FY2020
Financial Results

döcomo
May 12, 2021

Thank you for taking your time for our meeting today.
 I will now begin my presentation using the slides. Since we already announced our financial results for the fiscal year ended March 31, 2021 (FY2020) yesterday, I will skip that part and begin from the guidance for FY2021.
If you have any questions including those relating to FY2020 results, please ask them later during the QA session.

1. FY2020 Results Highlights

2. FY2021 Guidance and Principal Actions

FY2020 Results Highlights

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IFRS

(Billions of yen)	FY2019 full year (1)	FY2020 full year (2)	Changes (2) − (1)	Changes (%)
Operating revenues	4,651.3	4,725.2	+73.9	+1.6%
Operating profit	854.7	913.2	+58.6	+6.9%
Profit attributable to shareholders of NTT DOCOMO, INC.	591.5	629.0	+37.5	+6.3%
Adjusted free cash flow	893.3	846.8	-46.5	-5.2%
Capital expenditures	572.8	569.1	-3.7	-0.6%

◆ 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.
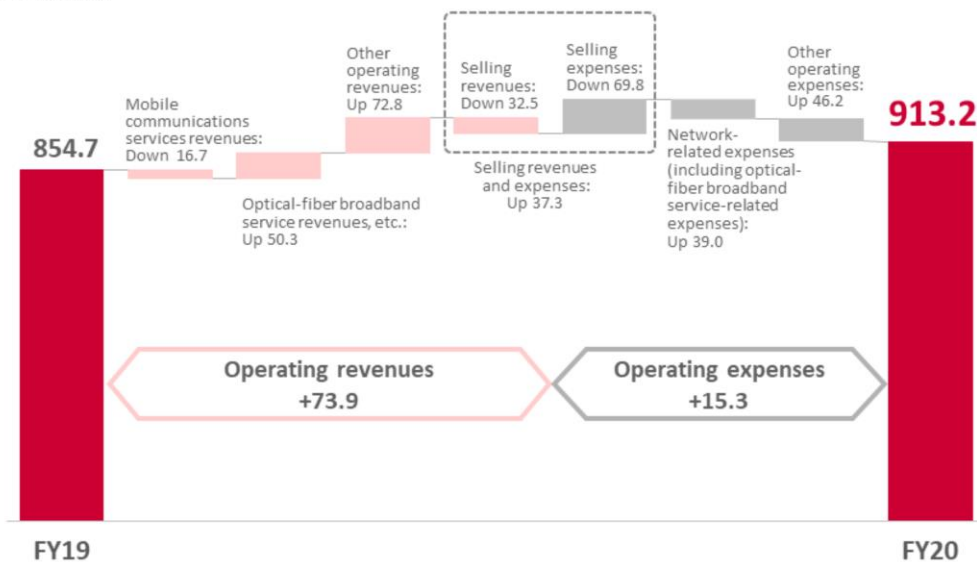
Results by Segment

IFRS

(Billions of yen)		FY2019 full year (1)	FY2020 full year (2)	Changes (2) −(1)
Telecommunications business	Operating revenues	3,687.0	3,684.3	-2.7
	Operating profit	706.5	721.1	+14.6
Smart life business	Operating revenues	543.7	616.2	+72.5
	Operating profit	32.5	59.4	+26.9
Other businesses	Operating revenues	454.0	465.4	+11.4
	Operating profit	115.6	132.7	+17.1
<Ref.> Smart life business and Other businesses	Operating revenues	997.7	1,081.5	+83.9
	Operating profit	148.1	192.1	+44.0

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Key Factors behind Changes in Operating Profit

(Billions of yen)

IFRS

854.7 — FY19

913.2 — FY20

Mobile communications services revenues: Down 16.7

Optical-fiber broadband service revenues, etc.: Up 50.3

Other operating revenues: Up 72.8

Selling revenues: Down 32.5

Selling expenses: Down 69.8

Selling revenues and expenses: Up 37.3

Network-related expenses (including optical-fiber broadband service-related expenses): Up 39.0

