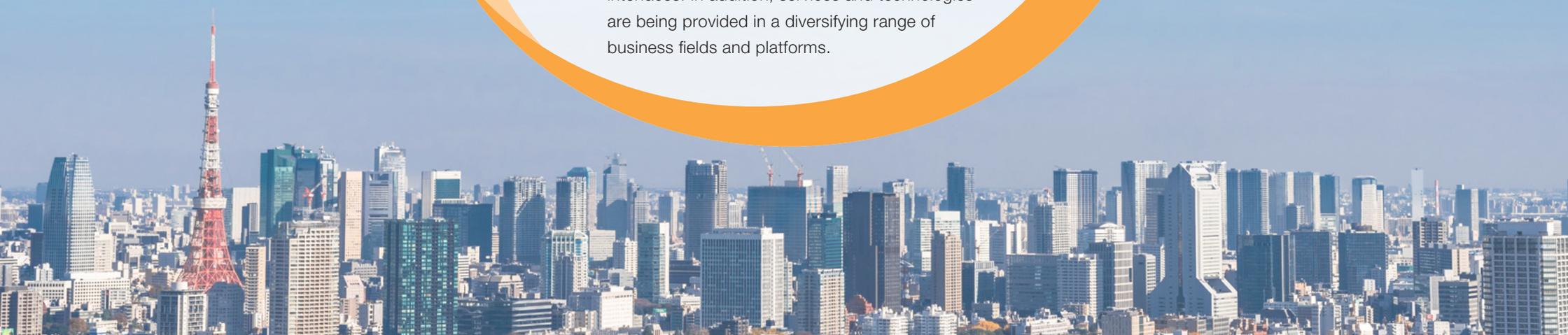
DOCOMO strives to fulfill the expectations of its customers through industry leadership in service quality, advanced networks, functionality and service area coverage. In addition, diversifying customer needs are being satisfied with an increasingly broad range of upgraded services at competitive rates.

● Creating a New Communication Culture

DOCOMO is working to deliver and strengthen these benefits by improving service quality, aggressively moving forward with the development of new services and researching and developing more user-friendly communications interfaces. In addition, services and technologies are being provided in a diversifying range of business fields and platforms.

● Utilizing Human Resources

DOCOMO empowers individuals to achieve their utmost capabilities and thereby discover new potential. The Company motivates employees not only by providing a dynamic workplace, but also by offering enlightened labor conditions and enhanced health and welfare benefits.



Overview of DOCOMO's Businesses

DOCOMO aims to "create a new world of communications culture" by providing telecommunications services that can be easily utilized anytime, anywhere and with peace of mind, and by developing diverse businesses in the smart life business and other businesses segment in support of affluent lifestyles.

Telecommunications Business

DOCOMO is the largest cellular network operator in Japan with a total subscription of 80.33 million, which represents 44.1% of all subscriptions to mobile telecommunications services in Japan. In addition, the churn rate has improved from the previous fiscal year and is being maintained at a low level. In this business, we provide "smooth telecommunications services that can be used anywhere, anytime and with peace of mind."

