

# FY2022 Financial Results and FY2023 Guidance

May 12, 2023

NTT DOCOMO, INC.



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1. FY2022 Results Highlights

2. FY2023 Guidance and Key Actions

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# FY2022 Results Highlights

✓ Recorded increase in both revenues and profit

IFRS

(Billions of yen)

	FY2021 Full year	FY2022 Full year	Year-on-year	
			Changes	(%)
Operating revenues	5,870.2	6,059.0	+ 188.8	+ 3.2%
Operating profit	1,072.5	1,093.9	+ 21.3	+ 2.0%
Profit attributable to shareholders of NTT DOCOMO, INC.	752.1	771.8	+ 19.7	+ 2.6%
Capital Expenditures	698.6	706.3	+ 7.7	+ 1.1%

## FY2022 Results by segment

- ✓ Enterprise and Smart life achieved revenue and profit growth
- ✓ Consumer communications revenues and profit recorded a decrease, but pace of decline moderated

IFRS

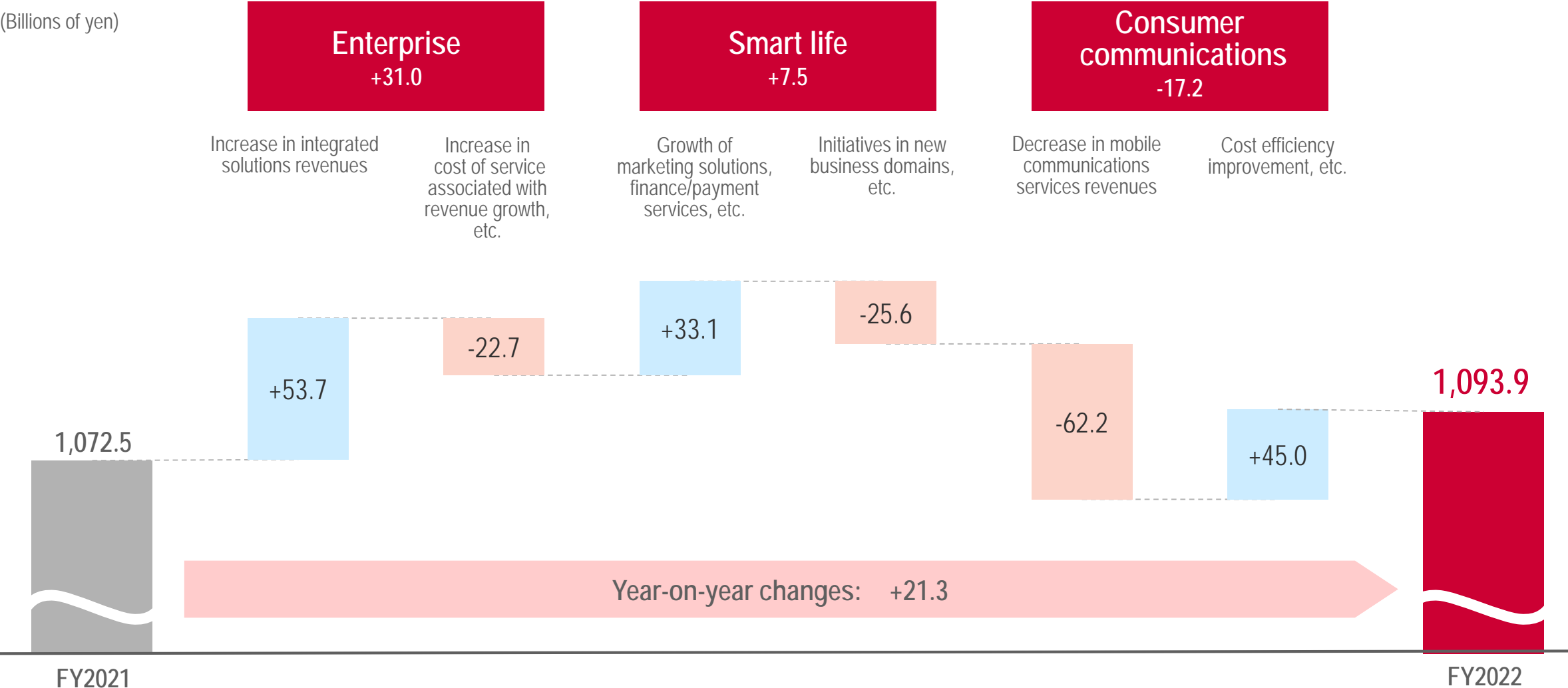
(Billions of yen)

(Billions of yen)

		FY2021 Full year	FY2022 Full year	Year-on-year	
				Changes	(%)
Enterprise	Operating revenues	1,719.5	1,805.7	+ 86.3	+ 5.0%
	Operating profit	251.6	282.6	+ 31.0	+ 12.3%
Smart life	Operating revenues	960.4	1,114.5	+ 154.1	+ 16.0%
	Operating profit	197.8	205.3	+ 7.5	+ 3.8%
Consumer Communications	Operating revenues	3,434.6	3,387.4	- 47.2	- 1.4%
	Operating profit	623.1	606.0	- 17.2	- 2.8%

Key factors behind changes in FY2022 operating profit

✓ Growth businesses in Enterprise and Smart life expanded steadily driving overall profit increase



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## FY2023 Guidance

✓ Aim to achieve YOY increase in both revenues and profit

IFRS

(Billions of yen)

	FY2022 Actual	FY2023 Guidance	Year-on-year	
			Changes	(%)
Operating revenues	6,059.0	6,110.0	+ 51.0	+ 0.8%
Operating profit	1,093.9	1,164.0	+ 70.1	+ 6.4%
EBITDA	1,790.9	1,869.0	+ 78.1	+ 4.4%
Profit attributable to shareholders of NTT DOCOMO, INC.	771.8	786.0	+ 14.2	+ 1.8%
Capital expenditures	706.3	728.0	+ 21.7	+ 3.1%

F2023 Guidance  
by segment

- ✓ Aim to further expand growth businesses of Enterprise and Smart life
- ✓ Reverse trend and deliver YOY profit growth in Consumer Communications

IFRS

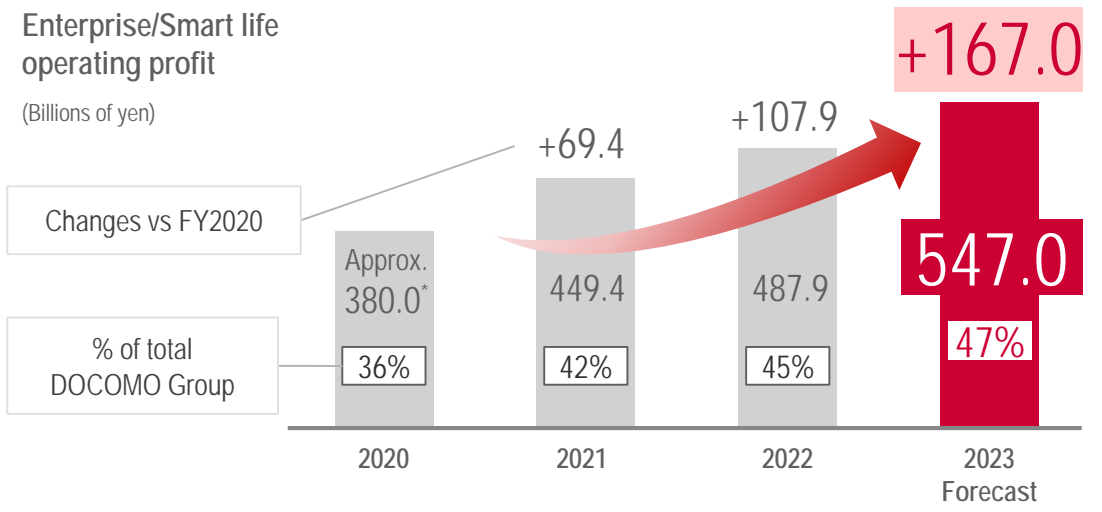
(Billions of yen)