Other operating expenses: Up 46.2

Operating revenues +73.9

Operating expenses +15.3

◆ Selling expenses represent the sum of cost of equipment 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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Key Operational Indicators (1)   döcomo

	FY2019 (1)	FY2020 (2)	Changes
"d POINT CLUB" members (Million)	75.09	81.95	+9%
"d POINT CARD" registrants	43.26	50.78	+17%
"d POINTs" used (Billion points)	199.8	249.3	+25%
"d POINTS" used at partners' stores, etc.	121.1	176.0	+45%
Mobile telecommunications service subscriptions (Million subs)	80.33	82.63	+3%
5G subscriptions	0.014	3.09	—
Churn rate (%)	0.54%	0.48%	-0.06pt
Handset churn rate	0.44%	0.40%	-0.03pt
Total smartphone/tablet users (Millions)	42.04	43.92	+4%
"docomo Hikari" subscriptions (Million subs)	6.49	7.04	+9%

◆ "d POINT CARD" registrants indicate the no. of users who can earn and use "d POINTs" at participating stores by registering their personal information.
◆ "d POINTs" used and churn rate represent the cumulative data for FY2020.
◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

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Key Operational Indicators (2) döcomo

	FY2019 (1)	FY2020 (2)	Changes
Finance/Payment transactions handled (Billions of yen)	5,320.0	6,980.0	+31%
"d CARD" transactions	4,150.0	5,250.0	+27%
"d Payment" transactions	399.0	810.0	+103%
"d CARD" members (Million members)	12.97	14.37	+11%
"d CARD GOLD"	6.85	7.97	+16%
"d Payment" users (Millions)	25.26	35.23	+39%
Locations where payment/point service can be used (Million locations)	1.73	3.09	+79%

◆ The amount of transactions handled represent the cumulative amount for FY2020, which includes the transactions handled with "d CARD," "iD," "d Payment," direct carrier billing and "DOCOMO Mobile Payment Service," etc.

◆ The amount of transactions processed with "d Payment" represents the cumulative amount of payments made 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 represents the combined no. of locations where "d POINT," "iD," and "d Payment" (code and online payment) services can be used. The FY2019 data for the locations where "iD" service can be used was revised to reflect the actual number as of Mar. 31, 2020.

FY2021 Guidance

docomo

IFRS

(Billions of yen)	FY2020 full year (1)	FY2021 full year (2)	Changes (2) − (1)
Operating revenues	4,725.2	4,790.0	+64.8
Operating profit	913.2	920.0	+6.8
Telecommunications business	721.1	710.0	-11.1
Smart life business & Other businesses	192.1	210.0	+17.9
Capital expenditures	569.1	550.0	-19.1

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Jumping to Page 8, our guidance for FY2021. We are projecting an increase in both revenues and profits. Operating revenues is estimated to be 4,790 billion yen, up 64.8 billion yen year-on-year, and operating profit 920 billion yen, up 6.8 billion yen year-on-year. Capital expenditure is projected to drop by 19.1 billion yen from the previous fiscal year to 550 billion yen, as we plan to push forward efficiency improvement while actively promoting 5G investments.

FY2021 Guidance by Segment döcomo

IFRS

(Billions of yen)		FY2020 full year (1)	FY2021 full year (2)	Changes (2)−(1)
Telecommunications business	Operating revenues	3,684.3	3,690.0	+5.7
	Operating profit	721.1	710.0	-11.1
Smart life business	Operating revenues	616.2	670.0	+53.8
	Operating profit	59.4	70.0	+10.6
Other businesses	Operating revenues	465.4	470.0	+4.6
	Operating profit	132.7	140.0	+7.3
<Ref.> Smart life business and Other businesses	Operating revenues	1,081.5	1,140.0	+58.5
	Operating profit	192.1	210.0	+17.9

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Page 9 presents our guidance by segment.

