

NTT DOCOMO, INC.

FY2024 Financial Results and FY2025 Guidance : Analyst Meeting Q&A

Opening

MC: From now, we would like to start NTT DOCOMO's FY2024 financial results briefing as well as FY2025 guidance briefing session. My name is Makaino from the IR office. I will be serving as the facilitator today.

Today's briefing will be streamed live. We are also planning to stream this on our website at a later date, so we seek your understanding beforehand. As for the material used today, please refer to presentation materials posted on our company's IR website.

First, I will introduce today's attending members. From NTT DOCOMO, Maeda, President and CEO, Representative Member of the Board of Directors; from NTT Communications, Kojima, President and CEO, Representative Member of the Board of Directors; from NTT DOCOMO, Saito, Senior Executive VP, Representative Member of the Board; Kobayashi, Senior Executive VP, Representative Member of the Board of Directors; Sato, Senior Executive VP, representative member of the Board of Directors. Total of five will be attending today.

Next is the schedule for today. First, Maeda, the President and CEO, will explain the overview of the financial results and receive your questions following this. We are scheduled to end this session at 5:35 PM Japan time. Without further ado, the financial results will be explained to you. Mr. Maeda, please.

Presentation

[# : indicates slide number]

#0

Mr. Maeda: Thank you. Maeda is my name. Thank you for this opportunity. I'd like to provide to you the financial results for FY2024 and guidance for FY2025.

#1

Let me show you the results highlights for FY2024.

#2

Operating revenue was 6,213.1 billion yen, up 73.1 billion yen. Operating profit decreased by 123.9 billion yen year-on-year to 1,020.5 billion yen due to increased costs associated with strengthening our customer base and improving communication quality, resulting in an increase in revenue but a decrease in profit.

#3

Next, I will explain the main changes in operating revenue. We posted an increase of 200 billion yen in revenue growth areas such as finance and payment in Smart Life, acquisition solution business for enterprise business. We were able to cover consumer communication negative impact of PSTN migration enterprise business and recorded increase of 73.1 billion yen.

#4

I will then explain the main changes in operating profit. We recorded increase in profit growth areas such as Smart Life, but due to decline in consumer communication and strategic costs to compete with other players, as well as factors unique to FY2024, such as enterprise PSTN, operating profit decreased more than 100 billion yen.

In FY2024, the Company concentrated its costs on strengthening sales promotion and network resilience in order to halt the trend of net handset decline and improve network quality. Under the new management structure, we have made a major turnaround for future growth. As a result, MNP turned positive in the second half of the year, and ARPU bottomed out in 1Q and is now on a reversal trend. In addition, business momentum is clearly improving as communication quality improves in urban areas and along major rail lines.

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Now, let me talk about the guidance for FY2025.

#6

Operating revenue increased by 122.9 billion yen year-on-year to 6,336.0 billion yen, driven by the acceleration of organic growth in Smart Life and enterprise segment. Operating profit is expected to decrease by 54.5 billion yen year on year to 966.0 billion yen due to continued upfront investments for future growth and the implementation of measures to reduce future burdens, resulting in an increase in revenue but a decrease in profit.

#7

This is the operating revenue forecast. Continuing from FY2024, we expect the growth sector to achieve an increase in revenue of over 200 billion yen, driven by organic growth in smart life and enterprise. In the enterprise business, we aim for operating revenue of 2 trillion yen in FY2025. Although consumer communications will see a decrease in revenue, we expect the extent of the decrease to improve due to our business strategy based on new pricing plans, in addition to our ongoing efforts to strengthen our customer base and improve ARPU in FY2024. In addition, in FY2025, we expect a rebound decline in asset utilization in the corporate business from FY2024, but we still expect overall revenue to increase.

#8

This is an outlook for the main increases and decreases in operating profit. In addition to the strong growth of the growth areas of smart life and corporate, the decline in revenue from mobile communications services has improved significantly, and a growth strategy is taking shape in which growth in growth areas can cover decrease in profits in consumer communications. In order to solidify the foundation for future growth, we will continue to strategically implement sales promotion measures and investments in improving network quality and work to further improve momentum. In addition, in FY2025, we will streamline assets and aim for a more muscular management structure. Although we expect a continued decline in profits in FY2025, we will focus on efforts to ensure growth from FY2026 onwards.

