Main Q&A (Analyst Meeting after the Results for FY2019)

Questioner No. 1	
Q1	You mentioned that you cannot provide the guidance for FY2020 due to the uncertainties caused by COVID-19. Can you indicate the concrete elements that are difficult to predict and the size of financial impact in the worst case scenario?
A1	While it is difficult to provide a clear projection for FY2020, we must first anticipate a decline in sales. With the extension of the state of emergency, we currently anticipate a negative revenue impact in the order of several tens of billions of yen caused by the decrease in the number of customers visiting docomo Shops and the limitation of services that can be provided at the shop counters. The negative impact in the worst case might amount to 100 billion yen, though the chances of reaching that magnitude are slim. The impact on operating profit, however, may not be as significant because the cost of equipment sold and commissions payable to agent resellers are expected to come down in tandem with the decline of sales. We also anticipate a drop in mobile communications services revenues. Factors such as a slowdown in the pace of subscriber migration, decrease in international roaming revenues and reduced sales of Smart life services resulting from lower number of shop visitors may each negatively affect our revenues by several tens of billions of yen. The decline of mobile communications services and Smart life revenues, in particular, could have a fair amount of impact on our operating profit as well. On the other hand, the factors that could positively affect our operating profit include the deferral of capital expenditures and other expenses.
Q2	Can you once again elaborate on the factors that could affect your mobile communications services revenues?
A2	The decline in international roaming revenues is expected to bring about the largest impact, which could be nearly entirely wiped out if the current situation continues. In addition to the drop in handset sales, a slowdown in the pace of acquisition of mobile net additions and subscriber migration is also likely to cause a negative impact.
Q3	I believe international roaming revenues accounts for less than 1% of your total mobile communications services revenues. Is my understanding correct?
A3	The contribution of international roaming revenues to our total mobile communications services revenues is more than 1%.
Q4	You explained that you will push forward with the liquidation of receivables and assets to improve your ROIC, but why are you addressing the improvement of ROIC and asset effciency in the first place? In the stock market, the improvement of these indicators are sometimes discussed as an end in itself, but, as an operating company, I guess you have certain business objectives and the improvement of the indicators per se is not the intrinsic goal. I assume you are pursuing their improvement to use the proceeds for share repurchase or other forms of shareholder returns. Can you give a comment on this, together with the reason why you did not plan a dividend increase this year despite continuing share buybacks over the years and planning the liquidation of receivables?
A4	We decided to execute the liquidation of receivables based on our own judgment and also to respond to the multiple requests that have received in the course of dozens of meetings and one-on-one interviews with institutional investors and analysts that we hold every year. Specifically, we received the following opinion: "DOCOMO carries credit card and handset installment receivables worth about 1 trillion and several hundreds of billions of yen, which charge little interests and produce no returns. An analysis of DOCOMO's balance sheet suggests that these assets are essentially producing negative returns because they are financed at capital cost (estimated to be around 5% in the Company's estimate) without generating any interest income. This situation should not be left unchecked." While we do not see so much need to improve our asset efficiency in the context of boosting

	ROIC, we concluded it was reasonable from the viewpoint of the aforementioned opinion. Also, if we can find good opportunities for growth investments, they may be less expensive relative to the financing of capital. Further, we have not ruled out the possibility of share repurchase. If we are to conduct share repurchase worth 300 billion yen through market purchase as we did in FY2019, we have no choice but to make the announcement early in the year because it will take a whole year to complete the purchase. However, if we decide to use tender offer, the announcement can be made on a later date, as the case for our repurchase program in FY2018. The media speculated we have no intention of carrying out share repurchase this year after our FY2019 results announcement, but we have not made any decision to that effect. As for dividends, we presented our plans during the recent results announcement session to assure that we have no problem with paying out the current level of dividends, even though we are not able to disclose our FY2020 guidance at this juncture.
Questioner No. 2	
Q1	How much handset installment receivables did you actually liquidate in FY2019? Were you able to complete the liquidation of the entire amount you had planned? Concerning the planned liquidation of credit card receivables in FY2020, do you plan to execute the whole amount in FY2020? If so, what is the size of the program?