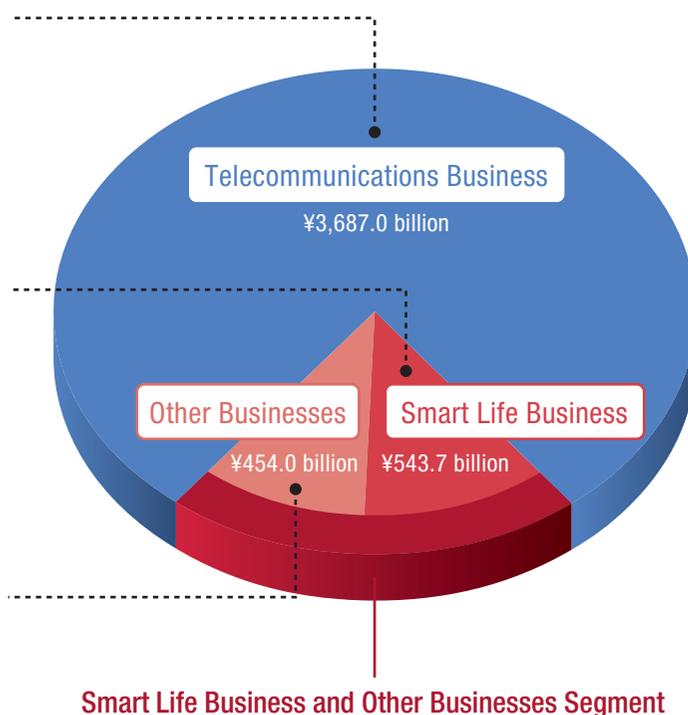
Smart Life Business

DOCOMO supports the daily lives of people through a variety of services that include entertainment with content such as video, music and e-books; finance/payment services such as credit card, barcode payment, insurance and investment; shopping; and healthcare.

Other Businesses

DOCOMO provides support to ensure that our products and services can be utilized easily and with peace of mind such as corporate solutions based on the Internet of Things (IoT) and other technology, Mobile Device Protection Service and Anshin Remote Support.

Operating Revenues by Segment (FY2019)



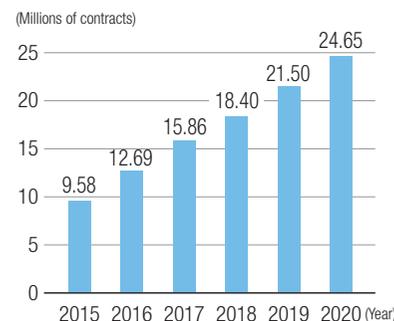
Environment Surrounding the Company

In Japan's mobile phone market, data usage has been increasing due to the expansion of smartphones, the availability of various rate plans for packet access tailored to customers' diverse requirements and the proliferation of high-speed data services. New markets, such as the smartphone content market, have expanded. Competition among mobile telecommunications service providers has intensified due to the government's strengthening of pro-competition policies, the expanded uptake of low-cost smartphone services by sub-brands and MVNOs, new entrants from different industries to enter the market and other factors.

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

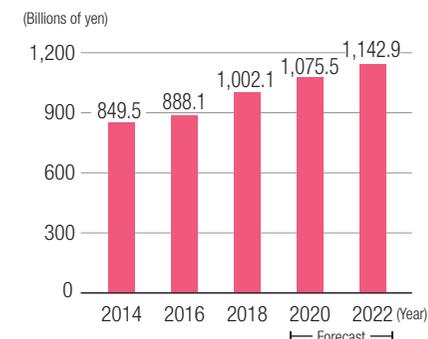
All of these companies are pursuing various initiatives aimed at future growth in non-telecommunications businesses as well, with a focus on providing loyalty point programs and enhancing finance/payment businesses. In accordance with such expansion of business domains, competition beyond the conventional boundaries of the telecommunications business is shifting into high gear with new competitors from different industries.

Number of Contracts for MVNO Services



Source: Ministry of Internal Affairs and Communications, Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2019 Q4 (End of March))

Results (Estimates) and Forecasts of Annual Minimum Points and Miles Issued in Japan