#9

I will now talk about efforts to realize midterm recovery in profit. As I mentioned, 2025 will be the year of transformation. We make efforts to improve marketing strategy and also transformation network. In the case of marketing strategy transformation, through the new pricing plans we have already announced, we want to make sure that we will be able to realize rebound of mobile service revenue from 2025 to 2026. It also enables efficient use of customer acquisition and promotional expenses. We have to make sure that we continue to make investments so that we'll be able to reinforce quality because this will be the basis of our service down the line. At the same time, by fundamentally reviewing our network construction

process, we aim to reduce the unit investment cost for base stations in FY2026 and streamline network investment by 30 billion yen through FY2027. In addition, we will further accelerate organic growth in the Smart Life and Enterprise segments. By achieving these reforms, we aim to hit bottom in FY2025, achieve a significant increase in profits in FY 2026, and put ourselves on a growth trajectory above FY2023 levels by FY 2027.

#10

Let me talk about the initiatives for each business for FY2025, starting from consumer business. Let me talk about the overall strategy for consumer business.

#11

I would like to talk about the overall strategy of the consumer business. Up until now, in addition to communications, we have provided various services to meet the needs of our customers. To further grow our consumer business, we will focus on creating "new value that customers choose" by combining the value of our diverse business partners with the value of DOCOMO. One form of this is the new rate plans "docomo MAX" and "docomo poikatsu MAX" announced the other day. Furthermore, we aim to create new value together with our business partners and expand our customer base and communications and smart life revenues through sports and live experiences that combine real and digital, promoting the use of financial services, and expanding marketing solutions.

#12

Let me now talk about the aim behind "docomo MAX". From June 5, we'll be offering "docomo MAX". The selection will be shifting from data capacity and price to value. We'll be offering long-term discounts. We'll also be offering benefits for international roaming. Also, through collaboration with DAZN and Amazon, we'll be responding to various needs of customers, inclusive of sports, EC, and streaming, sports viewing, EC. For customers who use streaming services, we can offer various requirements. "docomo MAX" will further evolve. They will cover not just sports, they will also include films, dramas, idol, and animation, and offer new values. I'm sure that this is a very attractive plan that can really drive requirements of various customers.

#13

In terms of strengthening our customer base, strategic investment in sales promotion expenses resulted in a positive MNP trend in the second half of FY2024, and net handset additions are also steadily improving. In FY2025, we will accelerate the positive trend in MNP, strengthen acquisition through existing channels, and promote new customer acquisition by increasing early awareness of "docomo MAX", thereby efficiently strengthening our customer base. In addition, although ARPU fell short of the full-year forecast by 10 yen, the rate of plan changes to "eximo" remained above 60% in the fourth quarter, and the average unit price before and after switching from old plans continues to be positive. Going forward, we will accelerate the upward trend from the bottom in FY2024 through renewal of fee plans.

#14

Let me talk about finance business, which drives our smart life business. FY2024 finance revenue increased 22% YoY to 448.3 billion yen. Especially "d CARD PLATINUM", which was launched in November 2024, has been well received by many customers, and it has exceeded 600,000 members as of May 5, making a significant contribution to revenue growth. In the investment and loan business, Monex Securities' "d CARD" investment amount has grown by approximately five times, and the loan balance of the loan business has also increased by 23%. By leveraging the strengths of Monex Securities and Docomo Finance as well as Docomo's own strengths, we aim to be "our partner in our customers' financial lives" by providing financial

services tailored to each life stage and event, and to achieve financial business revenue of 516 billion yen in FY2025.

#15

Next, I would like to talk about our marketing solutions business. In addition to growth in existing businesses, such as marketing digital transformation, revenue has grown to 172.4 billion yen with the collaboration with INTAGE HOLDINGS Inc.. To expand our support for marketing digital transformation, we will increase our constant ID-POS linkage with partners to 70 companies. With the “Mainichi Receipt” service that we launched in February 2025, we will utilize the extensive purchasing data and INTAGE’s analytical capabilities to support the overall value chain. Through these efforts, we aim to achieve revenue of 185 billion yen in the marketing solutions area.