A1	We carried out the liquidation of credit card receivables, not handset installments, in FY2019 in which we completed the liquidation of receivables worth 50 billion yen. This was conducted in a scheme that allows off-balancing, so they are already eliminated from our balance sheet. For FY2020, we are now making preparations for the liquidation of handset installment receivables. This is slightly more complicated and a certain degree of system modification is necessary. We thus plan to complete the preparations in or after FY2020/2Q. The actual execution may be delayed due to the impact of COVID-19, but we will be ready for execution within FY2020. Although nothing is decided, the proceeds from liquidation of handset installment receivables, combined with credit card receivables, could be used to finance our share repurchase. We are steadily moving forward with the preparations.
Q2	Did you complete the liquidation of credit card receivables in the entire amount you had planned for FY2019? Also, what is the amount of handset installment receivables liquidation planned for FY2020?
A2	The amount of credit card receivables liquidated in FY2019 was 50 billion yen, which was exactly the amount that we had planned. The size of liquidation of credit card and handset installment receivables to be conducted in the future has not been finalized yet. Among the handset installment receivables, the last 12-month portion that will be used for the “Sumaho Okaeshi (handset trade-in) Program” is technically difficult to liquidate, but the total balance of handset installment and credit card receivables still amounts to 1 trillion and several hundreds of billions of yen. However, as we stated earlier, the concrete size and timing of liquidation have not been decided yet.
Q3	Regarding your net additions trend, as a result of your endeavors in the second quarter, you recorded 1.87 million net additions during FY2019, which was 370,000 higher than your initial plan. What are the key factors behind this favorable performance? Could you also give us a breakdown of the net adds separating DOCOMO brand subscribers and MVNO users? And how should we consider your FY2020 prospects in light of your performance in FY2019?
A3	While our data plan subscriber acquisitions were weak, the key factor that contributed to the better-than-expected performance vis-à-vis the original plan was the MVNO subscriber acquisitions. We cannot present the outlook for FY2020, including the breakdown of different subscriber categories, due to the impact of COVID-19.
Q4	I believe you have already experiencing some impact in FY2020 due to the outflow of Rakuten MVNO users to Rakuten’s MNO service. Do you think you can make up for these outflows with the net additional DOCOMO brand subscribers?
A4	To comment on recent conditions, we have not seen any significant impacts such as subscribers’ switch to Rakuten using the Mobile Number Portability (MNP) system. Both Rakuten and we are

	currently limiting our sales activities and it is hard to predict when we can return to normal operations. It is therefore difficult to provide you with an outlook of our net additions for FY2020.
Questioner 3	
Q1	I would like to ask about your shareholder return policy. This time, you kept your dividend unchanged and made no announcements concerning share repurchase. Does this imply that you altered your shareholder return policy in view of the social circumstances, i.e., the emerging global trend to reconsider the business management style that attaches importance on shareholders in the post-coronavirus era? Or is this simply a temporary difficulty to properly estimate your cash flow and other indicators caused by a technical reason? Which is the case?
A1	We have not changed our medium-term policy to strengthen our shareholder returns because of the impact of COVID-19. We have learned from media reports about the emerging trend of making a transition from shareholder-oriented business management, but we have never heard such voice directly from investors and our share price dropped considerably after our recent results announcement as we did not make any announcements pertaining to shareholder returns. We believe these factors suggest that there are very high expectations for the shareholder returns we provide. We would like to adhere to our medium-term policy because our cash flow is unlikely to be severely impacted by the COVID-19 outbreak.
Q2	You commented earlier that you need to prepare your system to execute the liquidation of handset installment receivables. Is it right to construe that you have already completed the system preparations for liquidation of credit card receivables? Also, while you declared to keep your dividend unchanged, is there a possibility to reconsider your dividend when you become ready to publicly announce your business plans for FY2020? Or, is there no room for a review?
A2	We already have a track record for the liquidation of credit card receivables and our system is ready. With respect to dividends, although we cannot predict the outcome, when we make a disclosure after finalizing the business plan that incorporates the impact of COVID-19, we would like to once again perform an internal review on the possibility of a dividend increase.