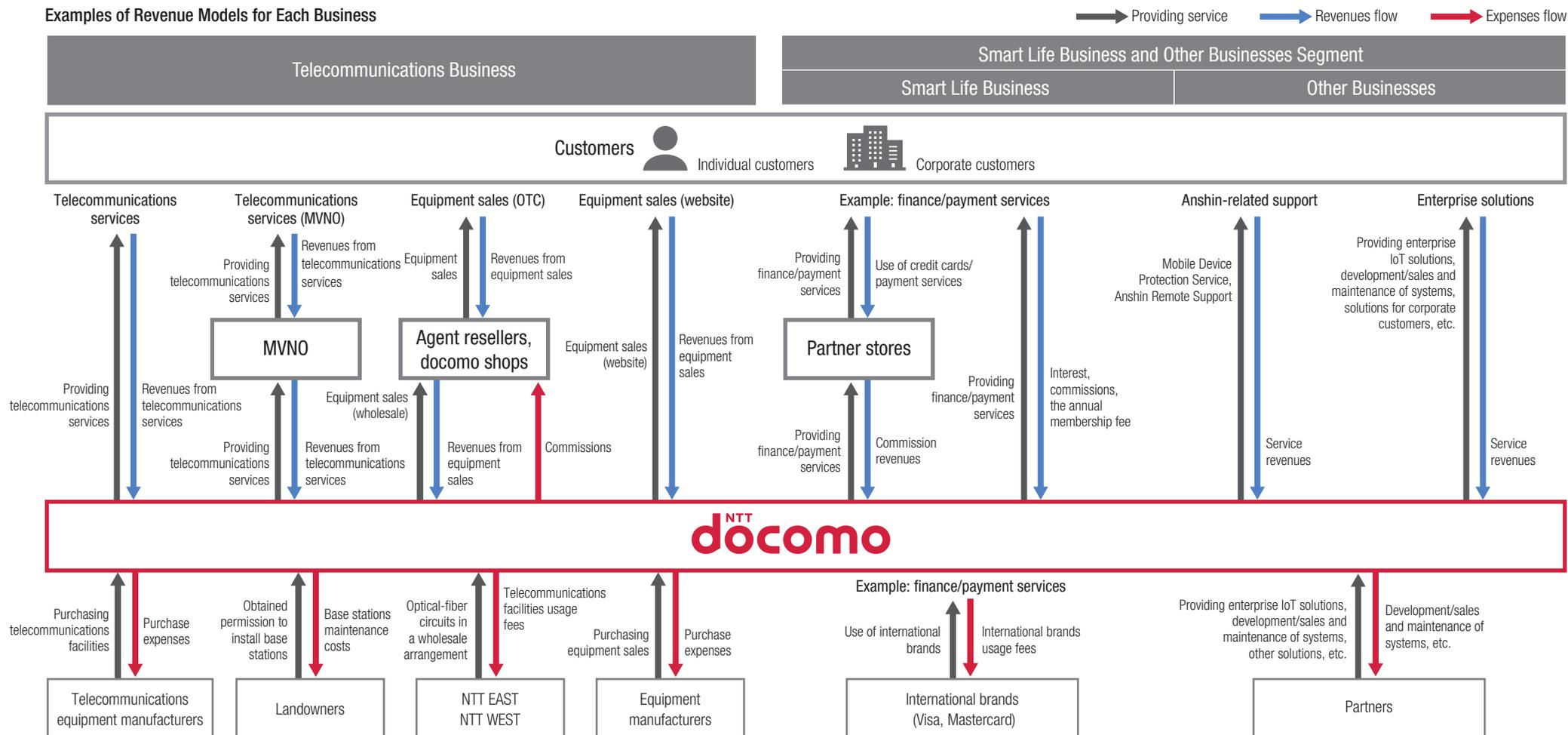


Source: Nomura Research Institute, Ltd. (2019)

DOCOMO's Revenue Model

In the telecommunications business, we earn stable revenues by providing mobile telecommunications services and other telecommunications services and equipment sales. To expand revenues, we provide other services and solutions in the smart life business and other businesses. Below are flow charts showing revenue models by businesses segment.

Examples of Revenue Models for Each Business



For details of each business model, refer to pages 21 and 22 of the Annual Securities Report (The 29th Fiscal Year).
https://www.nttdocomo.co.jp/english/corporate/ir/binary/pdf/library/report/fy2019/annual_securities_fy2019_e_revised.pdf

Looking at the Numbers at DOCOMO

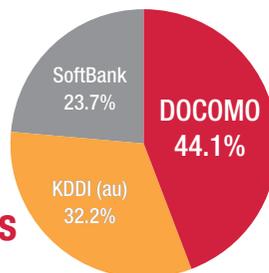


Number of Subscriptions to Mobile Telecommunications Services and Market Share (As of March 31, 2020)

No. 1 in domestic market share

Number of subscriptions

80.33 million subscriptions



Effective Network Speed ^{*1 *2 *3} (As of March 31, 2020)

Delivered Japan's fastest speed for both downloads and uploads

	Download	Upload
DOCOMO	229 Mbps	33 Mbps
SoftBank	136 Mbps	17 Mbps
KDDI (au)	123 Mbps	19 Mbps



Handset Churn Rate ^{*4 *5} (FY2019 Results)

Remaining at a low level

0.44% KDDI (au) 0.72%
SoftBank 0.96%



"d POINT CLUB" Members (FY2019 Results)