(Billions of yen)		FY2022 Actual	FY2023 Guidance	Year-on-year	
				Changes	(%)
Enterprise	Operating revenues	1,805.7	1,880.0	+ 74.3	+ 4.1%
	Operating profit	282.6	312.0	+ 29.4	+ 10.4%
Smart life	Operating revenues	1,114.5	1,125.0	+ 10.5	+ 0.9%
	Operating profit	205.3	235.0	+ 29.7	+ 14.5%
Consumer communications	Operating revenues	3,387.4	3,370.0	- 17.4	- 0.5%
	Operating profit	606.0	617.0	+ 11.0	+ 1.8%



FY2023  
DCC Mid-term progress

✓ Aim for grow profit by over ¥100 billion (vs FY2020) by expanding the growth-driving Enterprise and Smart life businesses and turning around Consumer Communications leveraging integrated strengths of DCC (DOCOMO/Communications/Comware)



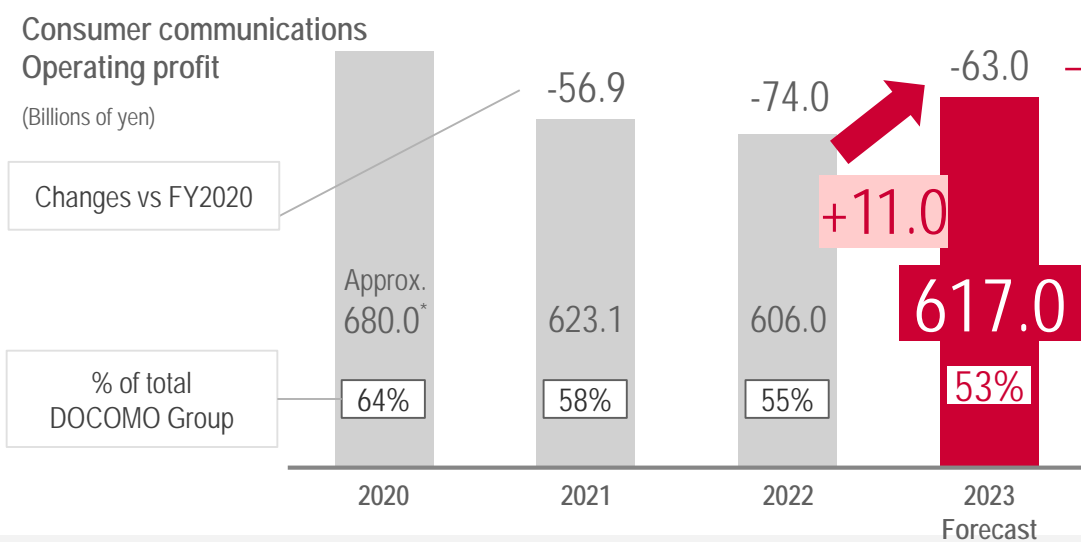
vs. FY2020

■ Enterprise and Smart life

Profit: Up ¥167.0 billion

■ DOCOMO Group

Profit: Up ¥104.0 billion



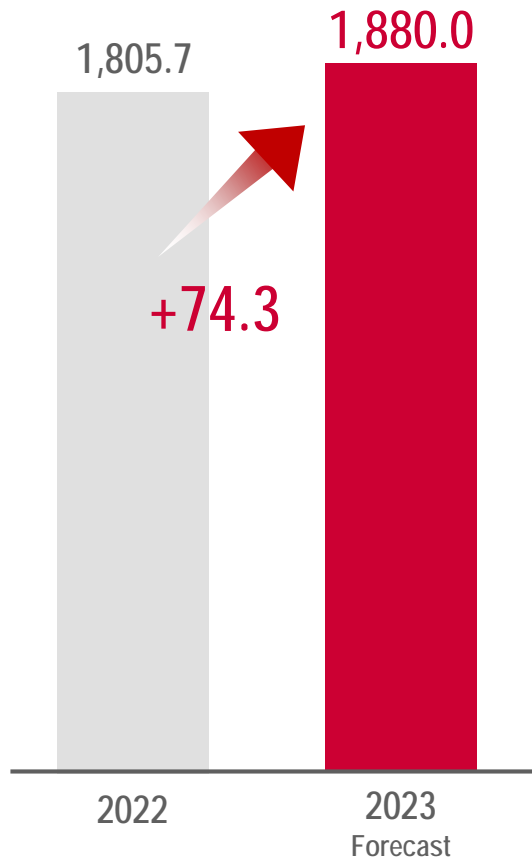
\*: Operating profit for FY2020 (before integration) are estimated amounts.

## Enterprise business: Revenue/profit guidance

- ✓ Drive further growth focusing on integrated solutions
- ✓ Strengthen corporate layer-specific approaches and deliver integration synergies

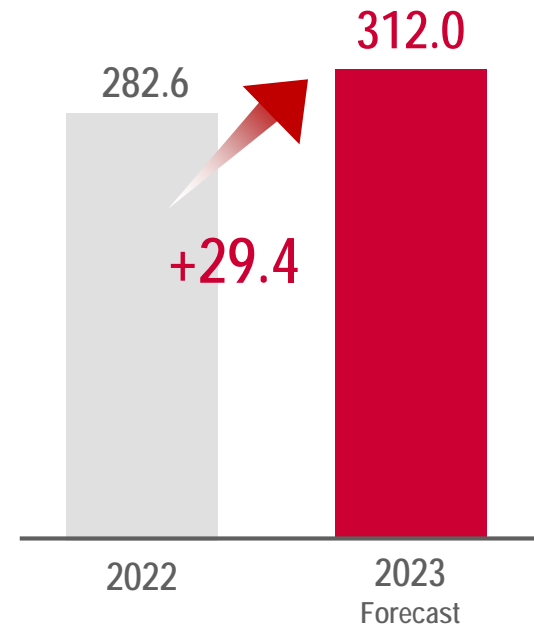
### Operating revenues

(Billions of yen)



### Operating profit

(Billions of yen)



### Key drivers

#### Operating revenues

- (+) Expansion of businesses targeting large enterprises through reinforcement of integrated solution proposal and development capabilities.
- (+) Expansion of businesses targeting SMEs through provision of DX support solutions and cross-selling
- (-) Contraction of existing domains, e.g., PSTN, etc.

#### Operating profit

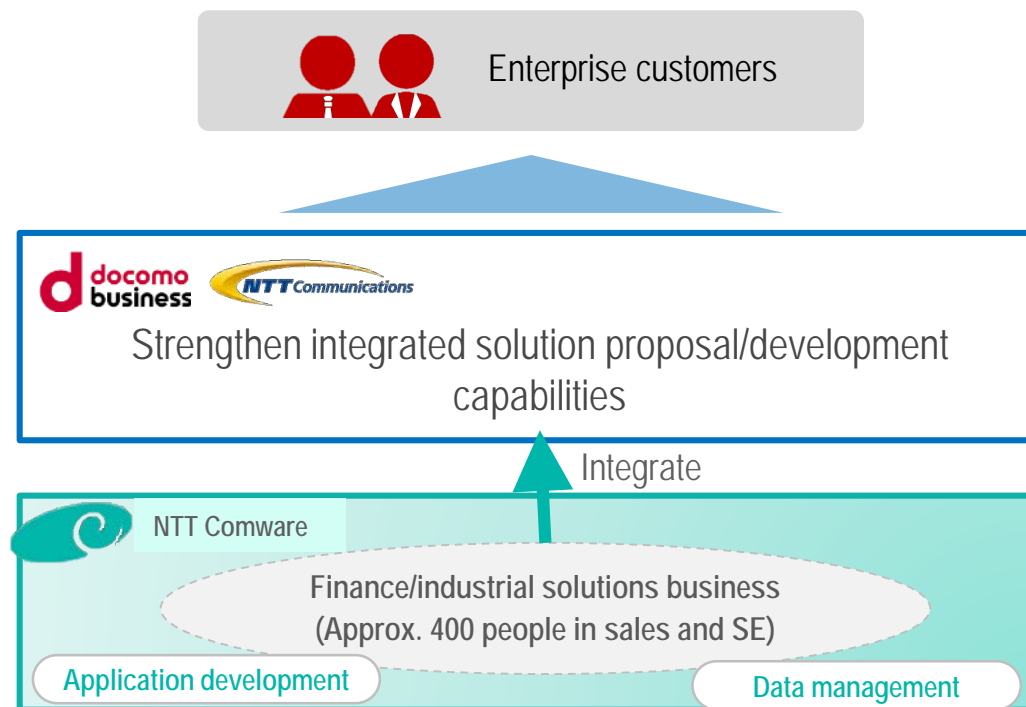
- In addition to the factors behind the changes in operating revenues,
- (+) Improved operational efficiency achieved through DOCOMO's own DX.
  - (+) Aggregation of functions and assets upon the integration of DCC.