In telecommunications business, we project a decrease in mobile communications services revenues due mainly to the launch of new rate plans, "ahamo" and "Giga Plan". However, these rate plans will also bring about a positive impact of increasing our customer base. We therefore forecast an increase in handset sales revenues resulting from the increase in the number of addressable customers to whom we can sell products. Meanwhile, we will also tackle cost reduction and other measures. As a consequence, for telecommunications business, operating revenues are expected to grow by 5.7 billion yen, and we will manage to limit the decline in profit to 11.1 billion yen.

In Smart life business and Other businesses, we will further expand our finance/payment and content businesses and take on the challenge of developing new business domains. Further, for enterprise customers, we will at last launch the "Business d Account," an authentication ID that we have been preparing for some time now. Details will follow, but this can be used for the promotion of digital transformation at small- and mid-sized enterprises (SMEs) as well as large corporations. Previously, we mainly sold circuits and devices to corporations, but the introduction of "Business d Account" will allow us to establish a solid foundation for the sale of solutions, so we will promote this business in full throttle going forward.

As a result of these undertakings, for Smart life business and Other businesses combined, we expect to record a year-on-year increase of 58.5 billion yen in operating revenues and 17.9 billion yen in profit, driving the growth of the Company's overall revenue and profit.

Challenge toward a New DOCOMO

Drive innovation and bring major changes to society

Pursue "customer-first" and deliver new value that exceeds customers' expectations

Enhance customer experience (CX) and realize business structure reform by promoting/executing digitalization of business operations and data utilization

Promote business and ESG management in an integrated manner, thereby contributing to the creation of a sustainable society

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FY2021 is the year for us to tackle the challenge to transform ourselves into a new DOCOMO. This page lists up the phrases that I convey strongly to our employees to explain this new journey.

One is the pursuit of customer-first. Previously, we had focused on customer satisfaction, but from now, we will adopt NPS (Net Promoter Score) as a measure of customer loyalty and change our way of management with the aim of achieving further improvement.

The second is digitalization of our business operations and increased data utilization associated with digitalization. We will address these in all areas of our business to enhance customers' experience, and most importantly, to reform our business structure to make it even more cost effective. We do not think this can be achieved in just one year, so we will firmly tackle this issue over the medium term.

Lastly, we will also promote business and ESG management in an integrated manner, addressing the creation of a sustainable society as one of our core activities in our corporate management.

FY2021 Principal Actions

döcomo

Reconstruct services/network/channel from customers' perspective to enhance CX and realize business structure reform

Telecommunications business	• Expand customer base by offering rate plans and services catered to diverse customer needs • Achieving both Early expansion of 5G coverage and improvement of network cost efficiency • Accelerate digital shift of sales channel and digital transformation (DX) of call centers and docomo Shops (converged online/offline CX)
Smart life business	• Expand finance/payment business and establish data-driven B2B2X ecosystem • Create new lifestyles centered on video offerings and expand new business domains
Enterprise business	• Expand areas/industries where 5G solutions are applied and achieve nationwide deployment • Support DX of small- and medium-sized companies through early proliferation of "Business d Account".

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From here, I will briefly explain the principal actions planned for FY2021. We have identified key initiatives for each business, i.e., telecommunications, Smart life, and enterprise.

First, we will endeavor to expand our customer base, attaching a particular emphasis on the transition to 5G.

