

Earnings Release

August 3, 2020

[IFRS] MEMBERSHIP

For the Three Months Ended June 30, 2020

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)
 Code No.: 9437
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section
 Representative: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
 Contact: Hideyuki Tsuchiya, Senior Manager, General Affairs Department / TEL +81-3-5156-1111
 Scheduled date for filing of quarterly report: August 7, 2020
 Scheduled date for dividend payment: —
 Supplemental material on quarterly results: Yes
 Presentation on quarterly results: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest 1 million yen.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit		Profit attributable to shareholders of NTT DOCOMO, INC.		Total comprehensive income	
Three months ended June 30, 2020	1,098,151	(5.3)%	280,536	0.7%	283,420	(0.7)%	195,520	1.5%	195,281	1.5%	218,952	13.8%
Three months ended June 30, 2019	1,159,285	(1.5)%	278,717	(10.1)%	285,380	(10.0)%	192,692	(12.0)%	192,307	(11.9)%	192,390	(13.1)%

(Percentages above represent changes compared to the corresponding period of the previous year)

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2020	60.48 (yen)	—
Three months ended June 30, 2019	57.76 (yen)	—

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total assets	Total equity	Equity attributable to shareholders of NTT DOCOMO, INC.	Ratio of Equity attributable to shareholders of NTT DOCOMO, INC. to total assets
June 30, 2020	7,321,836	5,296,705	5,275,170	72.0%
March 31, 2020	7,535,925	5,272,261	5,249,927	69.7%

2. Dividends

	Cash Dividends per Share (yen)				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year End	Total
Year ended March 31, 2020	—	60.00	—	60.00	120.00
Year ending March 31, 2021	—	—	—	—	—
Year ending March 31, 2021 (Forecasts)	—	62.50	—	62.50	125.00

(Note) Revisions to the forecasts of dividends: Yes

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit attributable to shareholders of NTT DOCOMO, INC.		Basic earnings per share
Year ending March 31, 2021	4,570,000	(1.8)%	880,000	2.9%	884,000	1.8%	605,000	2.2%	187.39 (yen)

(Note) Revisions to the forecasts of consolidated financial results: Yes

We did not disclose the prospects for the fiscal year ending March 31, 2021 in the Earnings Release for the Year Ended March 2020 released on April 28, 2020. However we will disclose the prospects for the fiscal year ending March 2021. Refer to "1. Prospects for the Fiscal Year ending March 31, 2021" in the attached document.

* Notes:

(1) Changes in significant subsidiaries:		None
(2) Changes in accounting policies and Estimate		
i. Changes in accounting policies required by IFRS:		None
ii. Other change in accounting policies:		None
iii. Changes in accounting estimates:		None
(3) Number of issued shares (common stock)		
i. Number of issued shares (inclusive of treasury stock):	As of June 30, 2020:	3,228,629,406 shares
	As of March 31, 2020:	3,335,231,094 shares
ii. Number of treasury stock:	As of June 30, 2020:	150 shares
	As of March 31, 2020:	106,601,838 shares
iii. Number of weighted average common shares outstanding:	For the three months ended June 30, 2020:	3,228,629,256 shares
	For the three months ended June 30, 2019:	3,329,162,693 shares

* This earnings release is not subject to the quarterly review by independent auditors.

* Explanation for forecasts of operations and other notes:

Forecast of results

All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information available as of the filing date of this document. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. With regard to various known and unknown risks, uncertainties and other factors, please see our latest Annual reports and Quarterly Securities Reports on our website.

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1. Prospects for the Fiscal Year Ending March 31, 2021

The prospects for the fiscal year ending March 31, 2021 were not disclosed due to the COVID-19 outbreak. However, we are able to assess the impact on our business and make a reasonable calculation, and disclose the forecast as follows.

	Billions of yen					
	Year ended March 31, 2020		Year ending March 31, 2021 (Forecasts)		Increase (Decrease)	
Operating revenues	¥	4,651.3	¥	4,570.0	¥	(81.3) (1.8) %
Operating profit		854.7		880.0		25.4 2.9
Profit before taxes		868.0		884.0		16.0 1.8
Profit attributable to shareholders of NTT DOCOMO, INC.		591.5		605.0		13.5 2.2
Free cash flows excluding changes in investments for cash management purposes		893.3		730.0		(163.3) (18.3)
EBITDA(Note)		1,376.7		1,410.0		33.3 2.4

Note: Beginning of the first quarter of the fiscal year ending March 31, 2021, depreciation and amortization of EBITDA components excludes all depreciation of right-of-use assets. As a result of retrospective adjustment as mentioned above, EBITDA in the previous fiscal year decreased by ¥2.4 billion.

The environment surrounding our businesses has changed significantly.

In Japanese telecommunications market, major changes in the market environment are expected due to the penetration of MVNOs and the sub-brands of MNOs, entry of new business operators, and the effect of the COVID-19.