## Enterprise business: Initiatives for Large Enterprises

- ✓ Resolve social/industrial issues by enhancing value proposition of integrated solutions
- ✓ Expand co-creation businesses jointly with customers

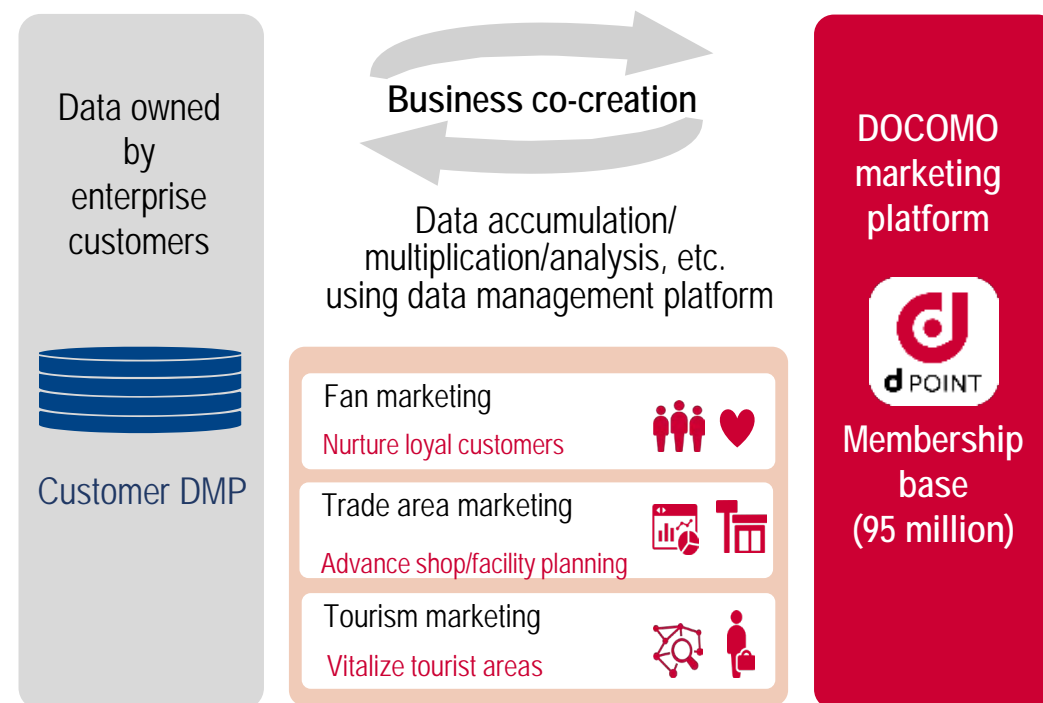
### Enhance value proposition of integrated solutions

Integrated NTT Comware's finance/industrial solutions business into NTT Communications, to strengthen proposal and development capabilities for large enterprises.



### Expand co-creation business through data utilization

Push forward co-creation business jointly with customers through data utilization solutions that leverage DOCOMO's marketing platform.



## Enterprise business: Initiatives for SMEs

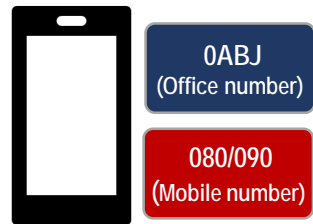
- ✓ Improve operational efficiency by promoting fixed-mobile convergence
- ✓ Enhance customer experience using mobile apps as a portal

### Operational efficiency improvement with fixed/mobile convergence service

Support efficiency improvement through fixed/mobile convergence

#### “Mobile Office Number Set”

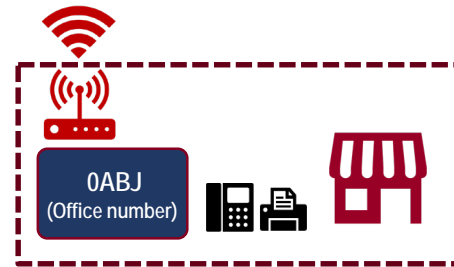
\*Planned for launch June 2023



Possible to receive incoming calls and place outgoing calls to/from office number using mobilephone

#### “IP Voice Wireless”

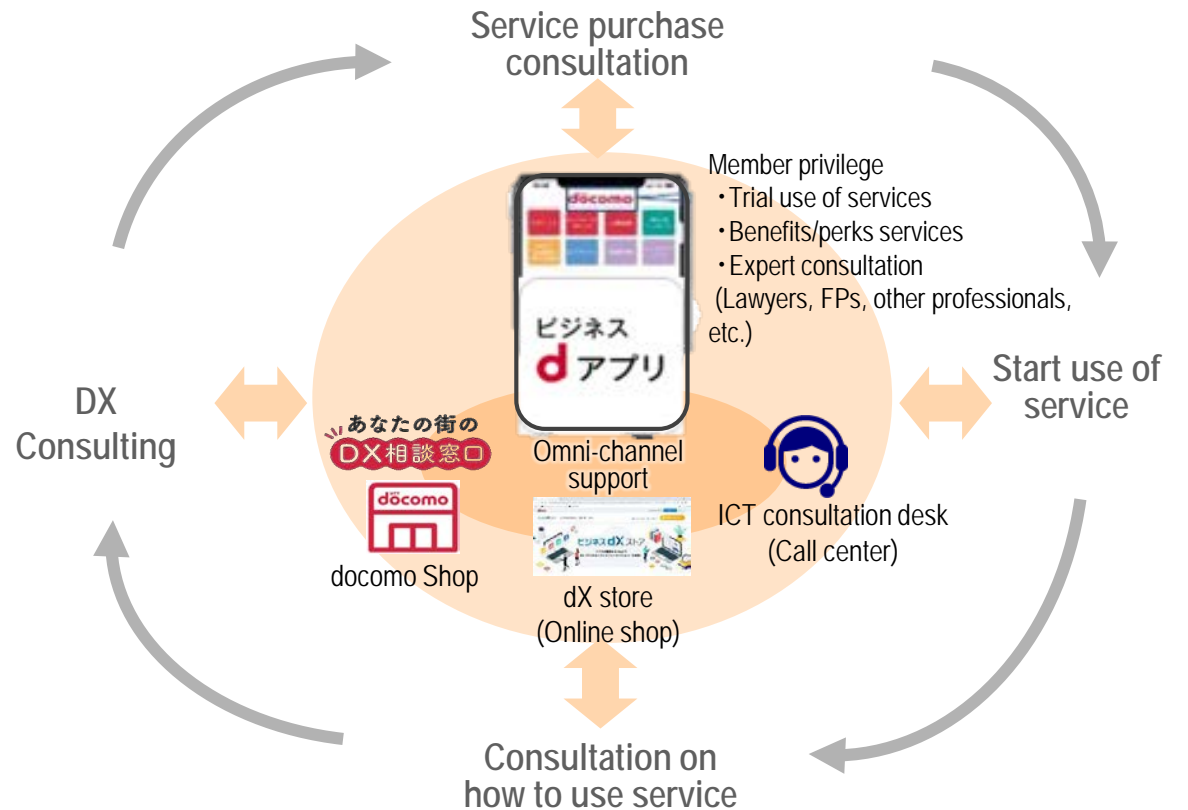
\*Planned for launch June 2023



Eliminates need of installing fixed circuits by using mobile for the access line

### CX improvement using “Business d App” as a portal

Start offering “Business d App” (July 2023; planned) to “Business d Account” users (approx. 5 million IDs) to support SME’s DX initiatives in both physical and digital space.