Q3	You explained that you anticipate a negative revenue impact from international roaming and slowdown in the pace of subscriber migration due to COVID-19. However, the ARPU trend has been showing an improvement with your FY2019 full-year ARPU coming in higher than your revised forecast. Can you elaborate on the positive factors driving the improvement (were it not for COVID-19) and the negative impacts of COVID-19 that are diluting the ARPU?
A3	Both our mobile communications services revenues and ARPU for FY2019 landed higher than our expectations, thus we are projecting a continued improvement from this baseline in FY2020. We have achieved favorable progress in promoting upsells and subscriber migration after the launch of “Gigaho” and “Gigalight” new rate plans. The introduction of “Gigaho Zouryou Campaign” has induced in an increase in the percentage of subscribers choosing “Gigaho” and the selection rate of “5G Gigaho” has also been trending higher after the commercial launch of 5G, which makes us believe we are well positioned to maintain the current uptrend. As for the impact of COVID-19, we had originally anticipated a 100-yen uplift in ARPU from the migration of subscribers, but if the pace of migration slows to half the expected level, the positive impact will come down to 50 yen. For international roaming, we project a magnitude of impact that could wipe off the year’s entire roaming revenues. Having said that, however, the underlying trend remains strong.
Q4	The negative impact caused by reduced international roaming revenues and the decline in ARPU from slower pace of subscriber migration, in my view, should be about 50 yen each. Mobile ARPU will certainly drop if these impacts are taken into consideration, but I do not think it will decrease as much as 100 yen from the FY2019 full-year ARPU of 4,230 yen. If that is the case, I believe you will still be able to achieve a profit growth through cost reduction even if you suffer certain impacts from COVID-19, but what do you think? Will it be difficult to grow your profits even if you cut your costs by close to 100 billion yen?
A4	We are currently performing various simulations on the positive and negative impacts. While we can make certain level of estimates through simulations setting various conditions and assumptions, it is difficult to narrow down to a single estimate because there is no clarity as to how long the COVID-19 impact will continue. That is the reason why we came up with this kind of

	announcement this time around. As you pointed out, there are various ways to make up for the negative impacts. We will properly address cost reduction and revenue/profit expansion of Smart life businesses, so we can secure operating profit despite the unforeseeable circumstances. We have no intention to relax our endeavors to generate profits from our business operations. We will do our utmost to maintain or even improve our profit level.
Questioner 4	
Q1	Previously, you provided us with an indication on the elements that could affect your FY2019 operating profit, e.g., a 250 billion-yen negative revenue impact from the launch of new rate plans and a positive impact from reduced “Monthly Support” discount of 90 billion yen. Can you let us know what was actual size of these elements? Also, I recall you had a plan to spend over 50 billion yen for growth investments. How much did you actually invest?
A1	In the beginning of FY2019, we expected the net impact from “Gigaho” and “Gigalight” after reflecting the positive impact from reduced “Monthly Support” discounts would be approximately 200 billion yen. However, in light of the slow pace of adoption of “Gigaho” and “Gigalight” plans in the early phase, we revised our forecast to 180 billion yen after performing a review at the end of the first half. The actual full-year impact came in nearly at that level, but slightly below 180 billion yen to be more precise, of which the contribution from the moderated impact of “Monthly Support” program accounted for roughly 50-60 billion yen. With respect to growth investment, we executed almost all the planned 50 billion yen, but its breakdown was slightly different from our initial plan. We plan to appropriate a similar amount for growth investment in FY2020 as well.
Q2	Is it correct to understand that the impact of “Monthly Support” discounts, including the “docomo with” program, was 50-60 billion yen?
A2	That is correct. It represents the net impact of “Monthly Support” and other discounts, including the expanded negative impact from the “docomo with” program in the initial phase.
Q3	This is a question regarding your MVNO business. The interconnection rate for data communications is expected to be lowered by approximately 16%, and I believe the MVNO voice rate will drop to nearly cost-plus-reasonable-profit level in the arbitration with Japan Communications Inc. Please share with us the financial impact you anticipate from these two factors in FY2020?
