

# **FY2021/1Q**

## **Financial Results**

**NTT docomo**  
August 6, 2021

### **Script**

I would like to begin my presentation using the slides, focusing on the highlights of our financial results.

# FY2021/1Q Results Highlights



IFRS

(Billions of yen)	FY2020/1Q (1)	FY2021/1Q (2)	Changes (2) - (1)	Changes (%)
Operating revenues	1,098.2	1,159.6	+61.5	+5.6%
Operating profit	280.5	244.4	-36.1	-12.9%
Profit attributable to shareholders of NTT DOCOMO, INC.	195.3	171.5	-23.8	-12.2%
Adjusted free cash flow	-54.0	11.0	+65.0	—
Capital expenditures	90.8	122.7	+31.9	+35.1%

◆ 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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As you see here on Slide No. 1, we recorded an increase in operating revenues but a decrease in operating profit.

Free cash flow was affected by the lower corporate tax payment in the first quarter compared to regular years. Free cash flow appears to have improved because of a decrease in the tax amount due in FY2021/1Q associated with the TOB, but the baseline tax payment for the full year basically remains unchanged.

As for capital expenditures, we recorded a year-on-year increase in FY2021/1Q because of the acceleration of 5G base station rollout during the period between late FY2020 and FY2021/1Q. Although the amount spent in FY2021/1Q came in slightly higher compared to usual years, we are firmly adhering to our annual capital expenditures plan.

# Results by Segment

IFRS

(Billions of yen)		FY2020/1Q (1)	FY2021/1Q (2)	Changes (2) -(1)
Telecommunications business	Operating revenues	851.8	904.1	+52.3
	Operating profit	219.4	184.5	-34.9
Smart life business	Operating revenues	145.0	150.1	+5.1
	Operating profit	28.3	23.2	-5.1
Other businesses	Operating revenues	110.4	115.4	+4.9
	Operating profit	32.8	36.7	+3.8
<Ref.> Smart life business and Other businesses		255.5	265.5	+10.0
		61.2	59.9	-1.3

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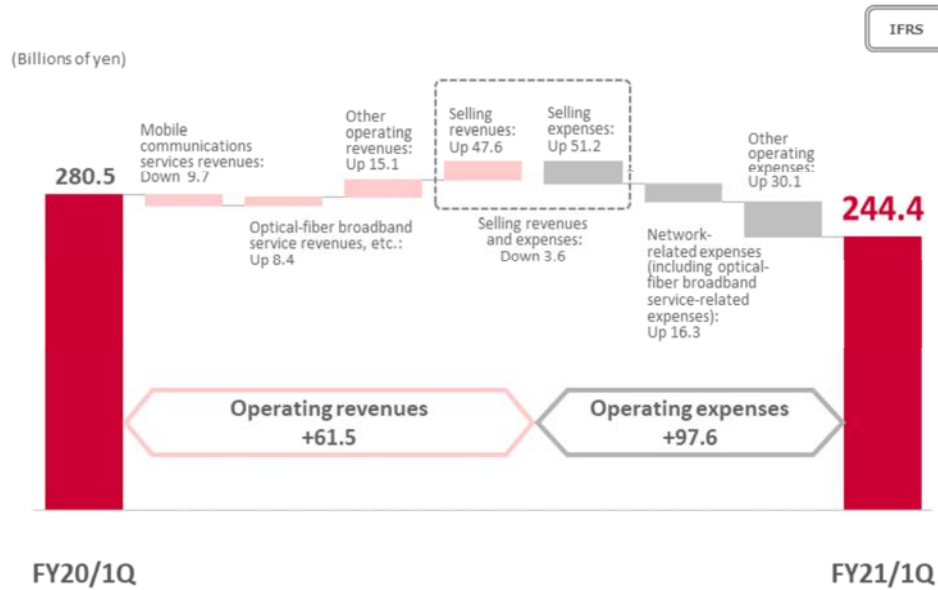
Slide No. 2, results by segment.

The revenues from telecommunications business recorded a year-on-year increase of 50 billion yen. Last year, we implemented very stringent measures against COVID-19 infections, e.g., closing docomo Shops in some cases. This year, however, we expanded our sales activities employing solid infection prevention measures, which resulted in increased handset sales that boosted the FY2021/1Q telecommunications revenues.

However, operating profit posted a decrease over the same period of the previous fiscal year due to a drop in mobile communications services revenues and an increase in costs, including the front-loading of 5G base stations investment that I mentioned earlier and the expansion of some sales activities compared to last year.