The total number of "ahamo" subscriptions reached over 1 million as of April 30. While we cannot predict how much further the subscriptions will grow, this plan is extremely well received by customers who opt for a middle-sized data bucket of 20GB/month—a package that had been missing from our offerings in the past. With the addition of this plan, we have the complete menu comprising large-, middle and small-data buckets, which gives us a very strong competitive edge over other carriers.
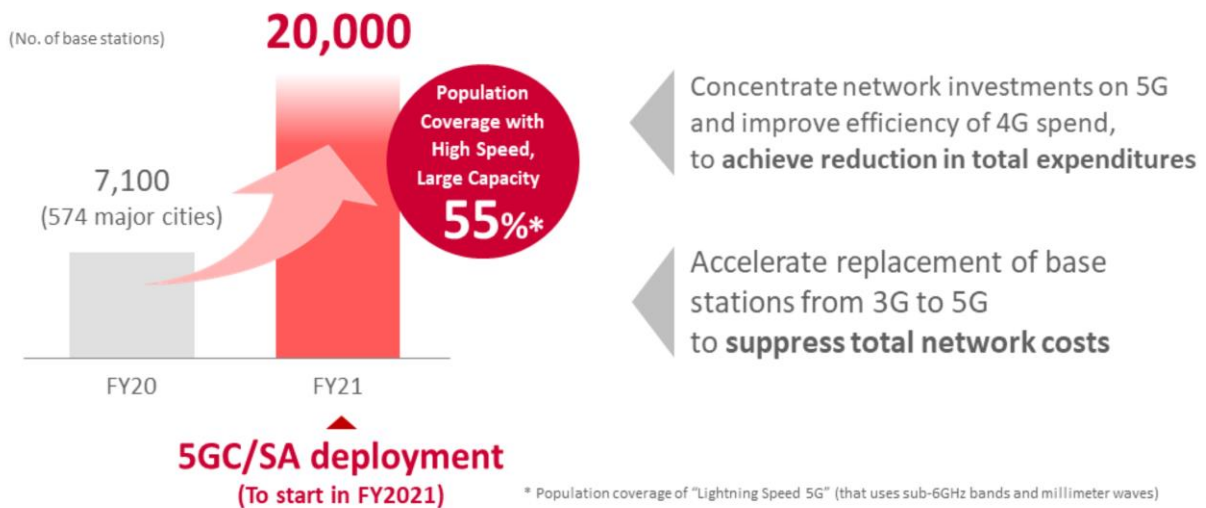
Further, the 30s and younger age groups account for over 50% of our current "ahamo" user base, which indicates that the new rate plan was received favorably by the youth segment.

"Economy" is an even less expensive rate plan, designed to suit the needs of price-sensitive customers who do not use so much data. As such, we are currently making coordination with the view to offer this rate option in cooperation with some MVNO operators. Details will be announced once we complete the preparations.

With respect to the transition to 5G, we acquired a total of 3.09 million subscriptions by March 31, 2021, and we aim to further expand the 5G user base to 10 million within FY2021. I believe we are well positioned to deliver on this target, and we will push forward the migration to 5G at this pace.

Achieving both Early Expansion of 5G Coverage and Efficiency Improvement

döcomo

Build 5G coverage that exceeds competitions' in both speed and breadth while elevating our service offerings. Concentrate managerial resources on 5G to deliver on efficiency improvement at the same time.

(No. of base stations)

20,000

7,100
(574 major cities)

Population Coverage with High Speed, Large Capacity
55%*

FY20 FY21

5GC/SA deployment
(To start in FY2021)

Concentrate network investments on 5G and improve efficiency of 4G spend, to **achieve reduction in total expenditures**

Accelerate replacement of base stations from 3G to 5G to **suppress total network costs**

* Population coverage of "Lightning Speed 5G" (that uses sub-6GHz bands and millimeter waves)

