

FY2020/1Q Results Presentation

NTT docomo

August 3, 2020

説明原稿

Before I begin my presentation on the results for the first quarter of the fiscal year ending March 31, 2021 (FY2020/1Q), I would like to express my deepest sympathy to all those who have been affected by the outbreak of COVID-19 and the torrential rain of July 2020.

I would also like to take this opportunity to extend our apologies for any inconvenience we may have caused to our customers during the first quarter as a result of limiting the services offered by our nationwide docomo Shops and call centers.

In both our shops and call centers, we will continue to employ proper measures to prevent the spread of infections, and strive for further improvement to avoid any inconvenience to customers.

Now, let me start my explanation on our financial results for FY2020/1Q.

1. FY2020/1Q Results Highlights

2. FY2020 Guidance and Principal Actions

説明原稿

In the first section I will present the results highlights for FY2020/1Q. Then in the second section, we will explain our full-year guidance and principal actions planned for FY2020.

FY2020/1Q Results Highlights

(Billions of yen)

IFRS

	FY2019/1Q (1)	FY2020/1Q (2)	Changes (2) - (1)	Changes (%)
Operating revenues	1,159.3	1,098.2	-61.1	-5.3%
Operating profit	278.7	280.5	+1.8	+0.7%
Profit attributable to shareholders of NTT DOCOMO, INC.	192.3	195.3	+3.0	+1.5%
Adjusted free cash flow	174.8	-54.0	-228.8	—
Capital expenditures	97.9	90.8	-7.1	-7.2%

◆ Consolidated financial statements in this document are unaudited.

◆ Adjusted free cash flow is calculated excluding the effects of changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

説明原稿

The highlights of FY2020/1Q results are summarized here.

Operating revenues decreased by 61.1 billion yen year-on-year to 1,098.2 billion yen. Operating profit, on the other hand, increased by 1.8 billion yen to 280.5 billion yen, and net profit attributable to shareholders of NTT DOCOMO, INC. grew by 3.0 billion yen to 195.3 billion yen.

We thus recorded a decrease in revenues but an increase in profit.

Although we recorded a decline in operating revenues due to the impact of the new rate plans, “Gigaho”, “Gigalight” and other customer return measures, as well as the decline in selling revenues and international roaming revenues, we secured an increase in operating profit mainly as a result of our steadfast actions toward the expansion of Smart life business.

Adjusted free cash flow dropped by 228.8 billion yen to -54 billion yen, because of the impact of the proceeds from the sale of Sumitomo Mitsui Card shares in FY2019 and other factors.

Results by Segment

(Billions of yen)		FY2019/1Q (1)	FY2020/1Q (2)	IFRS Changes (2) - (1)
Telecommunications business	Operating revenues	945.1	851.8	-93.3
	Operating profit	231.2	219.4	-11.8
Smart life business	Operating revenues	111.3	145.0	+33.8
	Operating profit	18.8	28.3	+9.5
Other businesses	Operating revenues	109.5	110.4	+0.9
	Operating profit	28.7	32.8	+4.2
<Ref.> Smart life business and Other businesses		220.8	255.5	+34.7
		47.5	61.2	+13.6

◆ Certain services that had been included in 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 fiscal year ended Mar. 31, 2020 has been restated to conform to the presentation for the fiscal year ending March 31, 2021.

説明原稿

Here are the results by segment.

In “Telecommunications business,” operating revenues posted a decline of 93.3 billion yen, but operating profit grew by 11.8 billion yen.

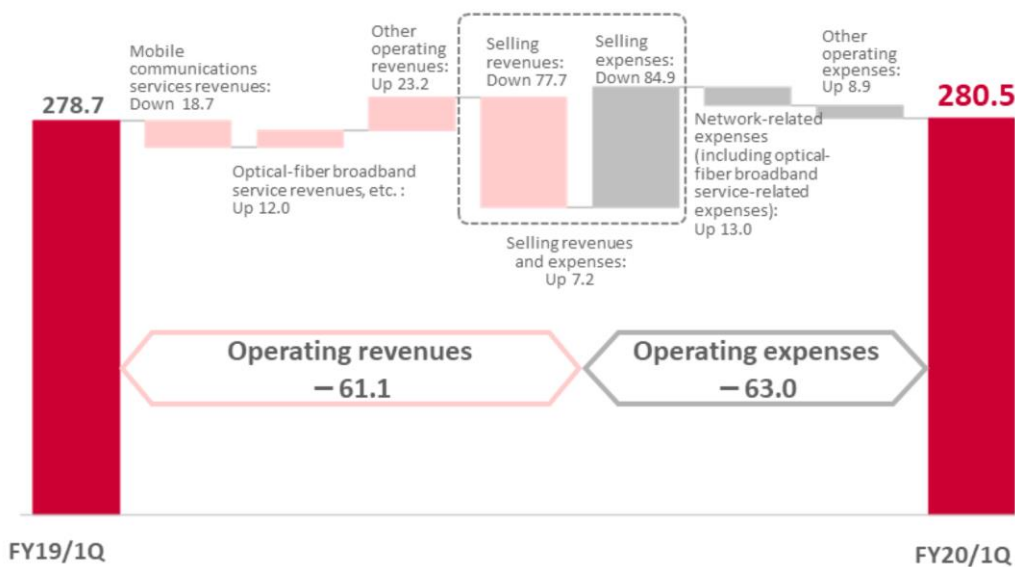
For “Smart life business” and “Other businesses” combined, operating revenues and operating profit recorded a year-on-year increase of 34.7 billion yen and 13.6 billion yen, respectively.

In “Smart life business” alone, operating revenues and profit recorded an increase of 33.8 billion yen and 9.5 billion yen, respectively, due mainly to the consolidation of NTT Plala, Inc.

Key Factors behind Changes in Operating Profit

(Billions of yen)

IFRS



◆ Selling expenses represent the sum of cost of equipments sold and commissions to agent resellers.

◆ Network-related expenses represent the sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges.

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説明原稿

This slide explains the key factors behind the year-on-year changes in operating profit.

Operating revenues posted a decline of 61.1 billion yen due mainly to:

- A decrease in mobile communications services revenues of 18.7 billion yen caused by the expanded impact of customer return measures and a drop in international roaming revenues, etc.;
- An increase of optical fiber broadband services revenues of 12 billion yen;
- An increase in other operating revenues of 23.2 billion yen as a result of NTT Plala's inclusion as a consolidated subsidiary and other factors; and
- A drop in selling revenues of 77.7 billion yen owing to a significant decrease in the number of wholesale handsets sold.

Operating expenses recorded a decrease of 63 billion yen.