Based on this market environment, our Group positions FY2020 as the “start year for growth in the new era,” and we will further strengthen our customer base and accelerate full-scale efforts for membership-based business operations and also contribute to the creation of new value and the resolution of social issues through 5G in the new post-COVID-19 society.

In addition, for medium-term growth, we will implement initiatives for further business expansion through steady growth in the financial/payment business, marketing solutions, and corporate solutions in the smart life business and the other businesses.

Operating revenues are expected to decrease by ¥81.3 billion compared to the fiscal year ended March 31, 2020 to ¥4.57 trillion, due to the decrease in international roaming revenues and the decrease in equipment sales revenues caused by the COVID-19, although the decrease in revenues from mobile communications services due to the expansion of customer returns and other factors is expected to be offset by the increase in revenues from optical communications services due to the increase in the number of “docomo Hikari” optical fiber subscribers, and the increase in revenues from the smart life business and other businesses due to the increase in financial/payment transactions volumes and expansion of corporate solutions.

Operating expenses are expected to decrease by ¥106.6 billion compared to the fiscal year ended March 31, 2020 to ¥3.69 trillion due to the increase in costs for maintenance of employment and safety measures for essential workers in order to minimize the impact of the COVID-19 on business, the increase in network-related costs associated with the increase in “docomo Hikari” optical fiber services revenues, and the implementation of measures to strengthen finance/payment services, but due to the decrease in expenses resulting from the impact of the COVID-19, such as the decrease in cost of equipment sold due to the decrease in the number of handsets sold, as well as thorough company-wide cost efficiency improvements.

As a result, operating profit is expected to increase by ¥25.4 billion to ¥880.0 billion.

2. Summary Information (notes)

(1) Changes in Significant Subsidiaries

None

(2) Change in Accounting Policies

None

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	Millions of yen	
	March 31, 2020	June 30, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 398,745	¥ 114,695
Trade and other receivables	2,154,593	2,134,553
Other financial assets	1,022	689
Inventories	90,009	124,630
Other current assets	70,957	85,757
Total current assets	2,715,326	2,460,325
Non-current assets:		
Property, plant and equipment	2,653,145	2,626,131
Right-of-use assets	252,412	345,861
Goodwill	30,518	30,841
Intangible assets	656,435	651,408
Investments accounted for using the equity method	140,976	140,645
Securities and other financial assets	451,532	476,230
Contract costs	312,618	305,693
Deferred tax assets	188,608	146,753
Other non-current assets	134,354	137,950
Total non-current assets	4,820,599	4,861,511
Total assets	¥ 7,535,925	¥ 7,321,836

Millions of yen

	March 31, 2020	June 30, 2020
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	¥ 1,135,855	¥ 892,494
Lease liabilities	69,635	74,597
Other financial liabilities	7,618	34,759
Accrued income taxes	141,064	59,057
Contract liabilities	214,020	220,508
Provisions	37,939	29,822
Other current liabilities	134,022	100,792
Total current liabilities	1,740,153	1,412,030
Non-current liabilities:		
Long-term debt	50,000	50,000
Lease liabilities	175,223	256,212
Defined benefit liabilities	210,675	212,800
Contract liabilities	32,995	32,814
Provisions	8,067	8,297
Other non-current liabilities	46,551	52,978
Total non-current liabilities	523,512	613,102
Total liabilities	2,263,665	2,025,131
Equity:		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock	949,680	949,680
Additional paid-in capital	152,695	152,976
Retained earnings	4,441,034	4,138,256
Treasury stock	(300,000)	(0)
Other components of equity	6,519	34,259
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,249,927	5,275,170
Noncontrolling interests	22,334	21,534
Total equity	5,272,261	5,296,705
Total liabilities and equity	¥ 7,535,925	¥ 7,321,836

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

Three months ended June 30, 2019 and 2020

Condensed Consolidated Statement of Profit or Loss

	Millions of yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Operating revenues:		
Telecommunications services	¥ 778,639	¥ 771,932
Equipment sales	167,659	90,005
Other operating revenues	212,987	236,214
Total operating revenues	1,159,285	1,098,151
Operating expenses:		
Personnel expenses	72,253	72,635
Cost of equipment sold and services, and other expenses	554,053	477,752
Depreciation and amortization	141,520	148,007
Communication network charges	104,037	111,733
Loss on disposal of property, plant and equipment and intangible assets	8,704	7,489
Total operating expenses	880,568	817,616
Operating profit	278,717	280,536
Finance income	8,974	3,329
Finance costs	3,317	1,006
Share of profits (losses) on equity method investments	1,006	562
Profit before taxes	285,380	283,420
Income taxes	92,688	87,899
Profit	¥ 192,692	¥ 195,520
Profit attributable to:		
Shareholders of NTT DOCOMO, INC.	192,307	195,281
Noncontrolling interests	385	240
Profit	¥ 192,692	¥ 195,520
Earnings per share attributable to shareholders of NTT DOCOMO, INC.		
Basic earnings per share	¥ 57.76	¥ 60.48