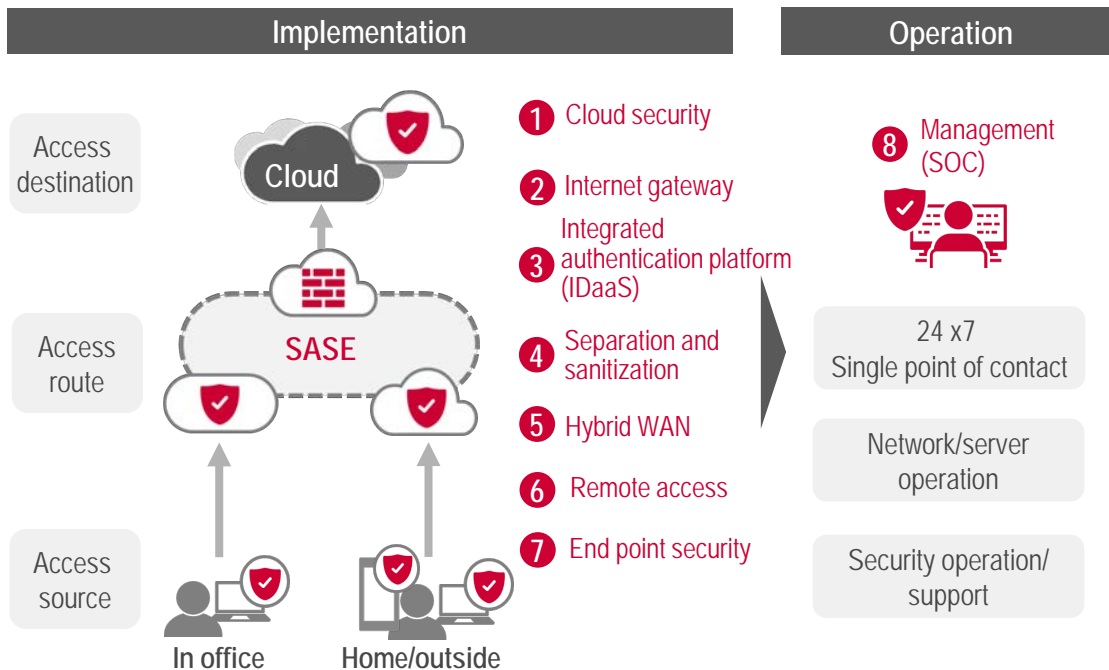


## Enterprise business: Integrated solutions (Cases)

- ✓ Roll out integrated solutions that can contribute to corporate productivity improvement and business advancement

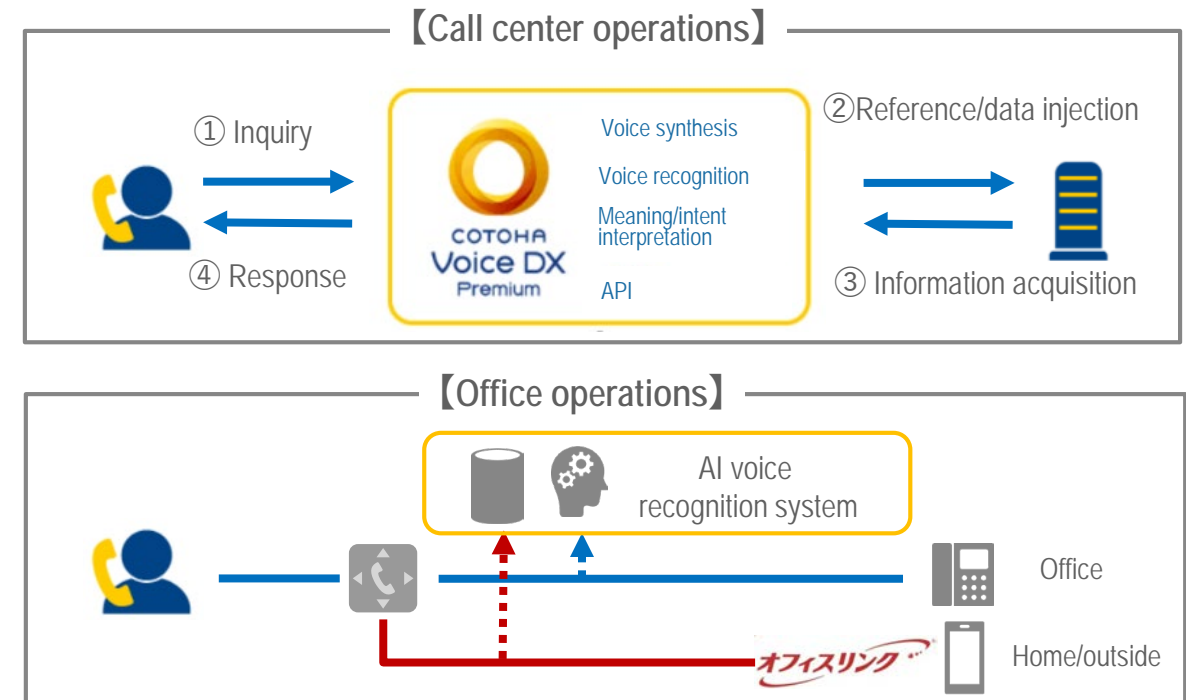
### Integrated security network (SASE solution)

- One-stop delivery of 8 components relating to “security” “network” and “management”
- Lowers burden and cost of ICT infrastructure rollout and operation



### Customer touchpoint enhancement solution

- Automate customer service offered by call centers using AI
- Improve service quality by analyzing and verifying content of conversation in office operations

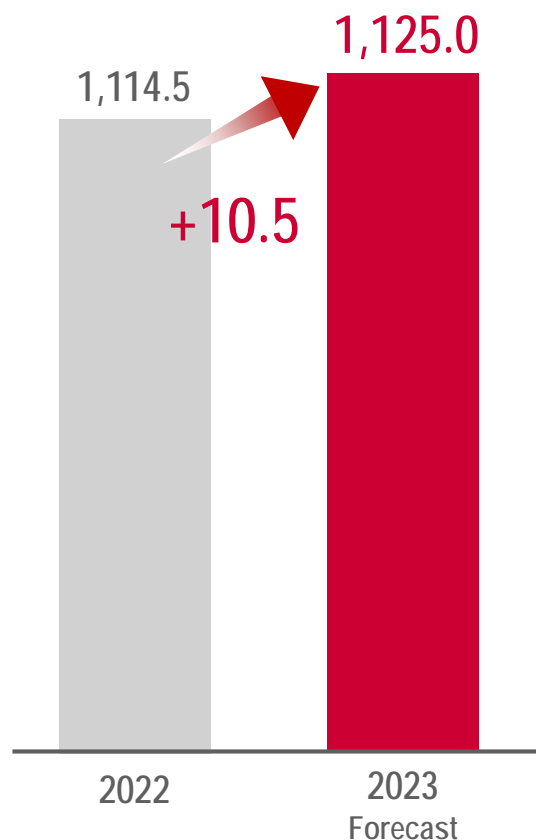


## Smart life business: Revenue/profit guidance

- ✓ Capture inorganic growth in addition to organic business expansion
- ✓ Accelerate business expansion while implementing initiatives for future growth

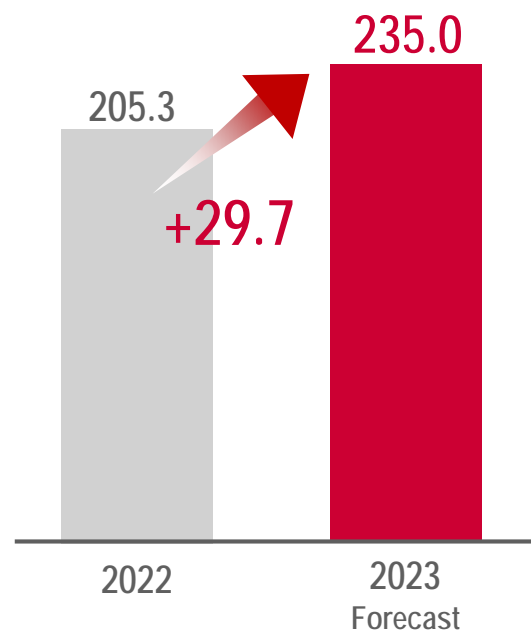
### Operating revenues

(Billions of yen)