A3	Two components are involved here, one related only to Japan Communications and the other applies to our overall MVNO business. Because the impact will start to emerge only after the result of deliberations by the committees becomes clear, this has not caused a significant impact from the beginning of the current fiscal year. While we are not sure at which point it will start to generate an impact, the magnitude is estimated to be less than 50 billion yen at maximum.
Questioner No. 5	
Q1	Regarding the breakdown of operating profit from Smart life business and Other businesses, you explained during the results presentation session the contribution from each category was as follows: content/lifestyle approximately 15%, finance/payment approximately 5%, support services for customers’ peace of mind approximately 60% and others including enterprise solutions approximately 20%. Can you provide us the revenue breakdown of these categories for both FY2019 and FY2018?
A1	The following is the contribution of each category to the operating revenues for FY2019: content/lifestyle approximately 35%, finance/payment approximately 15%, support services for customers’ peace of mind approximately 30% and others including enterprise solutions approximately 20%. The breakdown for FY2018 revenues was: content/lifestyle approximately 30%, finance/payment approximately 15%, support services for customers’ peace of mind approximately 35% and others including enterprise solutions approximately 20%.
Q2	What services in the content/lifestyle and enterprise solutions categories are showing a steadfast growth?
A2	With respect to content/lifestyle, we recorded a revenue growth of slightly below 100 billion yen as a result of the consolidation of NTT Plala as a wholly-owned subsidiary. We also improved our sales method at shops to recommend only the services that are suited to the needs of customers.

	As a result, around November 2019, we succeeded in reversing the net loss trend of subscribers in our ten key services that had lasted for some time, which continued to improve thereafter to achieve net gains for the full year. While it is difficult to foresee how our sales at the shop channel unfolds due to the impact of COVID-19, we will strive for a steadfast growth. In enterprise solutions, we recorded an increase in both sales and profits in the area of solutions, which has been driven by the increased availability of tablets and applications for education, office-related solutions and products for enterprise digital transformation (DX), etc. We intend to further expand these solutions this fiscal year leveraging 5G. With the COVID-19 outbreak, there has been some delay in implementation caused by the current inability to engage with clients face-to-face, but we intend to grow this area addressing the needs for office environment, telework and telestudy.
Q3	For enterprise solutions, will there be any benefits from the GIGA School initiative promoted by the Japanese government? Through media coverage, I have developed a very good impression about the reputation of NTT Group’s telework solution that uses docomo Cloud. Is this progressing favorably?
A3	As we explained during the recent results announcement session, we anticipate a transition to a remote-work society once the spread of COVID-19 settles down. To put it the other way around, people are now working very hard for the establishment of such society. As for education, in particular, we are of course taking part in the GIGA school initiative. Local governments are now contemplating the actual execution method, including the preparation of devices and communication network, and we are actively approaching them to encourage deployment as we have solid track record in these businesses. Our telework solutions have been adopted by a large number of enterprises after the outbreak and we will aim for further expansion. But for the actual rollout, we need to evaluate the entire system, such as the availability of VPN and the network capacity, so we would like to make proposals in collaboration with other NTT Group companies. Besides what I just mentioned, we would like to actively roll out other solutions that we can offer in the fields of medical care and manufacturing as a step toward creating a remote-work society.
Q4	Regarding your content/lifestyle business, you mentioned that your subscriber acquisition performance has started to turn for the better. In a word, how would you describe the strong points of your content/lifestyle offerings?
A4	Concisely, it would be the availability of a “full lineup”. To comment on individual services, “dTV,” “d hits” and “d magazine” have long been our mainstay offerings. In fact, “d magazine” carries one of the largest number of magazine titles in the industry. Another powerful content service that we offer is “d animestore,” which has steadily expanded its subscriber base. Although we have successfully trimmed the net losses of “dTV” and “d hits” subscriptions, we still believe it is necessary to beef up the content of these services. We will address this challenge in FY2020 spending a certain amount of costs.
Q5	The COVID-19 impact on page 30 of your results presentation deck contains a description about a decline in finance and payment service. I rather expect an increase in the total volume of online transactions as people are staying at home, but are you actually seeing a decline in usage?