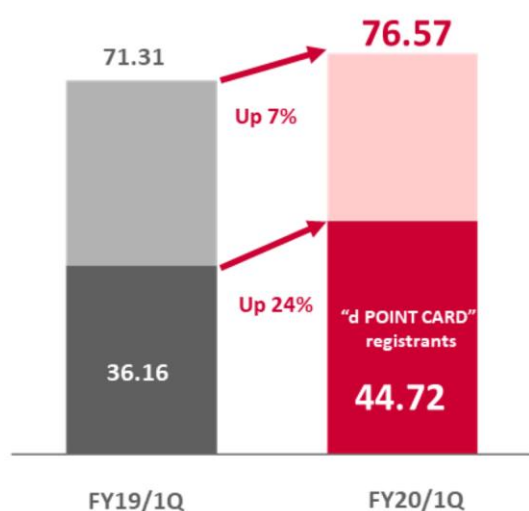
Consequently, operating profit increased by 1.8 billion yen from the same period of the previous fiscal year to 280.5 billion yen.

“d POINT CLUB”

“d POINT CLUB” members

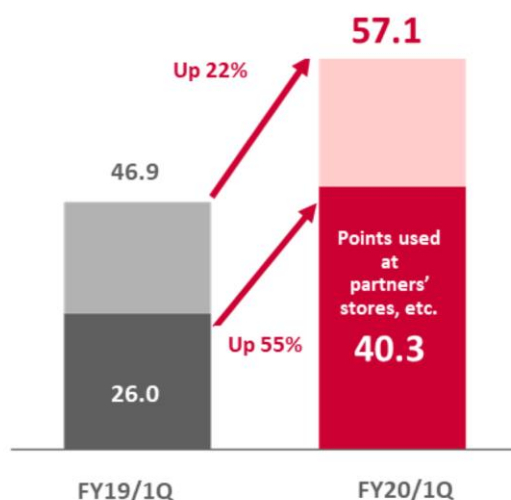
(Million)

Topped 76 million



“d POINTs” used

(Billion points)



◆ “d POINT CARD” registrants indicate the no. of users who can earn and use “d POINTs” at participating stores by registering their personal information.

説明原稿

About “d POINT CLUB” membership.

The total number of “d POINT CLUB” members surpassed the 76-million mark and reached 76.57 million as of June 30, up 7% from the number a year ago.

Among them, the total number of “d POINT CARD registrants” (i.e., the number of users who can earn and use points at participating stores) grew to 44.72 million, recording an increase of 24% in the last 12 months.

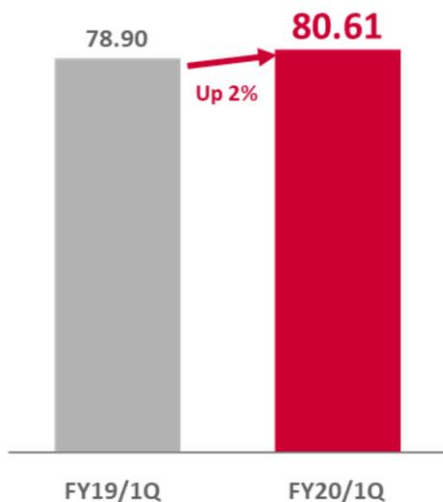
“d POINTs” used grew by 22% year-on-year to 57.1 billion points, of which points used at participating stores amounted to 40.3 billion, accounting for over 70% of the total.

We believe “d POINT CLUB” has grown to one of the largest common point programs in Japan, both in terms of the number of members and points used.

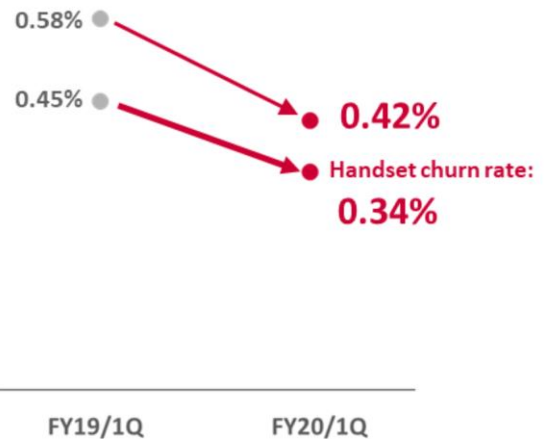
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Million subs)



Churn rate



◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

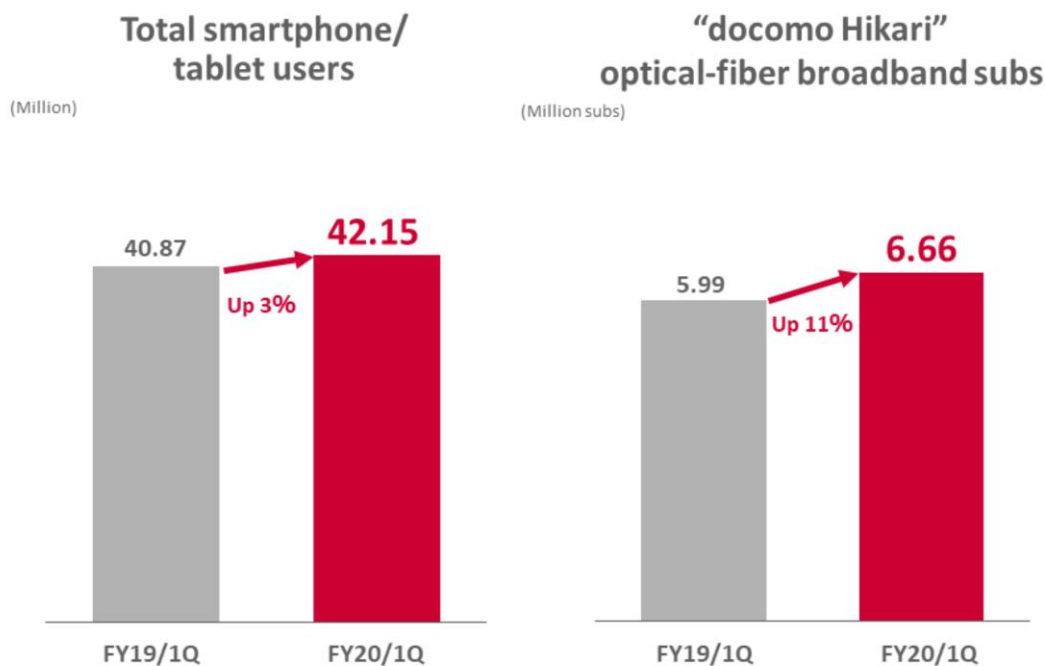
説明原稿

As for the operational performance of telecommunications business, the total number of mobile telecommunications service subscriptions grew by 2% year-on-year to 80.61 million as of June 30.

Churn rate excluding MVNO subscriptions was 0.42%.

We further improved the handset churn rate to a very low level of 0.34% as a result of the measures aimed at expanding the adoption of the new rate plans and other initiatives.