### Operating profit

(Billions of yen)



### Key drivers

#### Operating revenues

- (+) Growth of focus areas, e.g., payment and marketing solutions, etc.
- (-) Reactionary decline of “My Number Point” business

#### Operating profit

In addition to the factors behind the changes in operating revenues,

- (+) Inorganic growth through M&A, etc.
- (-) Growth investment in video, XR, finance and other business opportunities

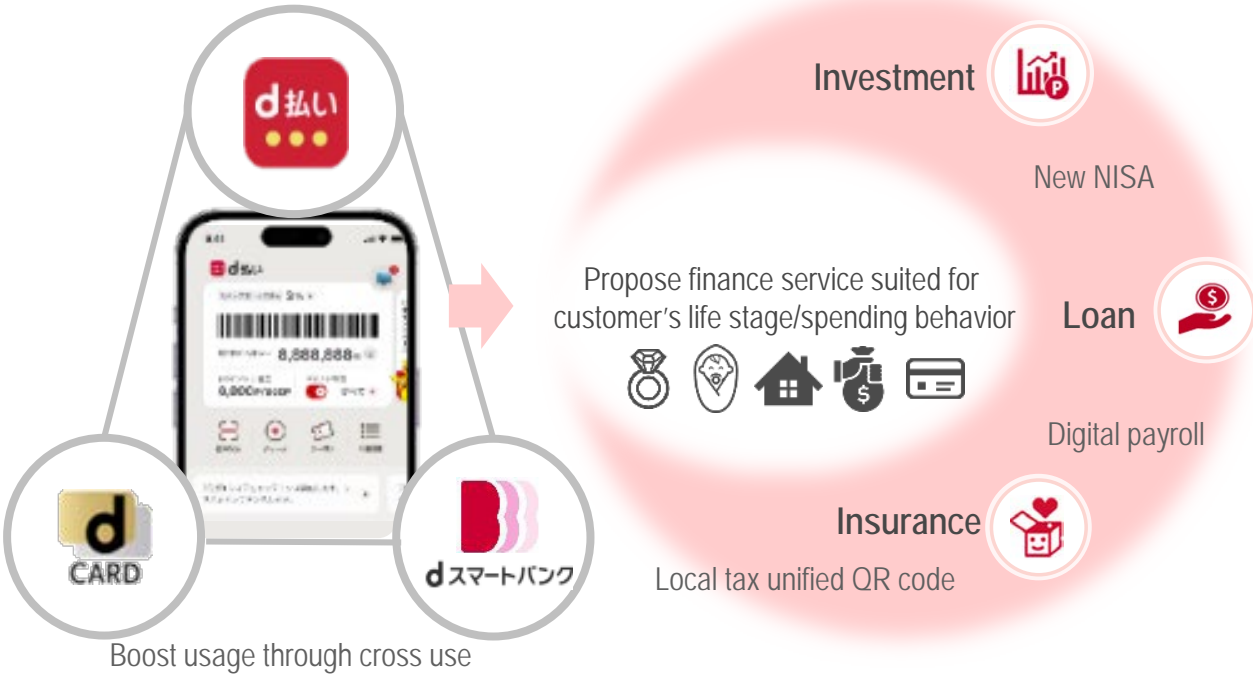
Smart life business:  
Strengthen customer  
touchpoints

- ✓ Provide customers with optimal services in one stop, primarily through payment service and video distribution media “Lemino”

Finance/payment services

Propose optimal finance services using “d Payment” app as a hook.  
Total finance/payment transactions grew to ¥11 trillion.  
Aim for further expansion in FY2023 and beyond.

Improve attractiveness of user touchpoints



Video distribution media “Lemino”

Propose optimal services leveraging “Lemino” with the aim of acquiring 20 million MAU as early as possible, thereby expanding entertainment business.



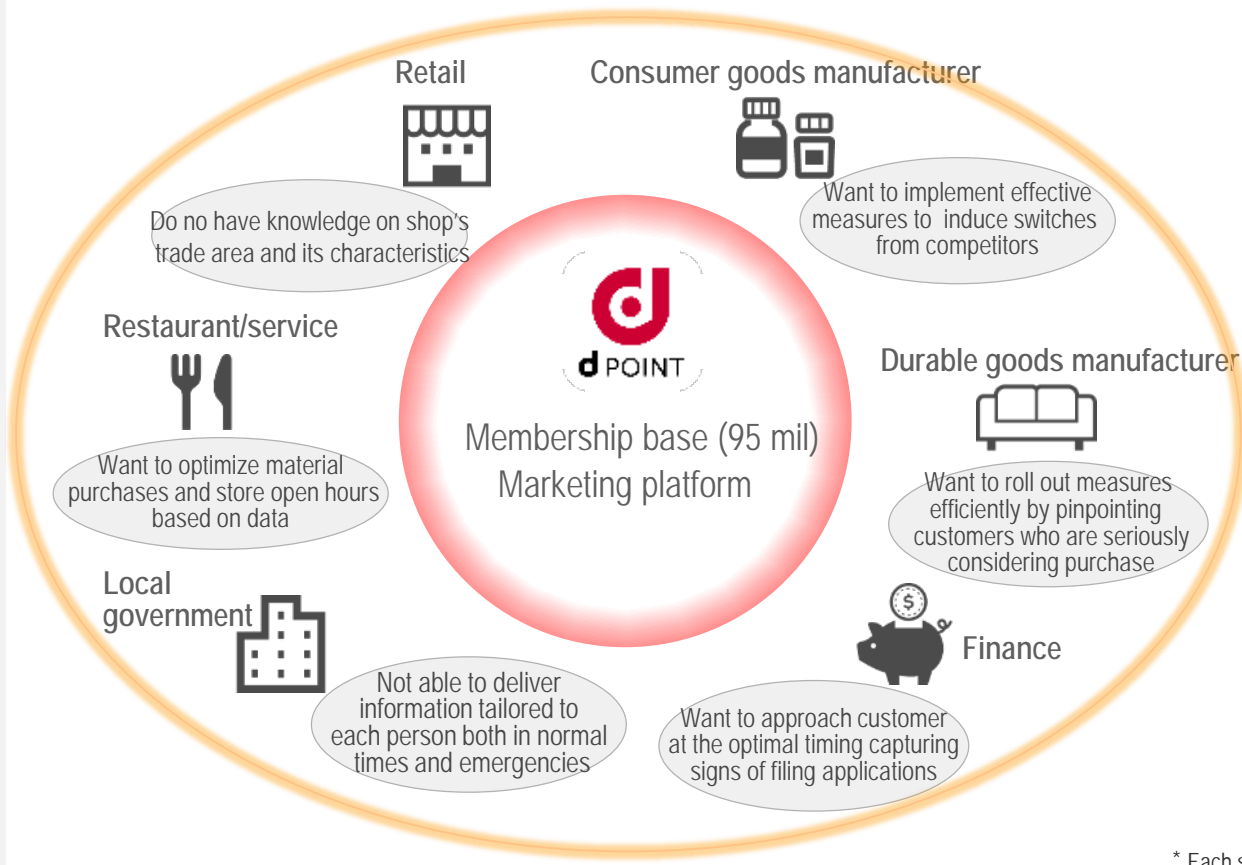


## Smart life business: Marketing support

- ✓ Solve partners' marketing-related issues through sector-specific approaches
- ✓ Full-funnel marketing support leveraging DOCOMO's strength, i.e., single ID