#16

Next, I would like to talk about the entertainment business. FY2024 revenue grew to 233.8 billion yen thanks to the growth of “Lemino” and NTT DOCOMO Studio & Live, Inc.. Going forward, we will further develop original content, host events and live performances for J-League and popular sports, strengthen our in-house artist development, and develop original IP. Although there will be a decrease in revenue from fixed video services, we will utilize original IP to expand services for fans, such as video distribution, licensing, and live performances, and aim to grow entertainment business revenue to 236 billion yen in FY2025. By utilizing original IP and allowing many fans to enjoy live performances and performances that combine real and digital, we will create strong engagement between docomo and customers through entertainment, leading to the expansion of our economic sphere.

#17

Next, I would like to talk about enterprise business.

#18

In FY2024, solutions for large enterprises grew significantly as we captured digital transformation demand, but growth in solutions for small and medium-sized enterprises was lower than expected due to intensifying mobile competition with other companies. This fiscal year, we will launch competitive new services by leveraging the DOCOMO Group's strengths in ICT infrastructure, our ICT platform that implements NTT Group's advanced technology "IOWN," our one-stop DX integration, and our customer base that spans large enterprises and small and medium-sized enterprises. In addition, we are working with partners to strengthen our sales and development structures in four key areas where market growth continues: IoT, AI, digital BPO, and regional and small and medium-sized digital transformation. Through these efforts, we will accelerate the growth of our solutions and aim for revenue of 2 trillion yen in FY2025.

#19

Let me introduce some examples of initiatives in key areas for enterprise customers. In the IoT domain, we started accepting applications for the “local 5G service TypeD” on March 25. By sharing the network with DOCOMO, we have been able to build local 5G areas with redundancy and high service visibility at a low cost, and this will contribute to expanding the use of IoT. In the digital BPO field, based on the strategic business alliance with transcosmos inc. announced last year, we began full-scale offering of “Digital BPO” solutions on April 28, which addressed the social issue of the declining workforce.

#20

Next, we will introduce some examples of digital transformation initiatives at regional and SME DX. Hospital DX, one of the industry-specific solutions, combines mobile devices and

voice services with packages and AI to improve the efficiency of hospital operations and the customer experience of hospital users. Also, on-demand Network-as-a-Service, “docomo business RINK”, is well received among small- and medium-sized businesses. Starting this September, it will incorporate a system for detecting and blocking threats on the network, involving in a more highly secured service.

#21

Next is the network.

#22

In FY2024, we focused on improving the quality of our communication services as our top priority. The number of 5G base stations increased by 20% YoY in nationwide urban centers and along key railway routes. We have also strengthened our event countermeasures. We have taken approximately twice as many countermeasures as last year to provide an environment where customers can enjoy the event and comfort. As a result, average throughput improved by 20% YoY in major urban centers and 30% along key railway routes. In the area around the Yamanote line, which is one of the main routes of traffic, there has been 80% improvement. I myself regularly ride the Yamanote line to measure quality, and at each station, I have confirmed higher throughput communications than before. Therefore, I feel the quality of experience of the customers is steadily improving. Complaints from customers nationwide have also decreased by 40%, and customers are beginning to recognize the improvement in the quality of our communication services.

#23

In FY2025, we will accelerate our efforts to improve the quality of telecommunications services. We will further expand the rollout of Sub6 nationwide and enhance 5G areas using 4G frequency bands in pursuit of greater breadth and depth of our network. We will also continue to introduce and replace MMUs and the latest base station equipment, and begin supporting high-power UE for smartphones. Through these efforts, we will provide a comfortable communications environment regardless of location or time, and build a network that will continue to be chosen by customers.

#24

As I mentioned at the beginning, we will also improve efficiency through network structural reforms. We will continue to invest in improving communications quality from this fiscal year onwards without slowing down. However, we will also fundamentally review our network constructions and transform our organization and structure, our business process, and our procurement process to achieve cost efficiency. As a result, we will be able to reduce investment per 5G base stations by 20% in FY2026 and keep capital investment relative to sales to below 16.5% in fiscal 2027, thereby reducing network-related investments by approximately 30 billion yen, thereby simultaneously improving communications quality and reducing costs.

#25

Finally, about the corporate identity.