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To accelerate the transition to 5G, coverage expansion becomes important. We have completed the roll out of 7,100 5G base stations by the end of FY2020, and we aim to increase the number to 20,000 within FY2021 aiming to build 5G coverage that exceeds those of other carriers. As exemplified by the service name "Lightning Speed 5G," we attach a strong focus on the transmission speeds delivered by our 5G network. We therefore plan to properly build a standalone 5G network, rather than a composition that simplistically blends 4G and 5G. At some point during this fiscal year, we plan to roll out 5G core using standalone 5G base stations that can deliver network slicing capabilities.
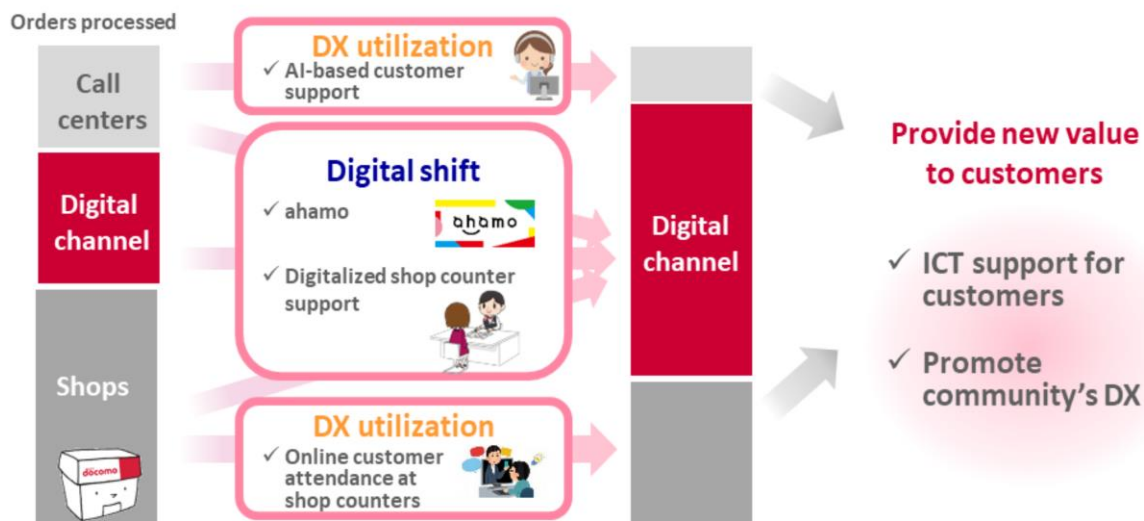
As the demand for this technology will initially be driven by enterprise users, the most reasonable approach is to roll out network coverage in locations where the service is actually needed. Because it is useless to construct a blanket coverage for the entire nation, we intend to deploy standalone services in accordance with our enterprise market strategy.

As for our total capital expenditures, although we will aim to accelerate the migration of 3G subscribers and curb 4G investments to reduce costs, we will secure proper investments for 5G. We will use our CAPEX in this way clearly defining priorities.

Regarding the digitalization of our sales channels, which basically consist of the three elements of call centers, digital channel and shops, we plan to introduce AI-based customer support in our call centers and promote digital transformation of brick-and-mortar stores, so we can operate our business without entirely relying on humans. We would like to further beef up our digital channel (indicated in the middle box in the chart), so we can increase its contribution to our overall sales of services.