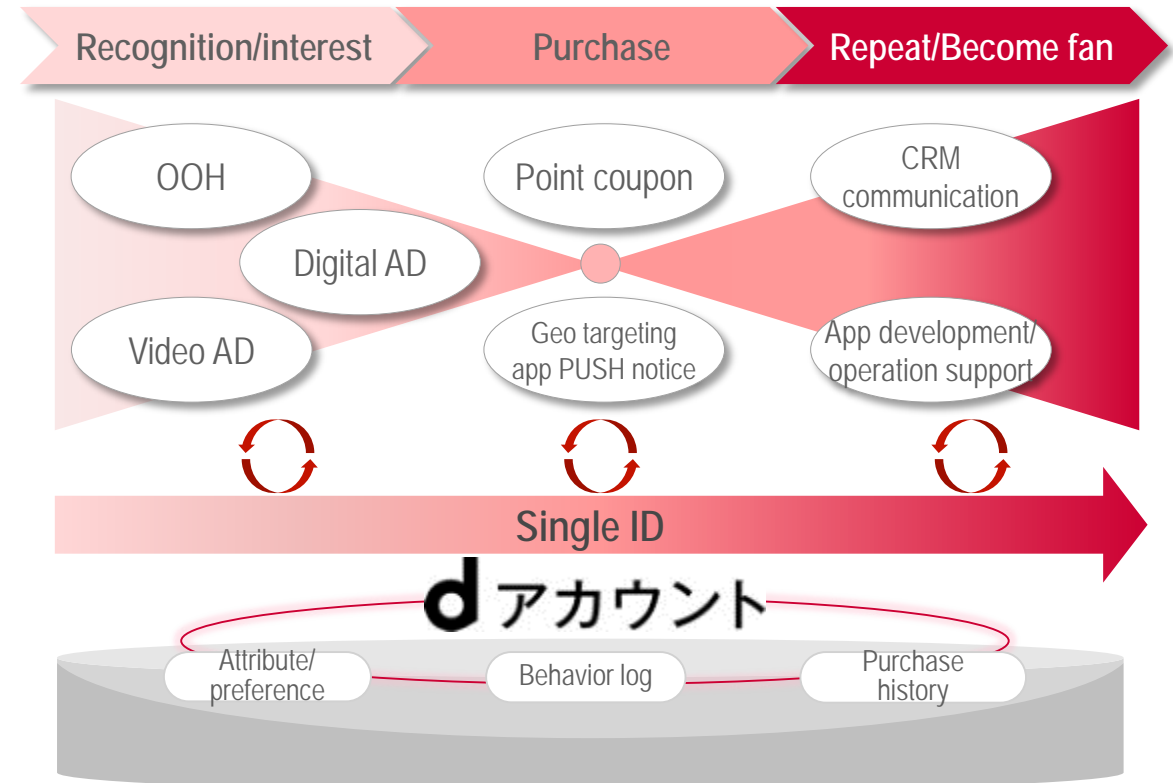
### Help solve partners' marketing-related issues

Boost LTV and engagement of partners' products by providing sector-specific support suited for the issues of partner.



### Full-funnel\* marketing support

Provide single ID x full-funnel DX support in one stop.  
Aim to increase marketing solutions revenues by 25% year-on-year to over ¥100 billion.



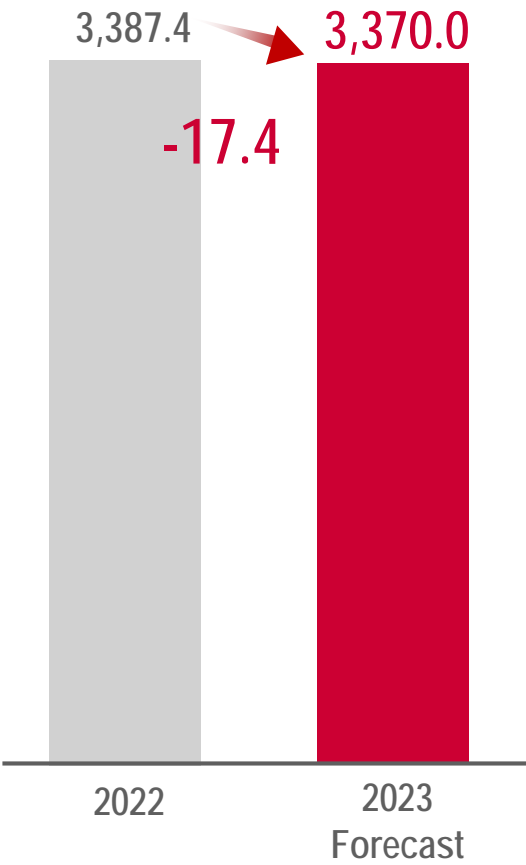
\* Each step of consumer action, after recognizing, then purchasing the product and ultimately becoming a fan of product (making repeat purchases).



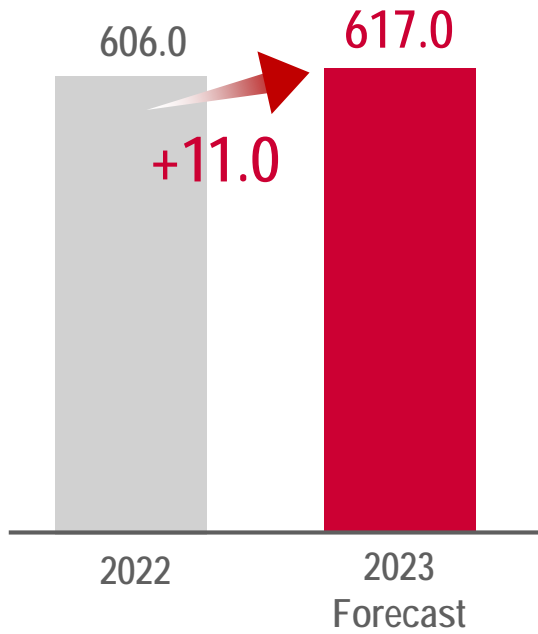
Consumer communications:  
Revenue/profit guidance

- ✓ Pace of decline in mobile communication services revenues to slow driven by expanded uptake of mid- and large-bucket plans, etc.
- ✓ Aim to return to profit growth combining the strengths of DCC

Operating revenues  
(Billions of yen)



Operating profit  
(Billions of yen)



Key drivers

Operating revenues

(-) Slower decrease in mobile communications services revenues

Operating profit

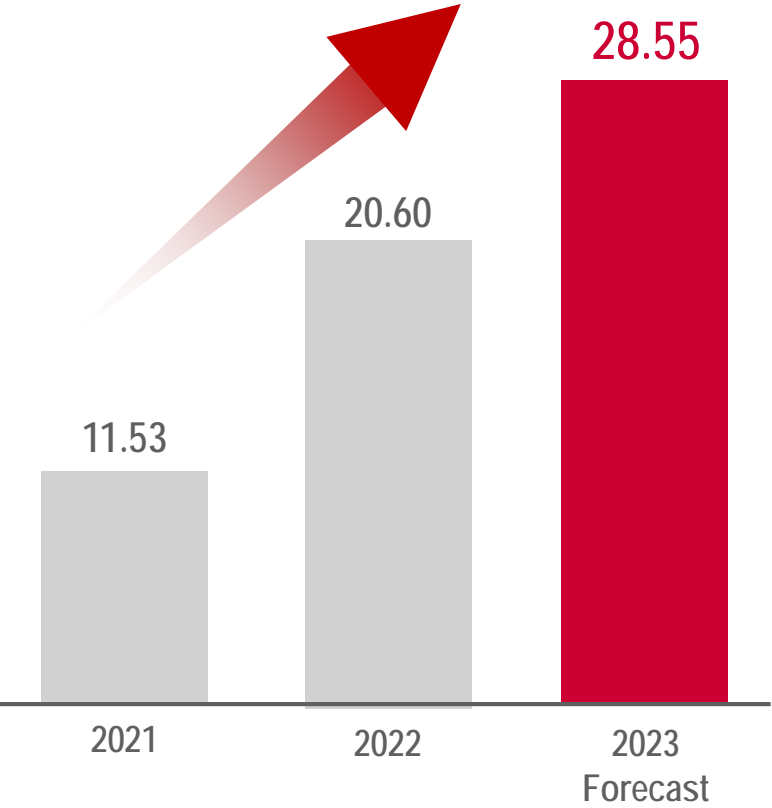
In addition to the factors behind the changes in operating revenues,

(+) Structural reform of network and channel, efficiency improvement of sales promotion measures, etc.