#26

As President and CEO of NIPPON TELEGRAPH AND TELEPHONE CORPORATION, Mr. Shimada explained earlier, we will be revamping DOCOMO Group's corporate logo. The new logo combines the “Dynamic loop” of NTT's corporate logo with the previous logo. The color will be unified, DOCOMO red, which has been widely recognized by customers today. NTT Group and DOCOMO Group will lead the NTT Group by combining assets and the latest technologies to provide value to all customers and society. In addition, we will be changing the names of NTT Communications to NTT DOCOMO Business, NTT Comware to NTT DOCOMO Solutions,

as well as develop the new corporate logo, including NTT DOCOMO Global. By bringing together the strength of DOCOMO Group, we hope to create new value and continue to contribute to the realization of an affluent society.

#27

This concludes my explanation of fiscal year financial results and FY2025 guidance. Thank you very much.

Q&A

Mr. Kikuchi: My name is Kikuchi from SMBC Nikko Securities. Thank you for this opportunity. I wanted to ask primarily about your plans for this fiscal year, maybe if I could ask several questions. If you could please turn to page eight. It's about consumer communication. The number, 18 billion yen, that is what I wish to ask. Now, in FY2024, I think the negative was 91 billion yen. Now, the breakdown was roughly increased in marketing costs. Especially during Q3 and Q4, I would imagine that, that increase was about 70-80 billion yen. Of course, cost to reinforce network quality, several tens of billions of yen, were also incurred. Now, this fiscal year, can you give us the breakdown of this 18 billion yen number? With regard to acquisition costs, are you going to spend the same level of marketing as you did during Q3 and Q4? Then it means that during the first two quarters, you have to spend tens of billions of yen on marketing expense. This number, 18 billion yen, is this simply the gap? I know there are a lot of factors that went into this calculation, but there are two questions that I wish to ask about this number. During H1, did you spend the same amount of marketing costs compared to Q3 and Q4 of the previous year? Or if that's not the case, what additional investment do you intend to make? That's my first question. Thank you.

Mr. Maeda: Yes, thank you for the question. First of all, let's start with Q3 and Q4 and the comparison with the first two quarters. The provisional number is very large number. To be quite candid, in last year, we actually lost to competition in H1. We spent a lot of cost in H2 in order to take back customers, but we need to control that. I think how we spend the money in H1 is going to be very important. We want to make sure that we maintain the momentum from Q3 and Q4 into the first two quarters of this fiscal year. Now, are we going to spend that amount on a full-year basis? That's not feasible. How much investment should we make for each given channel? We have learned with takeaways. We reflect that know-how. It's important that we create efficient spending. Also, the other relates to the new billing plan that was just announced. I know that there's a lot of different feedback about the new plan. But in principle, we want to change the way in which we market our plans. It is true that, as far as telecom services are concerned, yes, we have to work even harder. But then, as for the competition, if they're also working hard in the telecom services. It's very difficult to differentiate. So, how do we differentiate? Many players are spending a lot of money on their sales channel. As a result, the mobile players have not been successful in coming up with a clear differentiation. As a result, it's important that we differentiate the service delivery. That is most important. Also, if the services can be differentiated, then it's important that they can be delivered to customers who have those needs. It's important that we target those customers. It's important that we provide services that will hit the requirements of those specific customers. That will translate into potential for further growth. That is the positive scenario which we have in mind. Now, with regard to "docomo MAX", we have added various values for "docomo MAX". We talked about the variety of customers. With regard to sports, it's very extensive. There are a lot of broad customer base that are interested in sports. We have a very strong customer base already, but of course, there is potential for customers in the competition as well. So it's important that we address those requirements. Hopefully, we'll be able to capture the customers. This is a different methodology that we follow from the past. If we're successful in pursuing this methodology, then I think, overall, we'll be able to be more efficient in marketing. Yes, it is challenging, but it's important that we realize this. Hopefully, we'll be able to exercise good control. That's what we want to achieve. Thank you.

Mr. Kikuchi: Thank you. This fiscal year, in order to gain momentum, you will spend promotional expenses at a pace similar to that of the third and fourth quarters of last year, but does this mean that you plan to curb this a little?