Telecommunications Business Operational Performance (2)

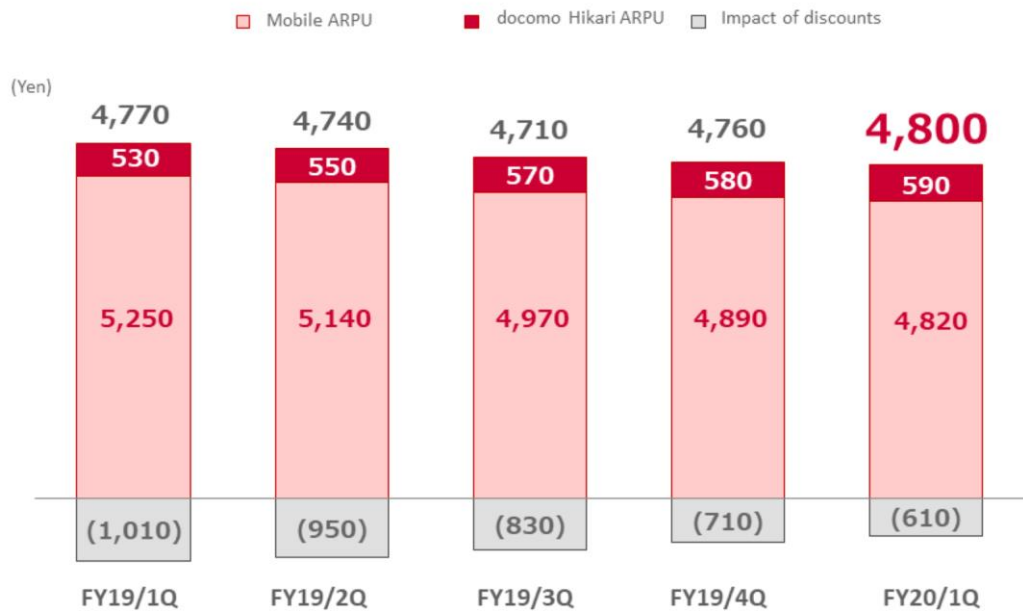


説明原稿

The total number of smartphone and tablet users increased by 3% from the level a year ago to 42.15 million.

The total number of "docomo Hikari" subscriptions increased by 11% year-on-year to 6.66 million as of June 30.

ARPU



◆ For an explanation of ARPU, please see the Appendix.
◆ Mobile ARPU and docomo Hikari ARPU exclude the impact of discounts.
◆ The impact of discounts include those from "Monthly Support," "docomo with" and "docomo Hikari set discount."

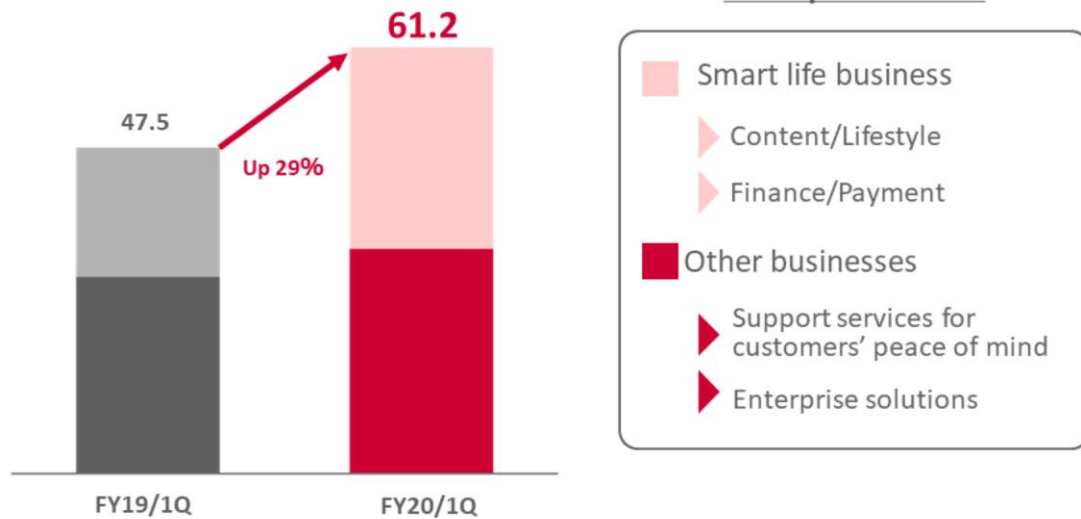
説明原稿

Regarding our ARPU performance, the FY2020/1Q aggregate ARPU (including the impact of discounts) was 4,800 yen.

Despite the expanded impact from the new rate plans and other customer return measures, the aggregate ARPU recorded a year-on-year increase of 30 yen driven mainly by the reduction of discounts and an increase in “docomo Hikari” subscriptions.

Smart Life Business & Other Businesses: Operating Profit

(Billions of yen)



説明原稿

Operating profit from Smart life business and Other businesses for FY2020/1Q grew by 29% from the same period of the previous fiscal year to 61.2 billion yen.

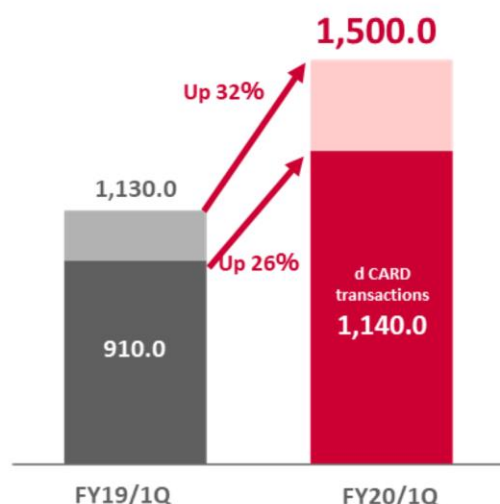
The contribution from each category was as follows:

- Content/lifestyle (e.g., dTV, dhits, etc.) accounted for approximately 20%;
- Finance/payment (e.g., d CARD, d Payment, etc.) approximately 25%;
- Support services for customers' peace of mind (e.g., Mobile Device Protection Service, etc.) approximately 40%; and
- Others (e.g., enterprise solutions, etc.) approximately 15%.

Finance/Payment Services (1)

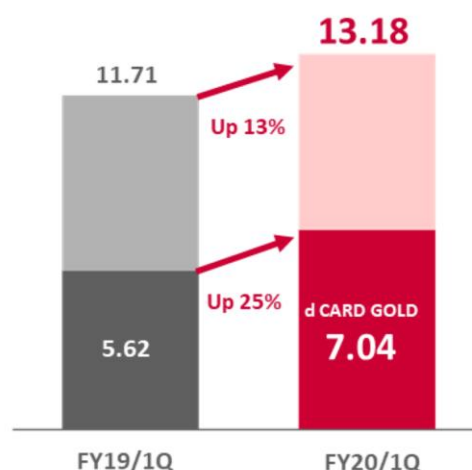
Finance/Payment Transactions handled

(Billions of yen)



"d CARD" members Topped 13 million

(Million members)



◆ The amount of transactions handled represent the cumulative amount for FY2Q/1Q, which includes the transactions handled with "d CARD", "iD", "d Payment", "direct carrier billing" and "DOCOMO Mobile Payment Service," etc.

◆ The following changes have been made in association with the integration of "d CARD mini" into "d Payment" service on Nov. 19, 2019: (i) Transactions handled with "d CARD mini" were excluded from the amount of transactions handled with "d CARD" and recorded as "d Payment" transactions; and (ii) "d CARD mini" members were excluded from "d CARD" members.