Certain segments of our customers are not comfortable with digital technology. Therefore, we have started a new digital support service at our shop counters. We started this new initiative to assist the sign-up for "ahamo" rate plan so as not to leave non-digital-savvy users behind and to assist their digital transition as we switch more services to the digital channel going forward. This endeavor is not confined only to "ahamo," and we believe customer support will bear greater importance in our future digital strategy.
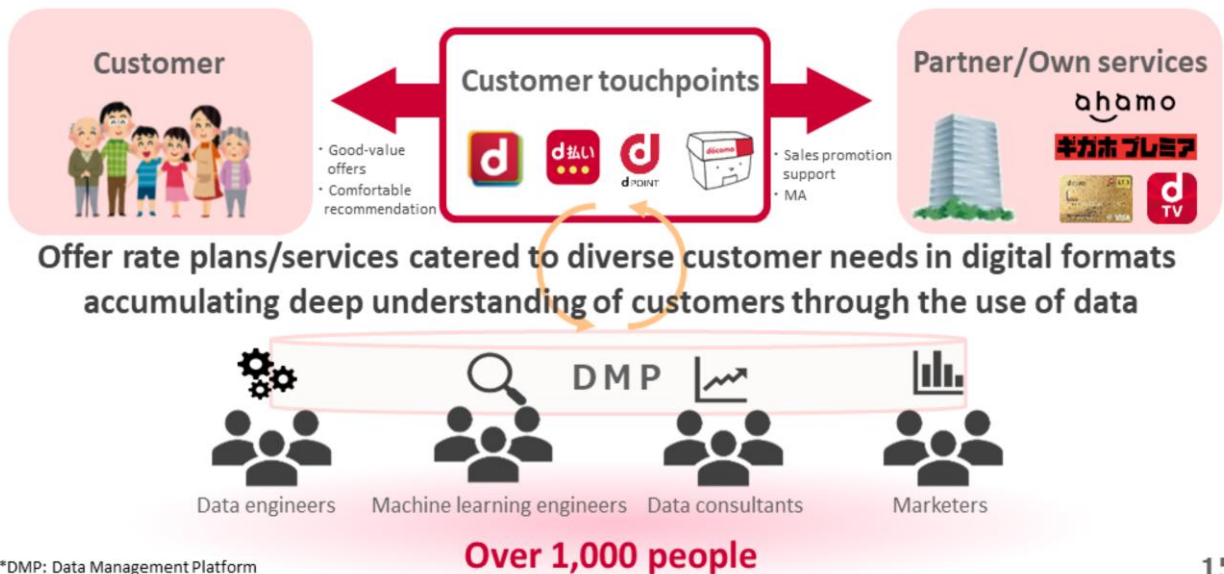
About our data science talent. Even if we sell our products and services via digital channels, it would be meaningless if we cannot utilize the data we accumulate from our sales activities. We will therefore implement measures that will allow us to utilize customers' purchase data and usage logs, etc. in our next step of marketing.
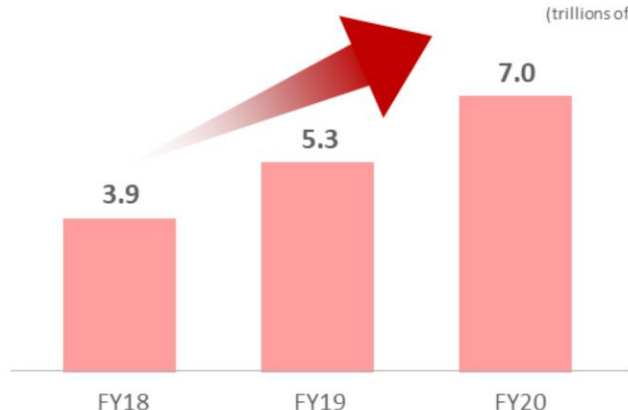
Due to the shortage of data science talent, we have already started reeducating our own staffs, aiming to develop over 1,000 data science talent in one year. We intend to develop these human resources through classroom lectures and giving them proper amount of on-the-job experience in their actual duties using the data we possess. We will push forward this strategy with a sense of urgency.

Growth and Scope Expansion of Finance/Payment Business

Further grow finance/payment business by stimulating everyday use, and broaden scope of business by strengthening customer touchpoints and data utilization

Growth of "d CARD" and "d Payment" transactions

(trillions of yen)

- FY18: 3.9
- FY19: 5.3
- FY20: 7.0

Strengthen customer touchpoints and expand business domains using payment service as a pivot

Digital bank account service (New) — To start within FY2022 (Joint development with MUFG Bank) — MUFG

Payment — Further expand payment service

New financial product (New) — Create new finance service

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Our finance/payment business has become a major driver for the growth of our Smart life (non-telecom) business. The expansion of breadth is very important, but at the same time, it is also essential to have customers use "d CARD" and "d Payment" in their everyday activities. We want to make our service the most frequently used credit card among the multiple cards owned by the customer, or have customers choose our cashless payment when they make a purchase. And we plan to implement various campaigns to achieve this ambition. Although there is still a long way to go to catch up with our major competitor, we will work firmly to reinforce our offerings.