Among the largest numbers in Japan

75.09 million



Number of Patents (As of March 31, 2020)

Japan: **Approx. 3,900**
Overseas: **Approx. 7,600**



Enterprise Partners ^{*6} (FY2019 Results)

3,400



Transactions Handled by Finance/Payment Business (FY2019 Results)

¥5.3 trillion
FY2021 Target: ¥6 trillion



Total Research and Development Costs (FY2019 Results)

¥92.8 billion
Up 2.0% year on year

^{*1} Measurements were performed in accordance with the "Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers" set forth by the Ministry of Internal Affairs and Communications. Data of other carriers were derived from their respective corporate websites (as of March 31, 2020).
^{*2} The values in the graphs represent the aggregated measurement results for Android and iOS devices.
^{*3} For details concerning the measurement method, including the dates and locations of measurement, please see the materials published by each carrier.
^{*4} The expression "Japan's fastest" is based on the comparison of median values.
^{*5} Data from figures announced by each company.
^{*6} Handset churn rate indicates the combined churn rate for smartphones and feature phones.
^{*7} Number of DOCOMO 5G Open Partner Program partners.

DOCOMO's History

Established in 1992, DOCOMO has pursued the possibilities of mobile communications and responds to the needs of the times through innovations as a pioneering company and anticipates the next generation, thereby enhancing the future.

1992-1998

Establishing a foundation for a new communications culture as a pioneering mobile phone company

1999-2010

Launching "i-mode" service and creating new mobile frontiers

Changes over Time



Photo: KyodoNews

The 1990s, the time when the bubble economy burst, is also the time when the dissemination of mobile phones started. While mobile phones were a status symbol, used by corporate executives and wealthy individuals, there were many issues, such as service areas and communication quality. The word *kogyaru* (referring to young women and schoolgirls who wore school uniforms in the form of short skirts and loose socks) became a buzzword, and the number of subscribers to pagers, which created a *berutomo* (friends with whom one communicates by pager) boom, peaked.



While television was at the center of the media, mobile phones became increasingly popular. Following the launch of SMS, "moji (characters) communication culture," which uses pictorial symbols, rapidly became popular. After the arrival of smartphones, the volume of information handled by individuals expanded rapidly. With the expansion of high-speed Internet lines, video posting sites emerged, and individuals became able to disseminate information freely.

DOCOMO's History



mova series

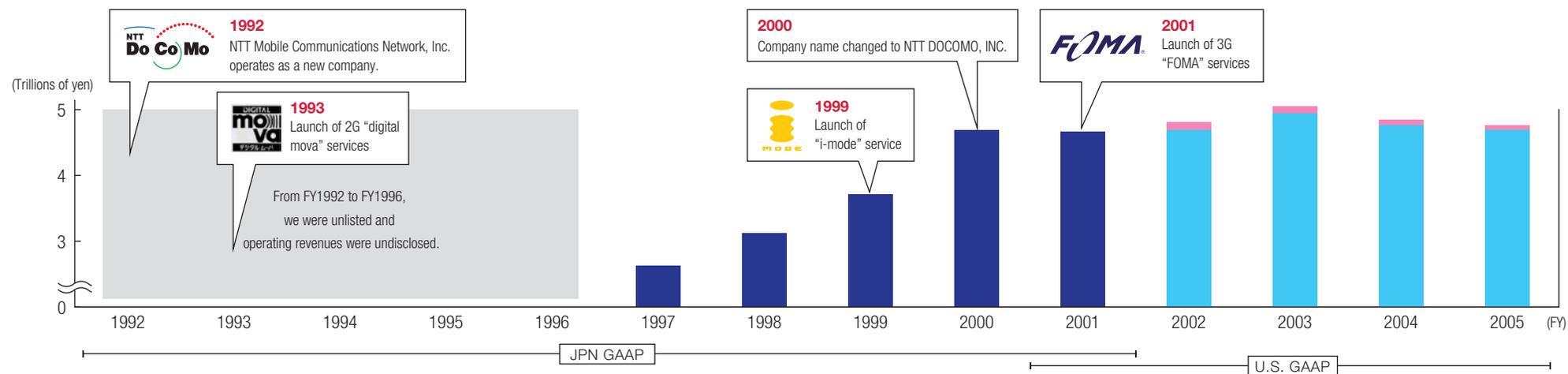
A small pocket-sized mobile phone appeared in 1991. It was called mova, which was a fruit of NTT's various technologies. Since then, DOCOMO has been expanding areas where users can communicate using mobile phones and promoting the digital system to allow many customers to use mobile phones more easily. DOCOMO contributes to expanding the market and making mobile phones popular.