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説明原稿

Some comments about our finance/payment services.

The total transactions processed with our finance/payment offerings recorded a significant growth of 32% year-on-year to 1,500 billion yen, of which the transactions handled with "d CARD" accounted for 1,140 billion yen, an increase of 26% year-on-year.

The total "d CARD" members surpassed the 13 million-mark and reached 13.18 million, increasing by 13% from the number a year ago. The number of "d CARD GOLD" members, in particular, continued to increase and reached 70.4 million as of June 30, marking a growth of 25% year-on-year.

Finance/Payment Services (2)

Transactions processed with "d Payment"

(Billions of yen)

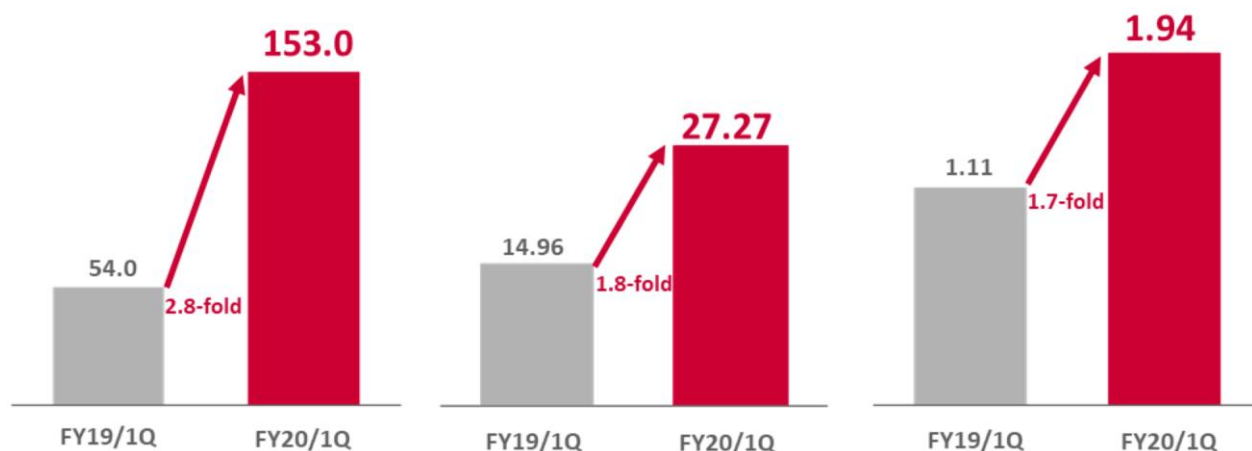
"d Payment" users

(Millions)

Locations where payment/point service can be used

(Million locations)

Topped 27 million



- ◆ The amount of transactions processed with "d Payment" represents the cumulative amount of payments made in FY20/1Q with "d Payment" (code and online payment) and "d Payment (iD)".
- ◆ The number of "d Payment" users represents the sum of total number of "d Payment" app downloads and "d Payment (iD)" members.
- ◆ Locations where payment/point service can be used represent the combined no. of locations where "d POINT," "iD" and "d Payment" (code and online payment) services can be used.

説明原稿

As for "d Payment" service, the total transactions processed with "d Payment" expanded remarkably to 153 billion yen, which represented a 2.8-fold increase over the same period of the previous fiscal year. The total number of "d Payment" users exceeded the 27 million mark and reached 27.27 million as of June 30, 1.8-fold the number a year ago.

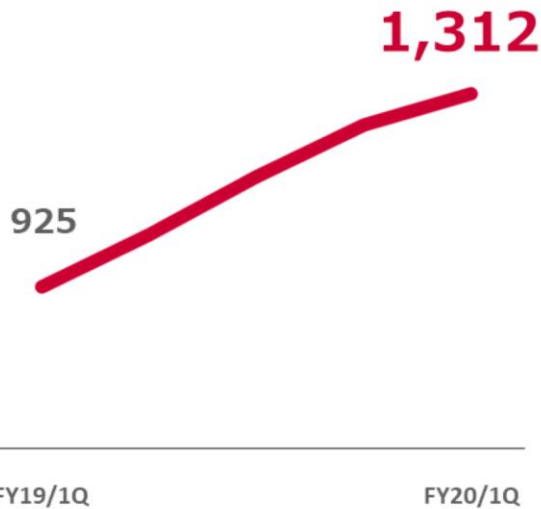
The stores participating in the "d Payment" program has also expanded at a favorable pace, with the addition of "Kentucky Fried Chicken Japan" restaurants and "Fuji" supermarkets to its network.

The number of locations where our payment and point services can be used grew by 1.7-fold from the number a year ago to 1.94 million.

We will continue to strive for the proliferation and expansion of smartphone payment service by further increasing the number of stores that support "d Payment" and enriching our offerings.

Expansion of +d partners

No. of +d partners increased 1.4-fold



Expansion of "d POINT" participating stores



Developed new photo sales service that utilizes image recognition engine



Contributed to advancement of fishing industry with ICT-based new mackerel farming model



◆ No. of "+d" partners: The no. of partners that have jointly created new value by integrating DOCOMO's business assets with their own assets.

説明原稿

This slide shows the expansion of "+d" value co-creation program.

Including the names listed in this slide, the total number of partners reached 1,312 as of June 30, 1.4-fold the number a year ago, and continues to increase at a steady pace.

Working hand in hand with our partners, we will continue to drive the value co-creation activities under the "+d" program.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

Value & excitement to customers

Declaration 1

Market
leader

Launch of “Disney+” official video streaming service

Exclusive provider* in Japan. Also made available bundle discount with DOCOMO’s “Giga” plans and limited-edition “d POINT CARD”. (Launched Jun. 11, 2020) *: As of Aug.3, 2020.

Declaration 2

Style
innovation

Support of “Mainapoint” on “d Payment” and “d CARD”

Award of 500 “d POINTS” to “d CARD” users applying for “Mainapoint.” (Announced Jun. 30, 2020). Execution of “d Payment” campaign offering up to 2,500 points (Announced Jul. 17, 2020)

Declaration 3

Peace of mind
and comfort
support

Launched new plan of “docomo Hikari” that offers transmission speeds of up to 10Gbps

Aim to expand the new experience brought about by large-capacity communications. (Launched Apr. 1, 2020*). *: Service coverage, which is currently limited to certain geographies, is planned to be broadened over time.

説明原稿

Here, I will give you an update on the progress of execution of our Medium-Term strategy 2020 “Declaration beyond.”

With respect to the initiatives to deliver “value and excitement to customers”;

Under Declaration 1, in collaboration with Disney, we started offering “Disney+” service as its exclusive provider in Japan.

For Declaration 2, we started the support of “Mainapoint” on “d Payment” and “d CARD.”