In addition, as a new service, we plan to introduce new financial products leveraging our recently announced collaboration with MUFJ bank.
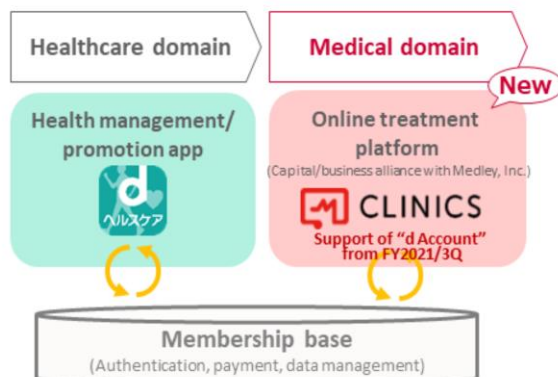
Creation of New Lifestyles

Reinforce video business leveraging 5G's unique properties and tackle new business development making use of our membership base

Creation of new lifestyles combining video with real-world experience

Further enrich movies, dramas, Korean films and animation offerings

Entering in arena operations

Create new video experience

Rollout of medical services based on online treatment

Healthcare domain | Medical domain **New**

Health management/ promotion app

Online treatment platform
(Capital/business alliance with Medley, Inc.)

CLINICS
Support of "d Account" from FY2021/3Q

Membership base
(Authentication, payment, data management)

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This is about the creation of new lifestyles. Because we have committed to step up our sales efforts for 5G, it is indispensable to enrich our video content including those that offer high-quality audio. We will expand our portfolio of movies, drama and "dTV" content, and increase the variety of VR/XR-enabled video to meet the stay-at-home entertainment demand.
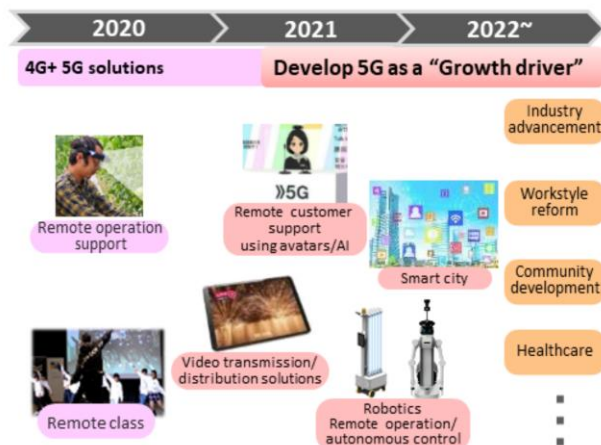
We have also embarked on arena operations, not only for the purpose of organizing concerts at the venue, but also to expand our businesses through online distribution of these performances. We plan to further enrich our offerings in these areas.

In the realm of healthcare, in addition to the various initiatives undertaken hitherto, we at last decided to step into the online treatment domain. We intend to offer personal services using healthcare data and also tackle online medical treatment. As we have a membership base of 80 million, we will provide one-stop services leveraging this foundation and lead it to the development of the next business using the data we accumulate from these services.

As for 5G solutions, we will first aim to develop many 5G solutions in Japan and expand their adoption among the enterprise customers.

Meanwhile, we are also considering how to roll out these solutions in other global markets. For the sale of these solutions, we can capitalize on the sales channels within the NTT group, such as NTT Limited and NTT Data, with DOCOMO fulfilling the role of provider of products/solutions.

Our joint initiative with Komatsu is a concrete example embodying this concept. DOCOMO has been exploring the way to realize smart construction through the LANDLOG platform since 2017, and now at last, we have decided to establish a new joint venture, EARTHBRAIN Ltd., to offer smart construction solutions in Japan, Europe and the United States. In this endeavor, DOCOMO will play the most important role for overseas deployment. As I mentioned earlier, this is not just about selling construction offers; we will be able to also sell our 5G and IoT solutions to the other players in the construction industry who use heavy machinery that we will be able to access through this joint venture.