"P506iC," Japan's first mobile phone with "Osai-fu-Keitai" (i-mode FeliCa) function

In 1999, the "i-mode" service started and attracted tremendous support as it enabled users to use and view content on the Internet via mobile phones. In 2001, DOCOMO launched "FOMA," the world's first 3G mobile communications service. Subsequently, DOCOMO provided mobile phones with a variety of functions, including a "camera," "Osai-fu-Keitai" (mobile wallet) and "One Seg" (one-segment broadcast). DOCOMO transformed the mobile phone into a device for customers' everyday lives and expanded the possibilities of mobile phones as part of the IT infrastructure.

Changes in Operating Revenues



1997-2001: Total operating revenues
2002-2013: Operating revenues from mobile phone business (blue), Operating revenues from all other businesses (pink)

DOCOMO's History

2011-2016

Enhancing customers' smart life to achieve rapid growth

2017-2020

Anticipating the future in 2020 and beyond for a world enriched by 5G

Changes over Time



Photo: KyodoNews

The national women's soccer team, Nadeshiko Japan, and the national rugby team showed amazing performances in international events. The Internet society became more mature. With the rapid penetration of smartphones and tablets, lifestyles changed significantly. Demand for large-volume data communications, including the transmission of videos and music, increased sharply following the launch of 4G. A variety of content was developed for smartphones, and the content available for multiple devices increased.



Photo: KyodoNews

While terms such as "shopping spree" and "instagrammable" became buzzwords in Japan, in the mobile telecommunications market the competitive environment is changing dramatically, reflecting the rise of MVNOs and the emergence of sub-brands of major carriers. With the revision of the Telecommunications Business Act and the deregulation of prohibited acts, the possibilities of alliances have expanded, and the phase is shifting from competing to gain customers simply by lowering prices to making a difference in service.

DOCOMO's History



DOCOMO's platform that supports smart life

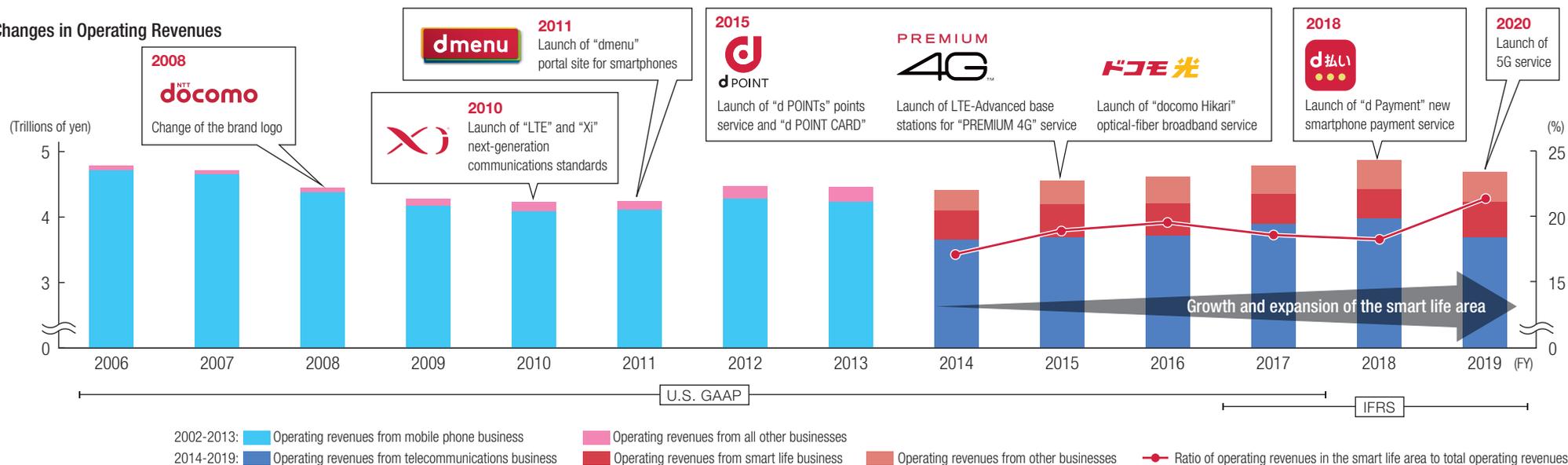
In 2011, we opened "dmarket," a market directly managed by DOCOMO for smartphones, and started to provide digital content. Subsequently, we expanded content to a variety of fields, including shopping, travel and education. While we pursued enhanced smart life for our customers, we also worked to create new value in cooperation with other industries and build a new business model.