As part of our actions under Declaration 3, we launched a new plan of “docomo Hikari” service that offers transmission speeds of up to 10Gbps.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

Value co-creation with partners

Declaration 4

Industry
creation

Further enrichment of “docomo Open Innovation Cloud (dOIC)”

Opened three new locations (Osaka, Kanagawa and Oita) in addition to Tokyo (Launched May 29, 2020). Launched “Cloud Direct” service (Launched June 30, 2020).

Declaration 5

Solution
co-creation

Launched “d Healthcare for Biz” health and productivity management support service for enterprises

Promote enterprises’ health and productivity management leveraging smartphone apps and AI (Launched Apr. 13, 2020).

Declaration 6

Partner business
expansion

Launched “DOCOMO Image Recognition Platform”

Started providing a platform for AI-based image recognition solution on “docomo Open Innovation Cloud.” Also used for “Easy Pass powered by SAFR” (Launched May 29, 2020).

説明原稿

For “value co-creation with partners,” we have taken the following steps:

Under Declaration 4, we further enriched the capabilities of “docomo Open Innovation Cloud” for our 5G solutions.

For Declaration 5, we started offering “d Healthcare for Biz” service.

And in relation to Declaration 6, we launched “DOCOMO Image Recognition Platform.”

Other than what I just explained, many other initiatives are currently underway. We will further accelerate our undertakings to deliver on “Declaration beyond” toward the goal of realizing a richer future.

Response to July 2020 Torrential Rain ^{NTT} docomo

Responded swiftly to minimize impact on service

Established nationwide support structure and mobilized companywide efforts for restoration activities

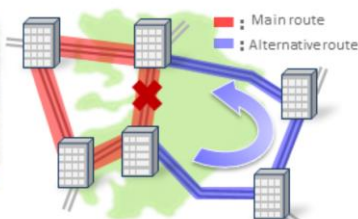
Emergency recovery of transmission lines



Coverage restoration through satellite base stations



Automatic rerouting using multi-route transmission lines



Deployment of satellite mobile base stations



Implemented various support measures for customers in disaster-stricken areas

Provision of free-of-charge battery charging and Wi-Fi services at shelters, etc., in stricken areas



Operation of "Disaster Data Unlimited Mode"

Operation of "disaster data unlimited mode"

Support measures provided through Aug. 31. to over 1.4 million customers in areas applied with Disaster Relief Act (9 prefectures, 98 municipalities)

◆ No. of users applied with "disaster data unlimited mode" is as of Jul. 29.

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説明原稿

The slide here presents how we responded to the July 2020 torrential rain.

We established a nationwide support structure and mobilized companywide efforts for restoration activities.

In addition to area reconstruction using satellite base stations and the dispatch of satellite mobile base stations, we utilized multiple transmission routes and automatic re-routing functions to maintain communication services in areas where there was a disruption in transmission lines.

We also provided free-of-charge battery charging and Wi-Fi services, and operated the "disaster data unlimited mode" to over 1.4 million customers in areas applied with the Disaster Relief Act (including areas in Yamagata Pref. struck by a disaster in late July) . We have decided to extend the period of these support measures through August 31, in view of the continuing impacts.

We, at DOCOMO, are committed to making ongoing efforts to strengthen and improve our disaster preparedness, thereby enhancing the safety and reliability of our network.

1. FY2020/1Q Results Highlights

2. FY2020 Guidance and Principal Actions

説明原稿

Moving on to the second section, I will now present our full-year guidance and the principal actions planned for FY2020.

FY2020 Guidance

IFRS

(Billions of yen)	FY2019 full year (1)	FY2020 full year (2)	Changes (2) - (1)
Operating revenues	4,651.3	4,570.0	-81.3
Operating profit	854.7	880.0	+25.4
Smart life business & Other businesses	148.1	160.0	+11.9
Adjusted free cash flow	893.3	730.0	-163.3
Capital expenditure	572.8	570.0	-2.8

◆ Adjusted free cash flow is calculated excluding the effects of changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

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説明原稿

This slide shows our FY2020 full-year guidance, which was developed based on our current assessment of the COVID-19 impacts.

As for the concrete impacts, we did not factor in any reissuance of state of emergency in Japan, and assumed a gradual recovery of economic activities after the lift of the state of emergency in May 2020.

We also projected that the situation in overseas markets will gradually stabilize, although the pace of recovery, particularly in Europe and Americas, was forecast to be slower compared to Japan.

Because COVID-19 infections are currently expanding, we will keep a close eye on future developments, but we developed this guidance based on the aforementioned assumptions.

For FY2020, we project a decline in revenues but an increase in profit, with operating revenues dropping by 81.3 billion yen to 4,570 billion yen, and operating profit growing by 25.4 billion yen to 880 billion yen.

Aim for profit growth properly dealing with COVID-19 impacts

Operating revenues	DOWN	<ul style="list-style-type: none"> • Decline in mobile communications services revenues resulting from expanded customer return measures, e.g., “Gigaho/Gigalight” plans. • Significant drop in international roaming and equipment sales revenues due to COVID-19.
Operating profit	UP	<ul style="list-style-type: none"> • Operating profit from Smart life and Other businesses projected to grow driven by Smart life business and enterprise solutions. • Reduction of sales-related expenses and thorough cost efficiency improvement to offset decline in international roaming revenues caused by COVID-19 and rise in COVID-19 countermeasure expenses.
CAPEX	Reinforce/ Improve efficiency	<ul style="list-style-type: none"> • Concentrate resources on reinforcement of 5G business, and maintain annual CAPEX comparable to the level of last fiscal year by making more efficient use of expenditures for 3G/LTE, etc.

説明原稿

Here are some more details behind the FY2020 guidance.

Operating revenues are projected to decline due mainly to:

- A decrease in mobile communications services revenues resulting from expanded customer return measures including the “Gigaho” and “Gigalight” plans;
- A significant drop in international roaming and wholesale revenue of handsets, etc. due to COVID-19

On the other hand, we will aim to secure an increase in operating profit while properly dealing with the impacts from COVID-19 through the following measures:

- The contributions from Smart life business and Other businesses are expected to grow driven by the Smart life business and enterprise solutions, etc.
- Reduction of selling expenses and thorough cost efficiency improvement are expected to offset the decline in international roaming revenues caused by COVID-19 and rise in COVID-19 countermeasure expenses.

For capital expenditures, we plan to concentrate our resources on reinforcement of 5G business and maintain our annual CAPEX comparable to the level of FY2019 by making more efficient use of expenditures for 3G and LTE, etc.

FY2020 Principal Actions

Further reinforcement of customer base

- Further refine customers' experience at shopfront and online, and enhance the attractiveness of "d POINT" program.
- Compelling rate plans and early roll out of 5G coverage.

Full-scale execution of a business foundation centered on our membership base

- Build strong customer touchpoints for members and advance digital marketing.
- Reinforce growth areas, e.g., finance/payment, marketing solutions, etc.

New value creation for the 5G era

- Full-scale deployment of new solutions through co-creation with partners.
- Deliver new sensory services and experiences primarily through video.

Structural reform underpinning the new era

- Improve efficiency of operational processes through DX and reallocate resources to growth areas.
- Streamline business operations by stepping up efforts for 3G subscriber migration.