A5	It is difficult for us to present the outlook of finance and payment business in quantitative terms, but we believe the total amount of transactions processed with our credit services will be affected by the general weakness of consumption. We will of course continue to make efforts to expand the user base and usage of our credit card service with the aim of securing the main card position among the users. Still, it would be difficult to anticipate large sums of spending given the increased cancellations of overseas travels, etc., and this will translate into reduced commission income for us.
Questioner No. 6	
Q1	Please let us know the factors that you take into consideration when you decide on the amount of receivables liquidation.
A1	At the moment, the most likely scenario for us to execute receivables liquidation is for the financing of share repurchase. Thus the size will be determined by how much shares we plan to

	buy back. The repurchase can be done either through market purchase or tender offer. In the case of the latter, it will be executed in consultation with our major shareholder.
Q2	You announced your 5G subscriber target of 2.5 million in FY2020 and 20 million within FY2023. Of these numbers, what is the proportion of handsets?
A2	The first models to be released for 5G are smartphones. We have a plan to introduce Wi-Fi routers down the road, and modules are currently under review. We have already received inquiries for modules to be used in the manufacturing sector for IoT and machine applications, and we would like to focus on this opportunity around the second half of FY2020. In terms of the number of subscribers, we believe smartphone and Wi-Fi routers will account for the bulk, but we cannot disclose information pertaining to its breakdown.
Q3	Is it right to assume that the contribution of modules to your 5G subscriber count in FY2020 will be negligible?
A3	You are right. We do not think modules will take up a large proportion.
Questioner No. 7	
Q1	The downtrend for mobile ARPU (after applying discounts) recorded an increase in FY2019/4Q over the previous quarter (FY2019/3Q). In your previous statement, you predicted the reversal would happen at some point during FY2020. Please explain why you were able to achieve this ahead of your forecast?
A1	In the past, we made a prediction about the reversal of the downtrend of mobile ARPU (after discounts) at some point within FY2020, but we meant that in the context of a reversal of downtrend on a year-on-year basis, as opposed to a quarter-on-quarter comparison. The FY2019/4Q mobile ARPU recorded an increase over the previous quarter (FY2019/3Q), but it still remained considerably lower compared to the same quarter of the previous year (FY2018/4Q). Before the taking the COVID-19 impact into account, we had anticipated the mobile ARPU (after discounts) would record year-on-year gains in the second or third quarter of FY2020 if things go well. The full-year ARPU for FY2019 came in 60 yen higher than our original projection due to the overall favorable performance in FY2019/4Q particularly in the areas of subscriber migration, upsells to “Gigaho” and customers’ purchase of 1GB top-ups.
Q2	If the mobile ARPU (after discounts) reverses its year-on-year downtrend within FY2020, and the impact of COVID-19 is limited and does not cause a huge decline in your subscriber count, can we expect an increase in mobile communications services revenues in FY2020? Or do you foresee that mobile communications services revenues will not grow because of the negative impacts caused by the 400 billion-yen customer return package?
A2	Besides the ARPU, the number of subscribers is an important element for our mobile communications services revenues. Our net additions, according to the data published by TCA, has been showing an increase, but the denominator of the ARPU calculation, has been recording a slight decrease. Even if we succeed in reversing the year-on-year decline of mobile ARPU within FY2020 and there is virtually no impact from COVID-19, a drop in revenues is inevitable and the new coronavirus impact could potentially make the decline even more significant. Naturally, we have no intention to deliberately keep our mobile communications services revenues low; we rather aim to win the competition through the execution of our customer return measures and acquire new customers. The larger the amount of mobile communications services revenues, the better for our business.
Questioner No. 8	
Q1	I got the impression that the FY2019/4Q ARPU recorded an increase because the downtrend came to a halt earlier than your expectations. On the other hand, the decrease of subscriptions seems to be accelerating. Doesn’t it imply that the rate cuts provided by the new rate plans have not delivered the intended customer retention effect? Also, the government had suggested a 40% rate cut, but your mobile ARPU has not decreased that much. If the downtrend of mobile ARPU levels off, don’t you think the government will apply pressure for another rate reduction? Please explain your countermeasures for the future.