✓ Mobile ARPU projected to bottom out as a result of growth of 5G subscriptions and increased uptake of mid- and large-bucket plans

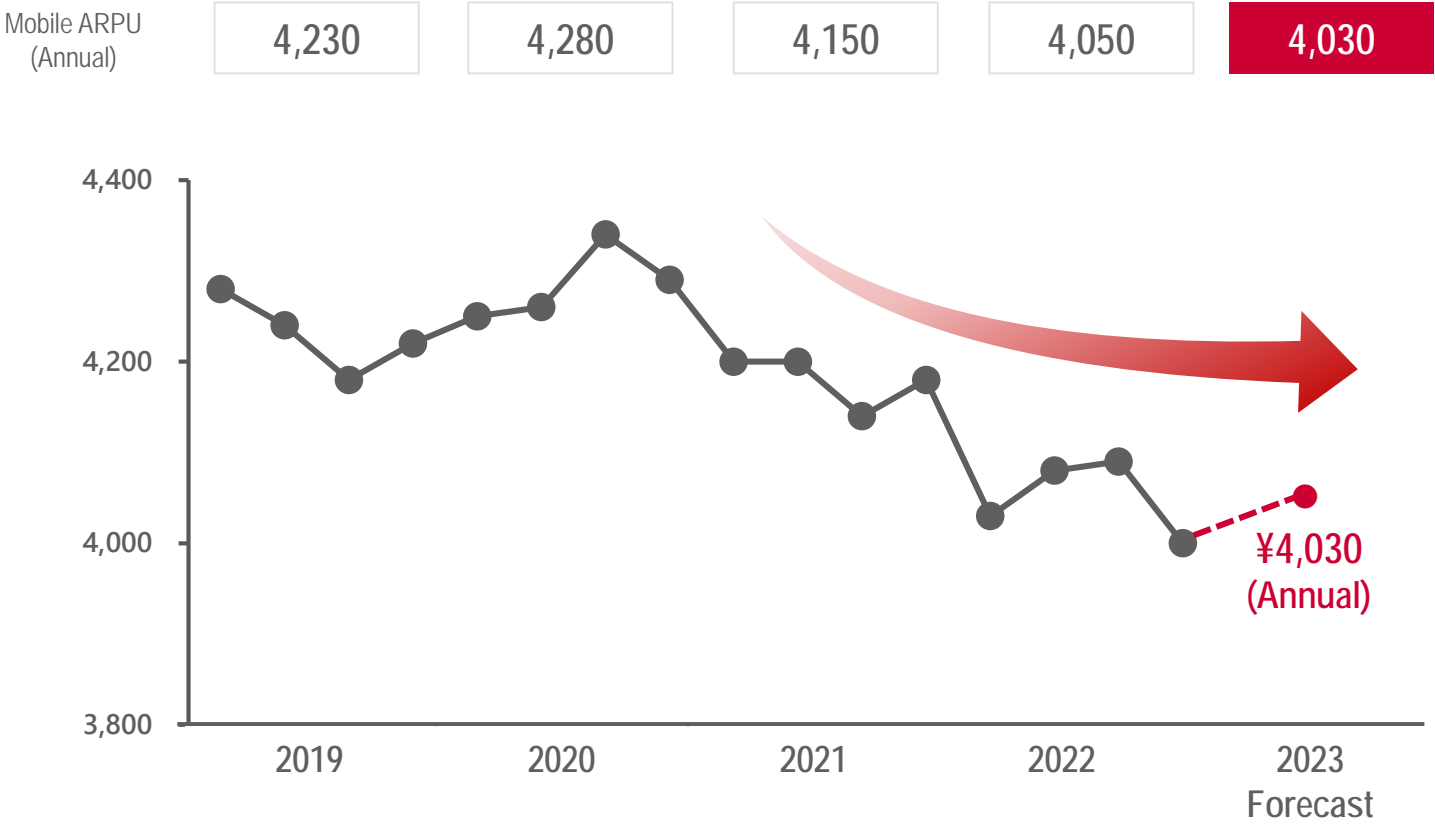
5G subscriptions

■ : 5G subscriptions (millions)



Mobile ARPU

— : Quarterly mobile ARPU (yen)



Consumer communications:  
Retention/expansion of customer base

- ✓ Continue efforts to acquire customers focusing on junior and youth segments to maintain and expand customer base
- ✓ Expand adoption of mid- and large-bucket plans leveraging Gigaho/ahamo x powerful content

Maintain and expand customer base

Junior

Raise penetration among junior segment by strengthening touchpoints with the three generations of family



(Launched Mar. 1)



New

New Kid's Keitai KY-41C (Released Feb. 24)

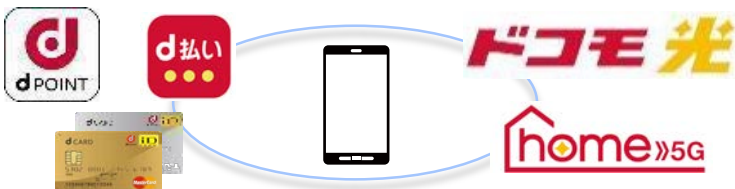
Youth

Continue efforts to acquire mid- and large-bucket users and promote upsell



Middle/senior

Improve convenience promoting cross use of "docomo Hikari" and various Smart Life services



Increased adoption of mid/large plans and upsell promotion

Step up approach to youth segment leveraging Gigaho/ahamo x popular services



(Launched Apr. 1. Covers 6 services)

Mobile communications

ギガホ・ahamo中大容量プラン

»5Gギガホプレミア

ギガホプレミア

ahamo ahamo 大盛り



Popular services



NETFLIX

Lemino



YouTube Premium



✓ Popular services are available!

✓ Can choose your favorite service!

✓ Can earn d POINTs!

✓ Push forward channel reform on both fronts of physical and online, and deliver new hybrid customer experience

Transform into community's ICT support base



Evolve into “smart life shop” that can handle matters of interest/concern in everyday life and business

(“docomo Shops”: 2,160 outlets across Japan) \*As of Apr. 30, 2023

Enrich experience environment/opportunities catered to the needs of customer

Solve digital divide



Assist digital utilization

Medical/healthcare



SMEs



Financial/asset management



Hybrid customer experience blending physical and online

Further evolution of online channel

Started “docomo Online Counter”

ドコモの オンライン窓口

From consultation to subscription application

(Started Mar. 27, 2023)



オンライン  
手続きサポート

Online procedural support:  
A supporter will assist you solve problems!

Ask questions whenever you like  
and get a convincing answer!

(Started Feb. 28, 2023)



オンライン  
来店

Online shop visit:  
No need to visit store!

Peace of mind and convenience  
offered by shops  
now accessible from anywhere!

- ✓ Realize high-quality and economical network
- ✓ Offer Open RAN services to overseas operators and expand revenues

Pursue best mix of stable operation, efficiency and enhancement

Enhancement

- Deliver fastest communications speed on both uplink/downlink through 5G SA (standalone)
  - 5G SA already rolled out in all prefectures.
  - Coverage expansion ongoing.
- Support diversifying use cases through network slicing.
  - Full-scale introduction planned for FY2024 or beyond.

Efficiency

- Reduce power consumption using base station sleep control function
  - Already implemented in all base stations
- Expansion of infrastructure sharing
  - Sale of 6,000 stations in progress