説明原稿

We explained during the last results presentation that we will position FY2020 as "the start year for growth in a new era" and address the following principal actions:

We will pursue further reinforcement of customer base, and accelerate our initiatives aimed at full-scale execution of a business foundation centered on our membership base.

At the same time, envisaging the new post-coronavirus society, we will contribute to new value creation and solution of social issues leveraging 5G.

I will explain the concrete initiatives for these three key actions and our structural reform using the following slides.

Strategic Business Alliance with Mercari/Merpay

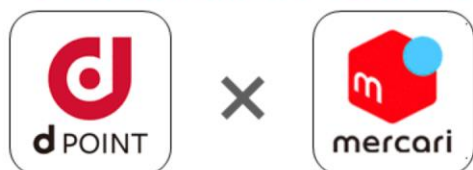
NTT
docomo

**Strengthen collaboration with strategic partner to further
enhance attractiveness of “d POINT” and “d Payment”**

**Enable use of “d POINT”
on “Mercari”**

Federation between one of Japan’s largest
marketplace and one of Japan’s largest
loyalty point membership club, “d POINT”

Over 2.00 million federations



**Enable use of “d Payment” and
“Merpay” with a single code**



- ◆ No. of member federations is as of Jul 27, 2020.
- ◆ Support of “d POINT” on “Mercari” started from Jun. 11, 2020.
- ◆ Payment using common QR code between “d Payment” and “Merpay” to start from early September, 2020.

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説明原稿

Here are some concrete initiatives that we have undertaken.

In February this year, we agreed on a business alliance with Mercari/Merpay. The number of account federations with Mercari already topped 2 million, making positive contributions to the expansion of our customer base.

From June, we enabled customers to earn and use “d POINTs” when they use Mercari service, and further enhanced the benefits for customers making payments via “d CARD” and “d Payment.”

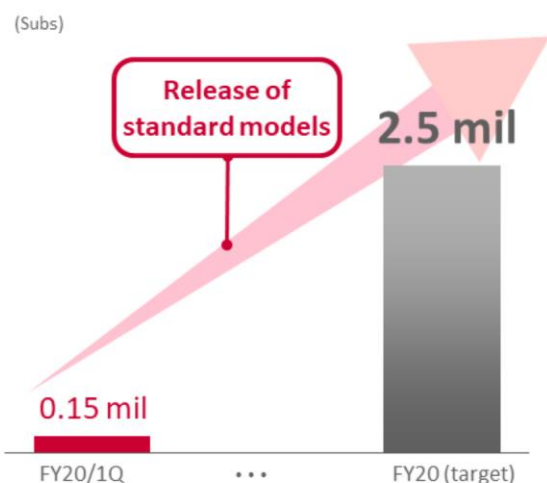
From September, we will enable use of “d Payment” and “Merpay” with a single code to further strengthen our collaboration in smartphone payment business.

Going forward, we will continue to promote this alliance, which has one of the largest customer base in Japan, to boost the attractiveness of our “d POINT” program, thereby further reinforcing our customer base. The two companies will also jointly explore new opportunities in smartphone payment business and various service creation.

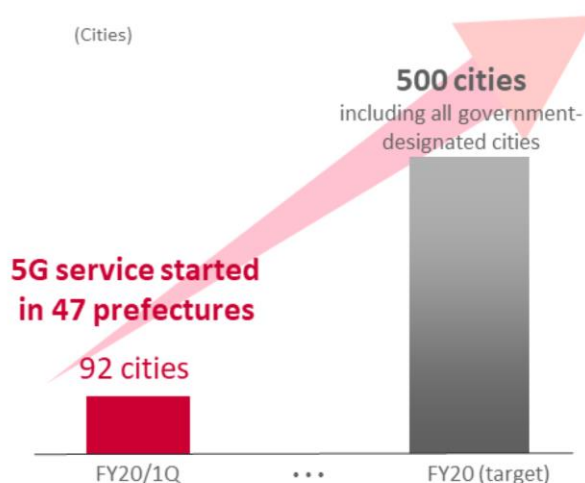
5G Subscriptions/Coverage

Making steady progress toward full-year target

5G subscriptions



5G coverage



説明原稿

Let me comment on “new value creation of the 5G era.”

The total number of our 5G subscriptions as of June 30 was approximately 150,000, and thereafter grew to some 240,000 as of August 1. In the second half of the year, we plan to release less expensive standard model handsets. We believe we have achieved steady progress toward our fiscal year-end target of 2.5 million subscriptions.

As for 5G coverage, we rolled out the service in 92 cities in 47 prefectures as of June 30. The buildout is also making a favorable progress vis-à-vis our target to deploy the service in 500 cities (including all government-designated cities) by March 31, 2021.

Expand initiatives for delivery of 5G era services

Introduced 5G “multi-streaming function” on “Hikari TV for docomo”



“Shintaikan Live CONNECT”
Southern All Stars Special Live 2020



Accelerate joint initiative with new partners

Creation of new experienced value inside and outside stadiums and arenas



◆ Agreement to explore cooperation in digital services for Hanshin Koshien Stadium and Hanshin Tigers (Jun. 18)
◆ Conclusion of capital alliance agreement and official sponsor agreement with Kawasaki Brave Thunders (Jun. 29)

Future communication experience
in 5G areas



JR Takanawa Gateway Station

説明原稿

With respect to 5G services, we started offering the multi-streaming function of “Hikari TV for docomo,” allowing users to view up to seven programs simultaneously from among 18 dedicated mobile channels.

Also, in our “Shintaikan Live CONNECT” service, we distributed a special live show of Southern All Stars, a popular Japanese band, and garnered great reviews amid the COVID-19 calamity.

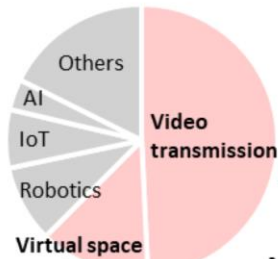
Further, we also promoted initiatives jointly with new partners, including the collaboration with Hanshin Tigers professional baseball team and a business alliance with Kawasaki Brave Thunders professional basketball team. We plan to create and deliver new experience and value inside and outside stadiums and arenas leveraging 5G going forward.

From July, under the sponsorship of JR East, we have been hosting events that allow participants to experience virtual communication using 5G and “Magic Leap 1” wearable device at a special venue in front of JR Takanawa Gateway Station.

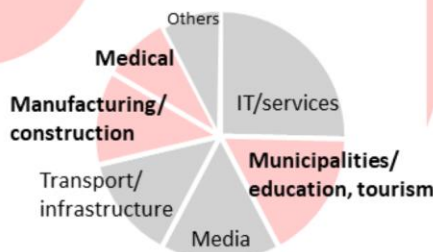
As we move forward, adapting to the new normal of the society, we will continue to offer new styles for viewing and enjoying sports and other entertainments through 5G.