5G services presentation

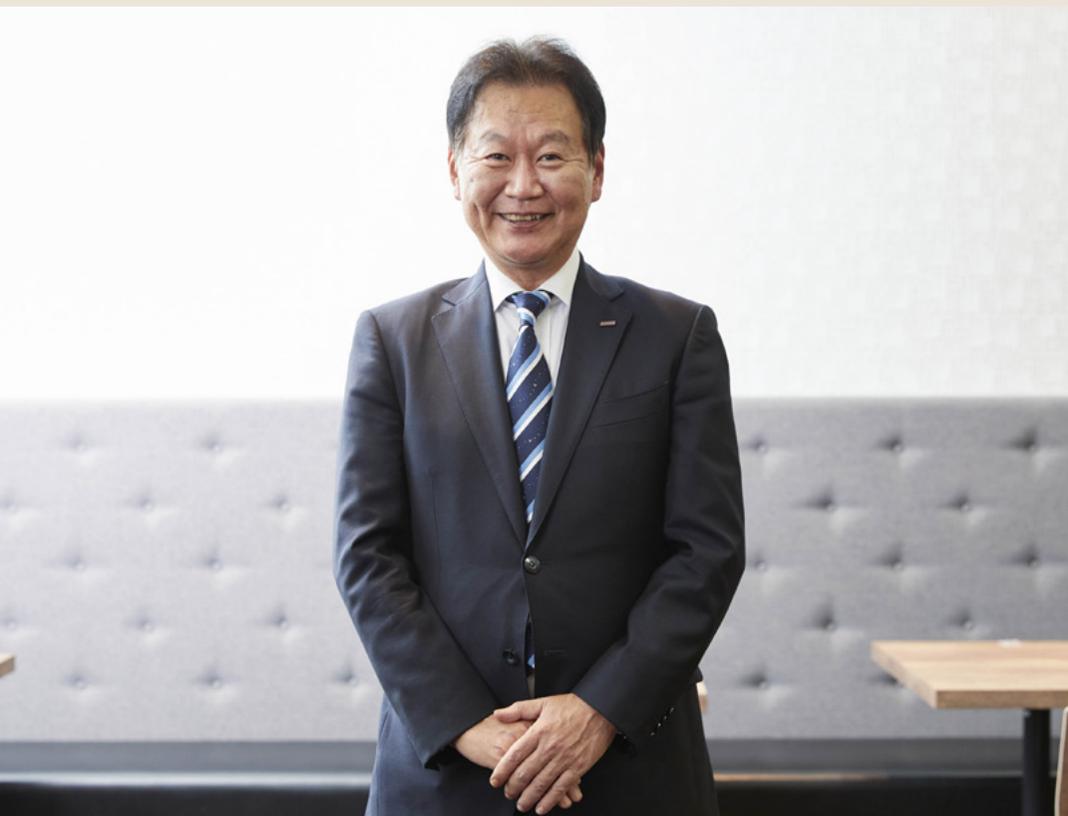
DOCOMO announced its medium-term strategy 2020, "Declaration beyond," in April 2017. We are aiming to become an "added value co-creation company" using "+d" to produce new industries through co-creation with a variety of partners. Since 2018, we have been endorsing a "transformation into a business foundation centered on our membership base." In March 2020, we launched 5G service. We imagine the future after 2020 and will provide wonder and excitement that will exceed customers' expectations.