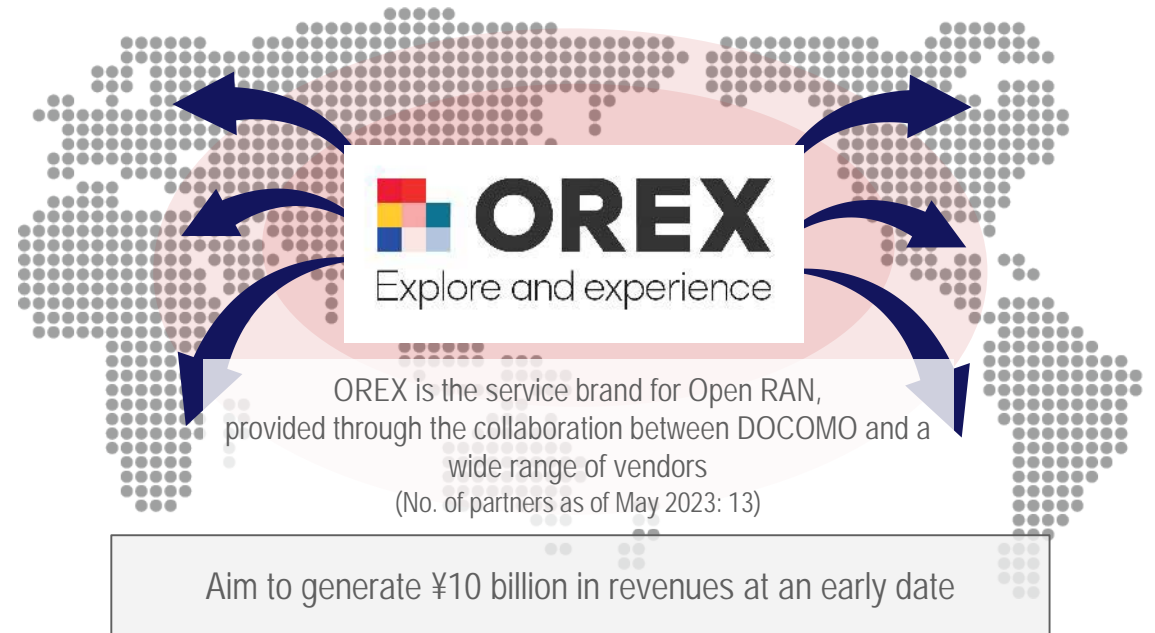
Stable  
operation

- Construction of fault-tolerant network
- Provision of comfortable communication environment

\* Reception (downlink): Max 4.9Gbps / Transmission (uplink) Max. 1.1 Gbps (maximum values defined in technical standard)

Revenue generation from network technologies

Provide overseas operators with Open RAN services optimized by DOCOMO's network technologies in collaboration with global vendors



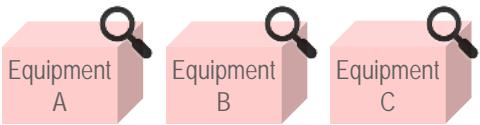
✓ Ongoing initiatives aimed at improving network quality and reliability

Stable operation of network

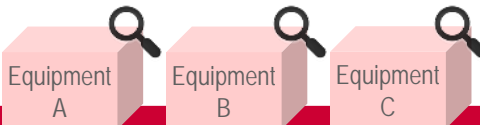
Quality improvement on both fronts of service surveillance system and organizational structure

Service surveillance

Introduce health-monitoring function in a group of systems comprising telecommunications services



Monitoring of individual unit

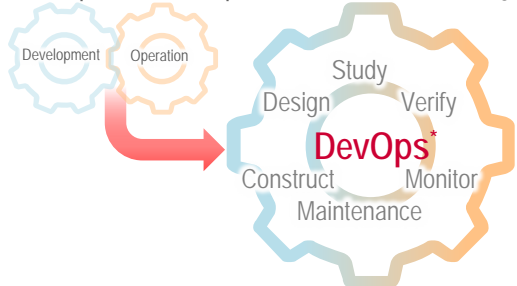


Health of service monitoring

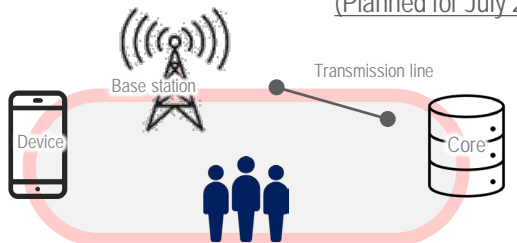


Organizational structure

Establish unified organization for development and operation (Planned for July 2023)



Establish service quality management organization (Planned for July 2023)



Manage service quality from device to network

Provision of comfortable communication environment

Continue to undertake measures to secure communication speed



Localized decrease in 4G communication speed due to traffic growth or changes in city.

Execute area tuning (by around summer)

Coverage adjustment

More distributed control between different frequency bands

Expand rollout of "Lightning Speed 5G" base stations

(Respond to capacity requirements using 4G depending on area characteristics including customers' usage behavior, etc.)

\* DevOPS structure: A development methodology in which teams responsible for development and operations work in collaboration.



✓ Stepped up initiatives toward achieving carbon neutrality by 2030,  
making steady progress

Measures adopted for own network

FY2023 target: Contribute to approx. 100 million kWh<sup>\*1</sup> power saving



Sleep function



Power-saving equipment



Off-site PPA

- Introduced base station sleep function and power-saving equipment which can reduce power consumption by up to approximately 30% on average.
- Introduced off-site PPA (Power Purchase Agreement)<sup>\*2</sup> which enable power supply from photovoltaic power plants.

Actions linked with own services

Realized renewable energy introduction rate<sup>\*3</sup> higher than 5G subscription rate

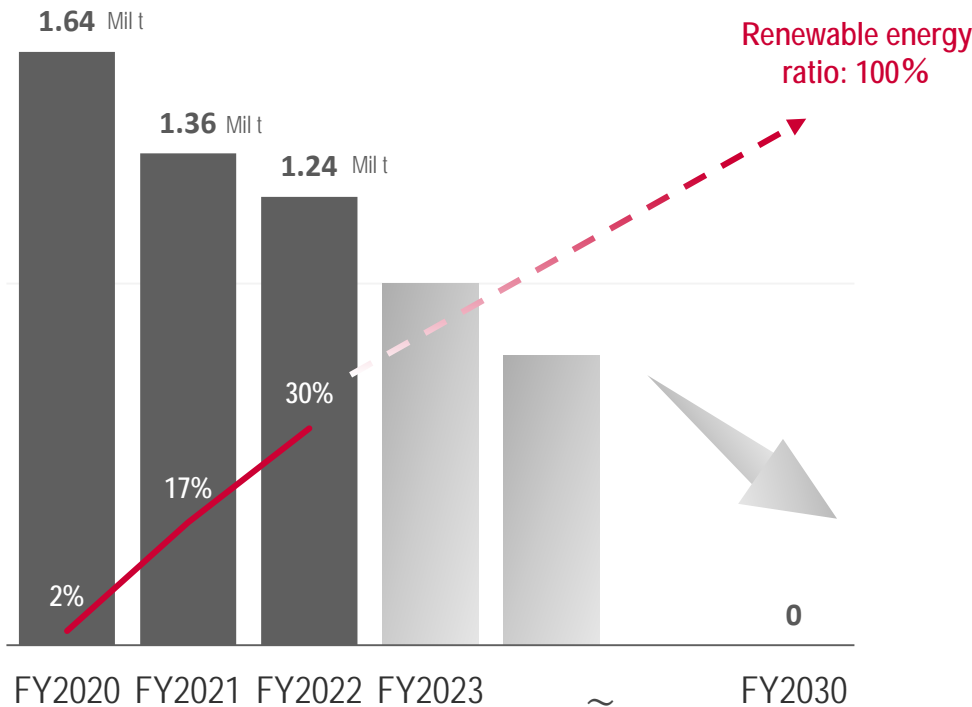
5G

Achieved FY2022 target

5G subscription rate:  
24%

Renewable energy ratio<sup>\*4</sup>:  
27%

DOCOMO Group<sup>\*5</sup> GHG emissions (Scope1, 2)



<sup>\*1</sup>: Approx. 3% of total power consumption of DOCOMO group excluding NTT Communications and NTT Comware.

<sup>\*2</sup>: A model that transmits power from a distant power plant to the consumer via a power transmission/ distribution network.

<sup>\*3</sup>: Including the use of non-fossil certificates for designated renewable energy sources.

<sup>\*4</sup>: Excluding NTT Communications and NTT Comware.

<sup>\*5</sup>: Excluding some overseas entities, etc.

## Progress vs medium-term targets

- ✓ Growth indicators showing favorable progress due to integration synergies, etc.
- ✓ Revised definition of ROIC toward stable profit generation in consumer communications business

		FY2022 Actual	FY2023 Guidance	FY2025 target
Growth Areas	Ratio of Smart life plus Enterprise Business revenue	48%	49%	50%+
	Enterprise business revenue	¥1,805.7 billion	¥1,880.0 billion	¥2 trillion+
Existing Areas	Telecom Capex to Sales	16.7%	16.7%	16.5% or less
	Revised Telecom ROIC	10.3%	10.3%+	11.0% +



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# 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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