A1	We changed our handset sales practice from June 2019 significantly cutting down on our handset discounts, but our competitors continued to offer steep cash rebates until the last minute prior to the implementation of the revised Telecommunications Business Act, which caused some

	outflows of subscribers. Because the cash back competition has subsided after its implementation in October 2019, we are not so concerned about the future. The uptrend in ARPU is expected to sustain our mobile communications services revenues. As to your point about the possible rate cut pressure from the regulator that could be induced by the favorable ARPU performance, we actually do not run our business consciously thinking about that. We believe we have successfully maintained the ARPU at favorable levels as a result of our own efforts, e.g., promoting upsells and migration after our rate revision. Our staff in the field are not interfacing customer in their sales activities worrying about rate cut pressure when they recommend upsells or encourage migration. The favorable performance is the outcome of their sincere efforts.
Q2	The year-on-year decrease of i-mode/sp-mode subscriptions in FY2019/4Q was significantly larger than the decline recorded in FY2019/2Q and 3Q. Was this a temporary plunge caused by the inability to promote sales due to COVID-19?
A2	We do not think the net additions of docomo brand subscribers can be properly evaluated using only the numbers of i-mode and sp-mode subscriptions, because there are some enterprise customers who do not have any i-mode/sp-mode subscriptions and handsets that are incompatible with i-mode/sp-mode. Further, the net additions for data plans has been declining recently in a reactionary setback to the aggressive sales activities carried out in the past.
Q3	As for regulatory risks, set aside the sales endeavors of the field staff, I believe the top management should prepare the measures against additional requests that may be imposed by the government. Isn’t it possible to mitigate risks to some extent, for example, by making drastic capital investments as they will have a different meaning from simply spending costs?
A3	We are always looking into the possibility of providing rate revisions and reductions in response to the request of customers and how to offer services at reasonable rates through 5G’s large-capacity plans irrespective of the moves of the government. The evaluations of Rakuten’s rate plans are still mixed and we will consider how to respond after a careful observation on customer movements, etc. As for CAPEX, we will bring forward our outlays as much as possible, particularly for 5G because of the tax benefits we can receive by expediting its rollout, and also from the perspective of the nation’s global competitiveness in the context of digital transformation, which is not confined to the competition against other domestic telecommunications operators. At the moment, however, we are restricting our construction work due to COVID-19, which may cause a delay in our rollout schedule going forward. Once the impact of COVID-19 subsides, we will immediately return to the original construction scale so we can properly fulfill our mission.
Questioner No.9	
Q1	About Rakuten’s entry, in the MNP market, you have so far competed among three players for 50,000-100,000 subscribers per month. How many subscribers have moved out to Rakuten until now? Please also let us know at what pace Rakuten MVNO users are switching to Rakuten’s MNO service and its projected consequences on your MVNO revenues.
A1	Rakuten’s MNO service was started in April 2020, so it did not cause any impact on our financial results for FY2019. Meanwhile, Rakuten’s announcement to stop accepting new subscription applications for their MVNO service, in our view, appears to have generated a certain amount of last-minute demand. It is difficult to present our analysis on Rakuten’s performance at this early stage after the service launch by Rakuten. As for the future impact from Rakuten’s entry in the MNO market, because there will not be any port-ins from Rakuten to DOCOMO for the time being, we will have to anticipate a certain decline caused by the outflows from DOCOMO. At present, since Rakuten shops are closed due to COVID-19, the conditions are different from the normal state of business. The market circumstances may change when the COVID-19 impact subsides, so we would like to conduct a fresh review after the elapse of a certain amount of time.
Q2	I believe you already have compiled the actual monthly port-out data for April, but if it is difficult to disclose concrete numbers, can you share with us your views on the current state of competition?

A2	We do not have the most recent data on hand, but the total port-outs from DOCOMO to Rakuten for the past month was in the order of thousands, i.e., less than 10,000. As for the attributes of these port-outs, 80% of them were subscribers in Tokyo, Nagoya and Osaka, and residents of other regions accounted for 20%. We cannot give you further details as it could cause many other repercussions. The MVNO data are tabulated every month based on SIM data. We cannot provide you with the recent data because the monthly tabulation is not finished yet.
Q3	Do you anticipate a certain level of MVNO revenue loss due to Rakuten's market entry?