Changes in Operating Revenues





Growth and Prospects of the Smart Life Business



Interview with the Executive General Manager of the Smart-life Business Division

Innovation in the Smart Life Business, Linking the “Present” and the “Future”

Kenichi Mori Executive Vice President and
Executive General Manager of Smart-life Business Division

New Challenge toward Sustainable Growth

Advancements in communication networks and devices have changed customers' needs for mobile telecommunications and have also been driving a significant change in the value which DOCOMO can offer to society. Since our founding in 1992, we have always remained loyal to our philosophy of “creating a new world of communications culture.” Even when we were still in the era of “car phones and shoulder phones,” we were certain that mobile telecommunications will bring about a new world of communications culture.

The world of communications has since evolved in line with advancements in communications technology. With the introduction of our “i-mode” service, mobile phones have become integral to all aspects of customers' everyday lives, expanding the business domain of telecommunications carriers as well.

DOCOMO showed its clear intention to proactively engage in the “smart life business” in its 2020 Vision (HEART – Pursuing Smart Innovation), for which I myself was deeply involved in the formulation. In this vision, we declared that we will both promote the advancement of mobile services and accelerate our efforts to create new value through the fusion of industries and services in order to realize an enriching smart life.

The era of feature phones was characterized by a vertically integrated business model, in which DOCOMO worked jointly with manufacturers to plan, manufacture and sell devices. Under this business model, we could attach added appeal, such as the “Osaifu-Keitai” (mobile wallet) service and camera functions, to our devices and differentiate ourselves from other companies. Smartphones, on the other hand, mainly use a globally common model, and the device itself is difficult to differentiate. Thus, we thought proactive advancement into non-telecommunications businesses was essential in achieving sustainable growth. We regarded such a shift as a chance to transform our business model, have quickly entered into the smart life business and have been offering a variety of services and digital content to customers.

In our smart life business, we aim to handle every customer transaction, both digital and real, and provide our services to all customers regardless of having or not having a DOCOMO mobile subscription. In migrating the “i-mode” service and related content to smartphones, we encountered a number of difficulties in terms of technology and collaboration with our partners. However, we remained confident about the future potential of the smart life business and had made consistent efforts to create a required infrastructure.

Growth and Prospects of the Smart Life Business

Expanding a New Business Ecosystem Connecting Customers and Partners

As mentioned earlier, the business ecosystem in the era of feature phones was fully based on a vertically integrated model, with the “i-mode” service linking everything from devices to services. This has changed with the times, and what we have drawn up in promoting the smart life business was a strategy to expand a new business ecosystem centered on our membership base with a focus on points services.

From earlier on, we had provided original points and credit card services. In 2015, we launched a new points service, “d POINTs,” and issued a “d POINT CARD” specifically for accumulating and using d POINTs. At the same time, we converted our “DCMX credit card” into “d CARD,” to which we added the functionality of the d POINT CARD. In our d POINTs program, customers can earn

points at “d POINTs” partner stores in addition to points conventionally given to mobile phone charges and can use their earned points at these stores or for DOCOMO's various services. The program is available for both DOCOMO users and non-DOCOMO users. Our “d Payment,” a new smartphone payment service launched in 2018, also allows customers to use d POINTs in their payment. We now have in place a system for many more customers to earn and use points on a daily basis.

As a result, the number of d POINT CLUB members increased 7% from 70.15 million in FY2018 to 75.09 million in FY2019, and the total d POINTs used also increased 23% from 162.7 billion points in FY2018 to 199.8 billion points in FY2019. Our program has steadily grown into one of the largest shared points programs in Japan.

Yet, we need to do more than just increasing the number of members. What is important is utilizing Big Data obtained through our business ecosystem to understand individual customers more deeply and pursue the most convenient, best-deal services for each of them. Under this belief, I intend to combine the assets of our partners with innovative ideas and create new things and experiences unique to DOCOMO.

Three Business Fields Fully Leveraging Our Strengths

In the smart life business, DOCOMO is currently focusing on the following three businesses.

● Evolution of Content/Lifestyle Services through 5G

Our content services had mainly focused on video distribution through services such as “dTV” and “d hits.” The use of 5G will allow us to offer new services that have never existed before. In the fields of “music/live,” “gaming,” “video” and “sports,” we already provide services that offer new live and sensory experiences, such as “Shintaikan Live Connect,” by combining elements only enabled by 5G such as 8KVR, Multi-angle and XR in an integrated manner.