These kind of initiatives will provide us with a foothold to expand into markets outside Japan. As I mentioned earlier, we intend to properly use NTT Limited or NTT Data as our sales channel in this journey.

Early Proliferation of "Business d Account" **docomo**

Assist DX promotion of enterprise customers

About "Business d Account". This is a service intended for the domestic Japanese market. This service is designed for businesses (as opposed to consumers) and companies that sign up for this service will be able to assign a "d Account" ID to each employee. With a single ID, the employee users will be able to smoothly access many resources of the company without hassle. The ID, therefore, can become a very useful tool for enterprises to promote digital transformation.
The service enables users to successfully access various corporate systems (e.g., chat, expense settlement and health management) with a single sign-on in a closed environment.
While large corporations might find it relatively easy to introduce these types of services, but it may not be the case for small- and mid-sized enterprises (SMEs). With DOCOMO entering this space, we believe we can smoothly facilitate SME's digital transformation and training for remote operations. And we aim to strengthen our ties with businesses leveraging this service. "Business d Account" is scheduled for launch on May 13.

Sustainability Management

döcomo

Promote business and ESG management in an integrated manner, thereby contributing to the creation of a sustainable society

Decarbonization initiatives

Japan's first mobile carrier certified for SBT "1.5-degrees target"

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FY2030 greenhouse gas emission target: Reduce by 50%*
*: Compared to FY2018 level

- Active use of renewable energy
- Installation of solar panels and storage batteries in docomo Shops
(Deployment of storage batteries in all docomo Shops completed)
- Rollout of low power consumption equipment
(Low-power 5G facilities, high voltage direct current power transmission system, smart air-conditioning)
- Switch company vehicles to EV: 100% (By FY2030/end)
(Completed deployment of EV stations in 45 node buildings)

Promotion of diversity and workstyle reform

- New targets (New)
  Percentage of female managers: 15%
  (As of FY2030/end)
  Percentage of female directors: 30%
  (As of FY2030/end)
  Paternity leave utilization rate: 100%
  (As of FY2022/end)
- Implementation of LGBTQ-related guidelines and practices

Solution of social issues using DX

Promotion of remote-style society, ICT use
- Adoption of ICT in education (Support promotion of GIGA school)
- Provision of ICT solutions for telemedicine and primary industries

Response to aging society
- Digital technology enlightenment activities through smartphone classes

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Finally, about sustainability management.

Because we consume a large amount of energy in our business operations, decarbonization is positioned as one of our important pillars for sustainability. In addition to saving energy consumption, we are required to actively introduce green/renewable energy when we consider our future rollout of base stations and expansion of data centers, etc.

We have therefore set various targets. NTT Holdings established a company, known as NTT Anode Energy Corporation, which procures renewable energy for the entire group. I served as the former CEO of this company and the whole group will use its service to ensure green management.

For the promotion of diversity, we will strongly push forward various measures setting concrete targets for such matters as percentage of female directors and paternity leave utilization, etc.

As I commented earlier, in solving various social issues through DX, as we make further progress in the transition to a remote-style society, quality enhancement will be required especially in the areas of education and telemedicine. We intend to provide a solution to these issues utilizing the technology that we own.

This concludes my brief presentation. We would now like to entertain your questions.

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.

Special Note Regarding Forward-Looking Statements

All forward-looking statements and projected figures concerning our future performance contained or referred to in this document are based on a series of assumptions, projections, estimates, judgments and beliefs of the management that have been made in light of the information currently available to it. 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 projections and estimates may be affected by our future business operations, the state of the economy in Japan and abroad, possible fluctuations in the securities markets or other changes in circumstances that could cause the actual results to differ materially from the forecasts contained or referred to herein.

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