Mr. Maeda: We have factored in a certain degree of control, but that does not mean that the total amount will be lower than last year's total.

Mr. Kikuchi: In that case, it seems like it would be okay for the loss to be larger than 18 billion yen, but what do you think?

Mr. Kobayashi: Okay. Kobayashi here. As Maeda said, we are not considering simply reducing our annual sales promotion expenses. We are changing approach from the previous year. For example, we know how to compete with competitors at mass retailers, and we will be creating a sales system in commercial complexes. Are we going to compete the same way we did last year? That's not necessarily the case. We have a certain level of efficiency improvement, but we cannot reduce the marketing cost because of the competitive environment. What will be effective? It's collaboration with players like DAZN. For example, we're able to procure the content at a cheap level. We have the largest market share in this particular market. We also have large venues. We also have partnership with J-League. That is very beneficial. That's very effective for us. We need to leverage those strengths. We're not going to just casually spend the same level of marketing cost that we did in Q3 and Q4 last year on a full-year basis. Of course, we have factored in certain efforts to control the marketing efforts. We also need to focus on enhancement of communication quality. We did this last year, but we need to do furthermore this fiscal year if you really want to rebuild the quality. With regard to network cost, I think this will have an impact of more than 18 billion yen. Therefore, promotional expenses are not a negative figure.

Mr. Kikuchi: Okay. Thank you. Mr. Shimada earlier talked about the challenging target of maintaining both customer acquisition but also maintaining cost. I think you lost the competition in the previous year when the competition came out with new iPhone. What happens if the similar situation were to emerge this year? Are you going to compete once again? Are you going to spend that much cost?

Mr. Maeda: Actually, of course, the overall cost plan is there, but we have [inaudible] possible increase in competition naturally. Of course, we need to exercise control on a monthly basis. What is important is that we do not create a situation where we are losing to the competition overall.

Mr. Kikuchi: Thank you. If I could ask a follow-up question, then. Page nine, you talked about FY2025. You talk about efficiency of acquisition cost. In FY2026, you want to realize profit improvement, although you're going to realize marketing strategy reform. Next year, you'll be able to cut back on the marketing cost. Is that what you factored in for FY2026?

Mr. Maeda: Yes, that is the case. Yes, we believe that our work will progress further. Furthermore, we have the first point return program. We're also involved with the finance program. We're able to combine those services. We have a broad coverage as a result. If this could be leveraged, then the churn rate will be coming down further. That will help us to realize more efficient marketing. I think we'll be able to reduce cost as a result.

Mr. Kikuchi: Regarding the pricing plan, I have always thought that "irumo" should be reviewed. Other carriers have followed suit with this revision of the pricing plan, and I am very grateful that it has created a good flow in various ways. However, I think that various other companies will later come up with various things for "docomo MAX", and there will probably be areas that need to be reviewed, so I would like you to work on this with a sense of urgency. This time, too, I think that anime, idols, and "d anime" can be added immediately because it is your company's service, so I would like you to add them before the service starts. My second question. Going back to page 8, I would like you to tell me about the utilization of corporate

assets. I would also like to know if this will lead to any cost efficiency improvements in FY 2026.

Mr. Kobayashi: Okay. Thank you. Kobayashi here. In FY2024, we actually streamlined non-core assets. This generated sales. But there's a rebound from that. Also, in FY2025, if you compare the EBITDA, you'll find that we have non-cash elements. That is factored in in these numbers. So bulk of the loss is due to the rebound from the enterprise asset utilization that we did in the previous year.

Mr. Kikuchi: Okay. Thank you very much. That's very clear. Thank you.

Mr. Masuno: Masuno from Nomura Securities. I would like to ask about each segment. I was surprised to hear that the operating profit for the corporate business this fiscal year is down 23.8 billion yen, but the 48 billion yen gain on asset sales from the previous fiscal year is gone, so the decrease in profits is due to this. If that's the case, I think the actual increase in profits will be around 24 billion yen. In general, I think the general outlook for the corporate business is to aim for a 10% double-digit increase in operating profits, but at what point will your company see a 10% increase in operating profits for the corporate business? This fiscal year's increase in profits is 20 billion yen, but in what situation will this be visible in the future? If you have an idea of long-term growth in that area, please let me know.