Three months ended June 30, 2019 and 2020

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	¥ 192,692	¥ 195,520
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	59	23,521
Share of other comprehensive income of investments accounted for using the equity method	(457)	(114)
Total of items that will not be reclassified to profit or loss	(397)	23,407
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	105	129
Share of other comprehensive income of investments accounted for using the equity method	(10)	(104)
Total of items that may be reclassified subsequently to profit or loss	95	24
Total other comprehensive income (net of taxes)	(302)	23,431
Total comprehensive income	¥ 192,390	¥ 218,952
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	192,009	218,680
Noncontrolling interests	381	271
Total comprehensive income	¥ 192,390	¥ 218,952

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2019

	Millions of yen							
	Equity attributable to shareholders of NTT DOCOMO, INC.						Noncontrolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2019	¥ 949,680	¥ 169,083	¥ 4,160,495	¥ (0)	¥ 92,595	¥ 5,371,853	¥ 22,271	¥ 5,394,124
Profit			192,307			192,307	385	192,692
Other comprehensive income					(298)	(298)	(4)	(302)
Total comprehensive income	—	—	192,307	—	(298)	192,009	381	192,390
Dividends			(183,438)			(183,438)	(837)	(184,275)
Purchase of treasury stock				(48,213)		(48,213)		(48,213)
Changes in ownership interests without loss of control						—	246	246
Changes in ownership interests with loss of control						—	(26)	(26)
Transfer from other components of equity to retained earnings			45,559		(45,559)	—		—
Total transactions with shareholders	—	—	(137,879)	(48,213)	(45,559)	(231,651)	(617)	(232,268)
Balance as of June 30, 2019	¥ 949,680	¥ 169,083	¥ 4,214,924	¥ (48,213)	¥ 46,738	¥ 5,332,211	¥ 22,035	¥ 5,354,246

Three months ended June 30, 2020

	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, 2020	¥ 949,680	¥ 152,695	¥ 4,441,034	¥ (300,000)	¥ 6,519	¥ 5,249,927	¥ 22,334	¥ 5,272,261
Profit			195,281			195,281	240	195,520
Other comprehensive income					23,399	23,399	32	23,431
Total comprehensive income	—	—	195,281	—	23,399	218,680	271	218,952
Dividends			(193,718)			(193,718)	(790)	(194,508)
Retirement of treasury stock			(300,000)	300,000		—		—
Changes in ownership interests without loss of control		(2,654)				(2,654)	(281)	(2,934)
Transfer from other components of equity to retained earnings			(4,341)		4,341	—		—
Others		2,935				2,935		2,935
Total transactions with shareholders	—	281	(498,059)	300,000	4,341	(193,437)	(1,071)	(194,507)
Balance as of June 30, 2020	¥ 949,680	¥ 152,976	¥ 4,138,256	¥ (0)	¥ 34,259	¥ 5,275,170	¥ 21,534	¥ 5,296,705

(4) Notes to Condensed Consolidated Financial Statements

i. Note to Going Concern Assumption

There is no corresponding item.

ii. Changes in NTT DOCOMO, INC. Shareholders' Equity

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

iii. Segment Information

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 operating 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 from the first quarter of the fiscal year ended March 31, 2020 to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the three months ended June 30, 2019 has been restated to conform, respectively, to the presentation for the three months ended June 30, 2020.

The telecommunications business segment includes mobile phone services (5G services, LTE (Xi) services and FOMA services), optical-fiber broadband service, satellite mobile communications services, international services and the equipment sales related to these services.

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

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

Segment operating revenues:

	Millions of yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Telecommunications business-		
External customers.....	¥ 944,736	¥ 851,296
Intersegment.....	404	541
Subtotal.....	945,141	851,837
Smart life business-		
External customers.....	106,815	138,433
Intersegment.....	4,462	6,607
Subtotal.....	111,278	145,040
Other businesses-		
External customers.....	107,733	108,422
Intersegment.....	1,745	1,993
Subtotal.....	109,478	110,415
Segment total.....	1,165,896	1,107,292
Elimination.....	(6,612)	(9,141)
Consolidated.....	¥ 1,159,285	¥ 1,098,151

Segment operating profit (loss):

	Millions of yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Telecommunications business.....	¥ 231,204	¥ 219,373
Smart life business.....	18,846	28,323
Other businesses.....	28,667	32,839
Operating profit.....	278,717	280,536
Finance income.....	8,974	3,329
Finance costs.....	3,317	1,006
Share of profits (losses) on equity method investments	1,006	562
Profit before taxes.....	¥ 285,380	¥ 283,420