There has not been any significant change in the general trends of Smart life business and Other businesses. However, as I explained earlier, because we have stepped up our sales activities compared to FY2020/1Q, operating profit from this segment recorded a slight decrease compared to the same period of last fiscal year.

# Key Factors behind Changes in Operating Profit



◆ 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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Slide No. 3. This is just a repetition of what I already explained, so I will skip this slide.

# Status of Key Operations

## Steadily expanded customer base through strategic launch of new rate plans

### ▶ Mobile subscriptions

Net additions and MNP subscriber acquisitions trending favorably as a result of strategic launch of new rate plans (e.g., “ahamo” “Gigaho Premier”).

Plan to provide customer returns worth over ¥250 billion in FY2021.

### ▶ 5G

5G subscriptions recorded a steadfast increase to 5.35 million, making favorable progress toward fiscal year-end target of 10 million.

Total no. of Lightning Speed 5G base stations topped 10,000 in June. Aim to grow the number to 20,000 by Mar. 31, 2022.

### ▶ Membership base

Both “d POINT CLUB” members and “d POINTs” used expanded at a favorable pace driven by increased usage at partners’ stores, etc. Aim to grow membership base to 100 million as early as possible.

### ▶ Finance/Payment

Finance/payment transactions handled grew steadily to ¥2.0 trillion as a result of stepped up efforts for new merchant acquisition and boosting everyday usage.

### ▶ Enterprise solutions

A total of 35 5G solutions have been offered for commercial use, garnering some 300 cases of actual adoption.

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Slide No. 4 summarizes the status of operations.

With respect to mobile subscriptions, both our net additions and MNP subscriber acquisitions have been progressing favorably following the launch of “ahamo” and “Gigaho Premier” rate plans. The total amount of customer returns planned to be provided during this fiscal year is estimated to be over 250 billion yen.

Meanwhile, the total number of 5G subscriptions has also grown steadily to 5.35 million. The number of 5G base stations exceeded 10,000 in June, and we are on track toward the completion of 20,000 stations by the end of the fiscal year on Mar. 31, 2022.

The membership base of “d POINT” service has also grown steadily toward our target of acquiring 100 million members.

The total amount of transactions processed with our finance/payment services grew to 2 trillion yen, and we will continue to expand and strengthen these offerings going forward.

The demand for our enterprise solutions has heightened amid the transition to a remote-style society. We have been providing a wide array of commercial solutions and garnered some 300 cases of actual adoption.

# Key Operational Indicators (1)



	FY2020/1Q	FY2021/1Q	Changes
"d POINT CLUB" members (Million)	76.57	83.73	+9%
"d POINT CARD" registrants	44.72	52.57	+18%
"d POINTS" used (Billion points)	57.1	69.7	+22%
"d POINTS" used at partners' stores, etc.	40.3	52.7	+31%
Mobile telecommunications service subscriptions (Million subs)	80.61	82.92	+3%
5G subscriptions	0.15	5.35	—
Churn rate (%)	0.42%	0.58%	+0.15pt
Handset churn rate	0.34%	0.48%	+0.15pt
"docomo Hikari" subscriptions (Million subs)	6.66	7.14	+7%

- ◆ "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 FY2020/1Q.
- ◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

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Slide No. 5 and the following page contain some detailed numbers pertaining to our operations. I would like to refrain from adding any further explanation.

## Key Operational Indicators (2)

	FY2020/1Q	FY2021/1Q	Changes
<b>Finance/Payment transactions handled</b> (Billions of yen)	<b>1,500.0</b>	<b>2,000.0</b>	<b>+33%</b>
"d CARD" transactions	<b>1,140.0</b>	<b>1,500.0</b>	<b>+32%</b>
"d Payment" transactions	<b>153.0</b>	<b>266.0</b>	<b>+74%</b>
<b>"d CARD" members</b> (Million members)	<b>13.18</b>	<b>14.76</b>	<b>+12%</b>
"d CARD GOLD"	<b>7.04</b>	<b>8.23</b>	<b>+17%</b>
<b>"d Payment" users</b> (Millions)	<b>27.27</b>	<b>37.35</b>	<b>+37%</b>
<b>Locations where payment/point service can be used</b> (Million locations)	<b>1.94</b>	<b>3.52</b>	<b>+81%</b>

- ◆ The amount of transactions handled represent the cumulative amount for FY2021/1Q, 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.

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## 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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