Mr. Kojima: Thank you for your question. Regarding this fiscal year's growth, PSTN impact that we've been repeating, it's about 18 billion yen negative against the previous year in profit, and we have the increase and decrease of selling the asset. Our real organic profit growth in fiscal 2024 was 5%. For FY2025, we are setting growth at a higher level compared to last year. After academic year, we've been implementing various initiatives, and for the large enterprises, just looking at Q4, we've been increasing by about 10%. On the other hand, the recovery in mobile contracts for small and medium-sized enterprises is still in its early stages, with the overall growth rate remaining at around 6%. By implementing sure measures in their next fiscal year, we would like to get it close to that number or close to that number. Soon, the medium-term plan numbers will be announced. More than the industry or above the industry level is the target setting that we would like to have.

Mr. Masuno: You were saying next fiscal, are you talking about March ending 2027? Okay. Understood. Thank you very much. Next, I would like to talk about consumer communications. Looking at ARPU revenues for mobile communications, you said that revenues will decrease by 5.1 billion yen in the fiscal year ending March 2026. ARPU has increased by 30 yen, and of course the number of contracts has increased, so both the quantity and the price have increased, so why is revenues decreasing? Is this due to favorable sales promotion expenses for points, which has led to the decrease in revenues, or what is the cause? First of all, could you please explain the trends in ARPU, number of contracts, and actual sales, or the differences between these, or the structure?

Mr. Kobayashi: Out of the 37 billion yen last fiscal year, in H1, we have lost quite a number of subscribers. That part is going to fully impact this year. Also, the overall industry movement, and this doesn't impact our income, but the access charge is going to slightly decline, is what we expect. Together with that, there's about 30 billion yen plus. With this running fiscal year, due to the decline in population, the utilization is going to slightly go down is what we expect. That is going to be remaining several billion yen. FY2026, meaning March ending 2027, it will become flat, and from there, we will be able to steadily increase it.

Mr. Masuno: Access charge is what you said, 30 billion yen?

Mr. Kobayashi: No. If we add up the impact of the reduction in subscribers in fiscal 2024 and the impact of access charges, the negative impact will be more than 30 billion yen. While I cannot provide detailed specifics, please understand that factors from the previous fiscal year account for more than half, approximately 60%, of this 37 billion yen. MNP now turned positive, but there's still a continuing decline in trend of population, so there is going to be a decline in the utilization of the service as well.

Mr. Masuno: Also, well, consumer communications business operating profit is 68 billion yen decline. It's more of a decline than the service revenue. I think through marketing activities, you will increase the subscribers, but the marketing cost seems to increase by 20 billion yen or 30 billion yen. I think it was asked by Mr. Kikuchi as well.

Mr. Kobayashi: Regarding the marketing cost, it's not that we're going to rapidly decline it. However, we're not thinking of increasing it by large at all. It's more of the network. Consumer communications is absorbing most of the network cost, and that's several 10 billion yen of negative number included in there. Regarding this, Maeda explained that we will be changing how we constructed with the constructing vendors. To begin with it, what kind of vendors are we going to be using? We are reviewing all that. In the last two years, we completed the catching up, so in FY2027, we would like to normalize the situation. The removable process is going to occur, and that is going to impact to the consumer communications revenue.

Mr. Masuno: Is it correct that Asset retirement expenses will be incurred this fiscal year, but not next fiscal year?

Mr. Kobayashi: Next fiscal year, it will continue to exist, but it's not going to increase. Page nine guidance, the network, it's going to be flat. In FY2027, it's going to impact to the improvement of profitability. March 2028, it is going to have a positive impact.

Mr. Masuno: Understood. Lastly, in the macro perspective, I would like to ask you a question, Mr. Maeda. The integrated ICT segment, overall, 966 billion yen of operating profit. SoftBank has 1 trillion yen. KDDI exceeded 1 trillion yen as well. In terms of operating profit, you're under 1 trillion yen. 1.2 trillion yen, 1.1 trillion yen level, which the competitors have achieved. To go up to that level, how long is that is going to take for you? What is your view on this?