A3	Yes, we project a certain decline in the revenues from Rakuten MVNO users.
Q4	What is the projected size of impact if the entire MVNO revenues from Rakuten disappears?
A4	We cannot disclose concrete numbers because of the confidentiality agreement that we have in place with each MVNO operator.
Q5	Your subscription count includes enterprise-related accounts, but I believe the core market can be represented by the sum of i-mode and sp-mode subscriptions. These numbers have been declining three years in a row (by 300,000 in FY2017, 200,000 in FY2018 and 400,000 in FY2019) with the cumulative loss amounting to nearly 1 million. Is there any prospect of halting this decline? What actions do you think is necessary to stop the downtrend?
A5	The total number of subscriptions has certainly been declining. We do not intend to leave this situation unattended as these users are important for our customer base. We intend to halt the decline and eventually return to the positive territory. The specific measures to achieve this include the introduction of the new rate plans, which resulted in a significant improvement of churn rate. In the effective network speed survey carried out in accordance with the guidelines set forth by the Ministry of Internal Affairs and Communications, our network delivered speeds nearly two times faster than the competition for the second straight year. We also plan to polish up our service offerings in the areas of finance/payment business, etc., so we can defeat the competition with our overall strengths.
Q6	In your view, the loss of nearly 1 million subscribers in three years that I mentioned earlier is not a problem?
A6	That is definitely not our view. They form an important part of our customer base.
Questioner No. 10	
Q1	The new rate plans' subscriber target of 17 million has been drawing particular attention to measure the effects of your expanded customer return initiatives, but I believe the key objectives of those initiatives were the reduction of churns, increase of subscriptions and fending off Rakuten. How do you evaluate your performance so far in this context? I would appreciate a comment including your level of satisfaction.
A1	Overall, we believe we have been able to adequately secure subscribers. When we make a judgment only with the impact of rate reductions, the ARPU is still in the negative territory, but we believe our performance has been trending favorably when the effects of upsells and migrations are taken into consideration. As we mentioned earlier, due to the last-minute cash rebates provided by other carriers before the implementation of the revised Telecommunications Business Act, the customer acquisition effects of the initiatives appears to have diluted, but we believe they were quite effective for churn rate improvement, with handset churn rate coming down to the lowest level since we started measuring this data. The actual impact of the customer return measures for FY2019 was close to our revised guidance of 180 billion yen announced at the end of the first half. However, due to the effects of upsells and subscriber migration, mobile communications services revenues came in 75 billion yen higher compared to the initial plan.
Q2	It has been a while after you developed your medium-term management strategy. What kind of changes and impacts have you seen ever since? Since you talked about your 50 billion-yen investment for future growth projects, can you give us your interim assessment of the progress?
A2	In FY2019, we spent approximately 50 billion yen for growth investments, which were allocated primarily for the verification of 5G pre-commercial services/solutions prior to its full-scale launch. In Smart life and Other businesses, we used the investments for FinTech, the "Shintaikan Live" new sensory service which is also incorporated in our 5G offerings, as well as merchant acquisition and point rewards for our finance/payment businesses. With respect to our sales

	channel, we tackled the improvement of our website in an effort to further enhance the efficiency of our online shop, and the modification of the system for docomo Shops. We are aware of the voices requesting disclosure of the concrete effects of our growth investments, and we would like to present the outcome using numbers in the future. While we have been able to verify the effects of individual services, such as cashless payment, we have not been able to track the overall performance. As described in the material for our FY2019 results presentation, we will address three key priority areas and pursue structural reform in FY2020. The growth investments that we made last year were also centered around these three pillars. Specifically, they included investments in our sales channel aimed at reinforcing our customer base, investments for the expansion of payment service/point program of our Smart life business to strengthen our membership base, and investments for verification of 5G solutions, and they began to produce tangible results from the start of 2020. The concrete indicators to measure our medium-term performance are shown on page 22 of the presentation deck, e.g., the number of d POINT CLUB members, locations where our payment and point programs can be used, total transactions processed with our finance/payment solutions, etc., and they are already demonstrating steady improvements. We will continue to focus on these areas and strive to produce returns.