Solve social issues based on strong demand identified through 5G pre-commercial service

Solution technologies



Industry sectors



High-resolution video transmission solution

Secure environment/High-resolution video transmission



- Remote education using multi-angle video
- Remote medical treatment support using high-resolution video

Virtual space/XR solutions

Remote operational support suited for remote-style society



- Remote tourism support using AR
- Joint designing of industrial products

◆ Analysis result of 5G pre-commercial service use cases provided from Sept. 2019

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説明原稿

To touch upon our 5G solutions, the results of analysis of the 5G solutions provided through our 5G pre-commercial trial that was started in September 2019 are summarized in this slide.

Video transmission and virtual space/XR accounted for roughly 2/3 of the solution technologies that were employed.

As for industry sectors, the results show that the demand for 5G was not limited only to IT and service sectors; instead there was widespread requirements from various sectors.

In particular, we attach a strong focus on the heightened demand for 5G in sectors like “education/tourism,” “manufacturing/construction” and “medical.” Based on the results that we have obtained, we will roll out new solutions and aim to solve social issues.

Expand high-security, low-latency solutions to deliver “5G x DX”

Launch of “Cloud Direct”

High security

Installed inside carrier network



Low latency

Shortened transmission distance (Shortest path routing)



【Examples of compatible solutions】

High-resolution video transmission

Smart-telecaster Zao-SH



Streamways



Virtual space/XR

AceReal for docomo



Virtual Design Atelier



説明原稿

To accelerate such activities, in June, we started offering “Cloud Direct” service, which realizes the high-security and low-latency communications of 5G through an optimized transmission path that directly connects devices with the cloud platform, and already received applications from a number of clients.

The service is compatible with solutions that enjoy a strong demand, e.g., “video transmission” and “virtual space/XR”-based solutions.

To enable remote technical support as people refrained from going out, we introduced “AceReal” solution to a car maintenance company. We have also rolled out a medical support solution, which provides treatment assistance by specialists to hospitals in remote locations, to a medical center and a local government in a certain prefecture.

We plan to further increase the number of compatible solutions and facilitate digital transformation leveraging 5G.

Social contribution through mobile solutions and data utilization business

Telework and remote education realization support

Free provision of products and services that help realize telework and remote education

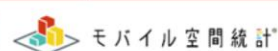
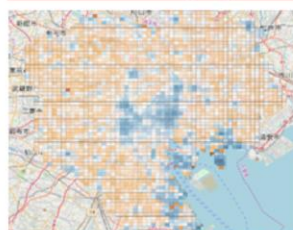
Applications from over 600 companies in a short period of time



English 4skills



"Mobile Spatial Statistics®" population map



Limited-time offer of real-time demographics data for free

docomo map navi "Congestion Map"



Limited-time offer of "Congestion Map" for free

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説明原稿

The slide here explains our response to COVID-19.

To fulfill our social responsibility as a telecommunications service provider, we continued to strive for the provision of stable communication services and made contributions to society through our mobile solutions and data utilization businesses.

We assisted businesses and local governments promoting work-from-home and teleworking. To support remote education for schools that had been temporarily closed, we provided relevant products and services to over 600 companies and municipalities without charging any fees. Some of them have subsequently lead to commercial orders.

Besides the above, we also provided "Mobile Spatial Statistics" population map, which provides real-time demographics data of certain locations (e.g., destination of travel, areas close to residence, etc.), and "Congestion Map" feature of "docomo map navi" service, which enables users to find out the congestion status in a glance, both for free.

Response to COVID-19 (2)

Support measures for users under 25 years old	Ongoing	Free-of-charge provision of “Additional 1GB Option” and “Speed Mode” for up to 50GB to users under 25 years old during the period between April and August 2020.
Encouragement of web procedures and shop visit reservation	Ongoing	Encouraging use of web channel for various procedures and shop visit reservation to avoid “3Cs” (Closed spaces, Crowded places, Close-contact settings).
Measures for preventing spread of infections upon customers’ shop visit	Ongoing	Customer attendance with adequate distance between seats, obliging shop staff to wear face coverings, installation of virus protection shields on customer counters, provision of protective goggles for shop staff, etc.
Provision of “docomo Smartphone classes” online version	Ongoing	Online version of “docomo Smartphone classes” providing smartphone operations guidance and enjoyable usage tips in video.
Provision of population dynamics analysis using “Mobile Spatial Statistics®”	Ongoing	Analysis of demographic changes in principal areas before and after the declaration of state of emergency using “Mobile Spatial Statistics” and provision of analysis results to national and local governments, media, etc.
Extension of payment due for mobile phone charges, etc.		Deferral of payment deadline of phone charges originally due on and after Feb. 29 to Jul. 31 for customers who filed an application for extension.
Re-grant of expired “d POINTs”		Re-grant “d POINTs” expired in March, April and May 2020.
Free online health consultation through “d Healthcare” app		Limited-time provision (through Jun. 30, 2020) to “d Account” users of a free 24-hour chat service with medical doctors for consultation of COVID19-related and other anxieties or health concerns.

説明原稿

Other than what I explained, we have rolled out many other initiatives as you see here.

With respect to the “support measures for users under 25 years old,” we have been providing up to 50GB of data allowances for free for university and high school students to support their remote learning needs. We received a handwritten letter from the high school students expressing appreciation that the measure enabled the students to “take online classes without any worries thanks to the elimination of data ceiling.”

We will continue to implement various measures to fulfill our social responsibility as a telecommunications carrier.

Toward the New Post-Coronavirus Society ^{NTT}docomo

**Promote new value creation and solution of social issues.
Also contribute to structural transition to a remote-style society.**



Sports/Live performance



Healthcare/Telemedicine



MaaS Mobility Technologies



Remote learning support



Online operation support in manufacturing

説明原稿

A few comments about the future post-coronavirus society.

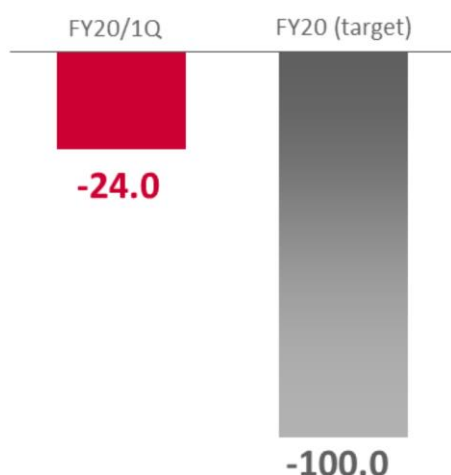
We anticipate a dramatic change in people's lifestyles and the way businesses conduct activities as the adoption of work-from-home, telemedicine and remote education expands at a rapid pace.

Capturing the emerging new demands, we will propel new value creation and solve various social challenges, e.g., by assisting remote operations and providing means for remote communication via 5G, and contribute to the structural transition to a remote-style society.

In fact, our 5G solutions can accommodate these requirements.

Cost Efficiency Improvement

(Billions of yen)



Focus areas

- ◆ **Marketing**
Promotion of DX, sales promotion measures, after-sales support, etc.
- ◆ **Network**
Equipment integration, outsourcing cost, etc.
- ◆ **Other**
R&D, information systems, etc.