The “content/lifestyle business” is expected to grow further as it can utilize the new 5G communications technology to respond to the needs in a world with a new normal. As seen in the growing popularity of live events without audiences, we foresee that services more thoroughly fusing reality and digital data will be a mainstream in the future. Amid this environment, DOCOMO will further refine its assets, including 5G, and combine them with assets of its partners to become a major online service provider in the new world.

● Finance/Payment Services as a Driver to Increase Revenue

Our finance/payment services include d CARD credit card, d Payment and Fintech services. On the back of the accelerated move toward cashless transactions, we expect revenue growth in line with an increase in the use of these services. Additionally, we will work to expand revenue further in the areas of Fintech, centered on “investment,” “financing” and “insurance,” by leveraging our membership base that aggregates various payment and usage data to provide services matched to the individual characteristics of each customer.

● Marketing Solutions to Expand Business Transactions

Our marketing solutions business utilizes our membership base, one of the largest in Japan, and earns revenue from companies through “d POINTs,” advertisements and customer relationship management (CRM). As greater importance is recently being attached to one-to-one marketing that delivers convenience and the best deals tailored to each customer, we think our marketing solutions are much needed by companies and have great potential for growth, and accordingly, will step up our efforts in this field.



Growth and Prospects of the Smart Life Business

Seeking to Create New Value Jointly with Partners

Our strengths derive from our solid customer and membership bases and co-creation initiatives with our partners. As an effort to strengthen our membership base further and expand DOCOMO's business ecosystem, we have recently been promoting co-creation initiatives with partners having members of their own, such as Mercari, Inc. and the Recruit Group. In co-creating win-win services with our partners, we need to increase human resources who can act in an environment that requires the generation of many ideas and suggestions, like jazz musicians improvising together, and exercise their abilities based on flexible thinking to reach a higher degree of perfection for the "music" they are playing. In order to secure human resources having different skills than those required in the past, we will proactively carry out recruitment, including mid-career recruiting, and nurture them while introducing know-how from outside.

In July 2020, we established the "Marketing Platform Division," a new division to push ahead with the evolution of our marketing platform that links customers, partners and DOCOMO. We have also reorganized the "Smart-life Business Division" to make full use of this evolved marketing platform

in strengthening our existing businesses and creating new businesses in a way to match the era of 5G. We have thereby set up a structure to further expand the entire smart life business.

Under the new organizational structure, we will instill the willingness to constantly take on new challenges within DOCOMO and seek greater growth.

World of "Seamless, Unconscious Comfort" Enabled by 5G

In 2020, we saw another "new world of communications culture" becoming a reality, driven

by a "remote" lifestyle, including telework and remote education, due to the spread of COVID-19. As digital transformation progresses in society, the need for a new, safer communications environment will grow. As such, we believe that our high-speed and stable communications infrastructure, robust security and services focused on individual customers, in which we take pride, will be increasingly needed by society.

Our ultimate goal is to create a world of "seamless, unconscious comfort." It is a world that delivers comfort customized for individual users, where their actions are assisted in a manner suited to each without their knowing it. At present, if we need information, we make a conscious

effort to open an app and look for it. In the future, information in society will be "transparent" and readily delivered to customers. They will receive needed information in a natural, unobtrusive way through their wearable and other devices and will be assisted before they are aware of it. That is the world we envision.

We do not yet know when such a world will be a reality. It might be 10 years from now or earlier. Either way, DOCOMO will work to ready ourselves to provide services unconsciously needed by users at the timing unconsciously wanted by them. In addition to the finance/payment and entertainment fields, we will also respond to digital transformation taking place in the healthcare, medical and various other industries, and help solve social issues such as a declining labor population and the increased need for remote education through co-creation with our partners, which is one of the strengths of DOCOMO.

Based on our stable telecommunication and robust security, we will embrace customers' daily lives with "seamless, unconscious comfort" and contribute to the solution of diverse social issues through value co-creation with partners. By doing so, we seek to remain the Company of first choice among our customers and partners, while bringing them joy for choosing DOCOMO.