◆ The amount of cost efficiency improvement above indicates the cost reduction compared to the previous fiscal year.

説明原稿

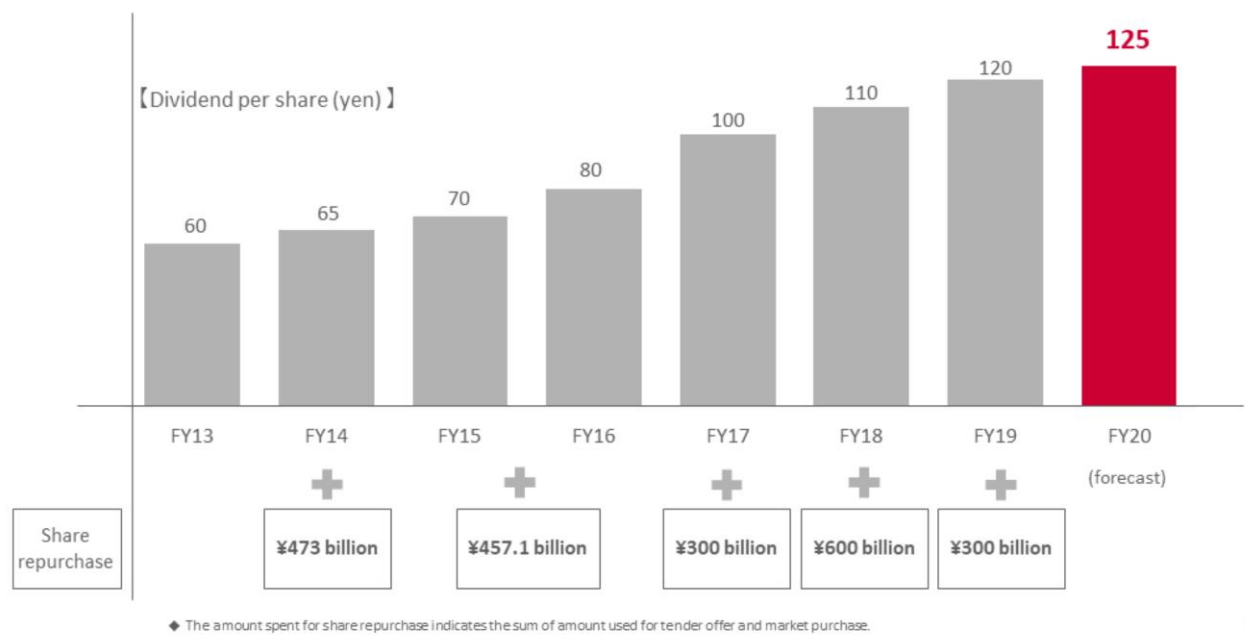
This is about our cost efficiency improvement for FY2020.

We plan to execute cost efficiency improvement totaling 100 billion yen in FY2020. In the first quarter, we achieved 24 billion yen, making a favorable progress toward our full-year target.

We will tackle cost efficiency improvement by promoting digital transformation and other activities, and reallocate the freed up resources to growth areas.

Shareholder Returns

Dividend increase planned for the seventh straight term



説明原稿

As for shareholder returns, we plan to raise our FY2020 annual dividend by 5 yen over the previous fiscal year to 125 yen per share.

We decided on this plan for a dividend increase because we forecast an increase in profit for FY2020 despite the impact from COVID-19 and in light of our basic managerial policy to seek enrichment of shareholder returns and continuous dividend increase.

This will be the seventh consecutive term for us to raise our annual dividend, which reflects our willingness to meet the expectations of our valued shareholders.

■ FY2020/1Q results overview


- ▶ Recorded a decline in revenues but an increase in profit, with operating revenues and profit coming in at ¥1,098.2 billion and ¥280.5 billion, respectively.
- ▶ Growth of Smart life and Other business contributed to offset year-on-year decrease in operating revenues caused by COVID-19 and other factors.
- ▶ Total “d CARD” members and “d Payment” users grew to over 13 million and 27 million, respectively.

■ FY2020 guidance and principal actions

- ▶ Aim to grow operating profit to ¥880 billion while properly managing the impact from COVID-19.
- ▶ Continue to focus on growth of Smart life and Other businesses and cost efficiency improvement.
- ▶ 5G subscriber acquisition and coverage expansion making steadfast progress. Release of standard model handsets planned for FY2020/2H.
- ▶ Shareholder returns: Dividend increase planned for the seventh straight term.
- ▶ Aim to contribute to the structural shift to a remote-style society through 5G envisaging the post-coronavirus world.

説明原稿

This slide provides a summary of our FY2020/1Q results.



**Always chosen
to sustain connections
as your robust ICT service partner**

説明原稿

While it is still highly difficult to predict how the impacts from COVID-19 unfold, we will continue to strive to fulfill our mission of delivering stable communication services as a telecommunications carrier and aim for further growth.

The new of today, the norm of tomorrow



Appendix

Principal Services, etc., Included in Each Reportable Segment

Telecommunications business

Mobile communications services

• 5G services • LTE (Xi) services • FOMA services (3G) • International services • Sales of handset/equipment for each service etc.

Optical fiber broadband service and other telecommunications services

• Optical-fiber broadband services • Satellite communications services etc.

Smart life business

Content/ Lifestyle services

• “dTV” “d hits” “d magazine” “d shopping” “d healthcare” etc.

• NTT Plala Inc. • Oak Lawn Marketing, Inc. • Tower Records Japan Inc. etc.

Finance/Payment services

• d CARD • d CARD GOLD • iD • d Payment • Fintech etc.

Other businesses

Support services for customers peace of mind

• “Mobile Device Protection Service” • “Anshin Remote Support” etc.

Enterprise solutions

• Enterprise IoT solutions • System development/sales/maintenance services etc.

Definition and Calculation Methods of ARPU

i. Definition of ARPU

ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure 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.

ii. ARPU Calculation Methods

Aggregate ARPU = Mobile ARPU + "docomo Hikari" ARPU

- Mobile ARPU : Mobile ARPU Related Revenues (basic monthly charges, voice charges, communication charges) / No. of active users
- "docomo Hikari" ARPU : "docomo Hikari"-Related Revenues (basic monthly charges, voice communication charges) / Number of active users

*ARPU excluding the impact of discounts are calculated without including the amounts of discounts applied in the relevant revenues.

iii. Active Users Calculation Method

Sum of Number of active users for each month $((\text{Number of users at the end of previous month} + \text{Number of users at the end of current month}) / 2)$ during the relevant period

iv.

1. The number of "users" used to calculate ARPU is the total number of subscriptions, excluding the subscriptions listed below:

- Subscriptions of communication modules services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and
- Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for "5G," "Xi" or "FOMA" services in his/her name.

2. Revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs), and impact on revenues from "d POINT" program, etc., are not included in the ARPU calculation.

Special Note Regarding Forward-Looking Statements

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 Securities Report and Quarterly Securities Reports.

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