Mr. Maeda: It is as I have explained using this page, meaning that, as you, Mr. Masuno, mentioned, FY2027 is the year we'd like to bring it up to the level that you have mentioned. Previously, Mr. Shimada explained FY2025 is the bottom, and from FY2026, we would like to turn around. FY2023 is the record high level. We would like to bring FY2027 to a level that will exceed that. The story is that mobile service communications revenue is going to stop declining, and all the other additional services revenue is going to be added to that. Therefore, we believe that the overall increase will occur from that.

Mr. Masuno: Thank you very much.

Mr. Tokunaga: Tokunaga from Daiwa Securities. I wanted to ask two questions as a follow-up to what you mentioned during the press conference. First, I think you said that KDDI has taken measures to revise the rates for existing users, and that you intend to do so, but rather than raising prices, you said that you would streamline old plans. So, if the streamlining were to be realized, would it have a positive effect on revenue and profits? Also, how many people in your company are on such rate plans that still have the potential to revise their services?

Should we consider the ratio excluding the so-called “eximo” layer, or could you give us more details on that?

Mr. Maeda: Thank you for that. I made a comment during the press conference. I mentioned that streamlining the various plans and also increasing pricing for existing plans. There are two separate things, I believe. I think we need to monitor the customer situation if we are to consider any increase in pricing for the current plan. With regard to the streamlining of the old plan, we have customers that are still with very long-term, long-standing plans. This applies to the system in place. Also, we have to consider various elements, such as system cost, as well if we are to change the plans. Of course, we also need to consider the changes in the shop floor as well if we are to have contact with those customers. Those customers started with the long, old plans. We have to consider what plans we're going to migrate them to. How can we do that in the future? We have to give this matter some thoughts. I cannot give you comments at this juncture.

Mr. Tokunaga: You mentioned streamlining. This will have an impact in terms of cost efficiency. Is that the case?

Mr. Maeda: Yes, that's the case.

Mr. Tokunaga: The second reason for not reaching the target for this fiscal year is that you said you spent quite boldly. For example, you said that you would somehow get through this fiscal year with agency fees by doing things differently than usual until the very end, and that the company did not set any particular cost limits for network expenses. If that is the case, investors may be concerned that expenses will be higher than expected at the beginning of the fiscal year, and that the target for this fiscal year will not be reached, as it was in the fiscal year ending March 2025. Considering the history of not reaching the target for the previous fiscal year, how reliable is the guidance for this fiscal year? That's all.

Mr. Maeda: Basically, I believe we are able to keep promotional expenses under control, but it certainly depends on the other party, so we need to have a plan in mind for how we will respond to our competitors. It is also true that we are working on improving overall cost efficiency in parallel, so we would like to proceed while giving it preliminary thought, including raising the funds.

Mr. Tokunaga: Thank you. I think that with au's rate revisions, the business environment may be a little easier to implement initial plans, but what do you think?

Mr. Maeda: It is true that costs have certainly been rising overall, so in terms of how we balance this with the money we receive from our customers, I think it is true that the environment has become easier in the sense that there is a greater understanding overall. However, as I mentioned, I wonder whether it is actually possible, from a communication perspective, to suddenly change the assumptions made by our most recent customers. Also, since we are still competing for customers, we want to think carefully about when and what we should consider in order to gain a tactical advantage. In that sense, we would like to consider how we should proceed, including these things.

Mr. Tsusaka: Just one question. Each company has come out with new rates, and this may sound like a media comment, but if there are some unnecessary things mixed in, won't users feel like they only have these choices? I think they should offer more choices, things that people want. Of course, since they've only just started, I think it's like, "This is it for now," but it feels

really strange, and au's rate plans are full of unnecessary things. I'm not sure if it will affect the network quality of existing users, but it feels like people who signed up a long time ago, in the case of au, are at a disadvantage if they haven't signed up before, and it feels like there is really no freedom in new contracts, and it feels really strange. I don't think that's what it means to provide added value in the future, so I think the best thing would be to add what you need and pay the fee, but I'm not sure right now what value you're aiming for because you're Docomo. Ultimately, it's not just communication, but added value as well.

Mr. Maeda: As you have mentioned, Mr. Tsusaka, a lineup that where the customers can decide whether it is necessary or not is what we'd like to do at the end, but we're starting this and trying to see how we can approach the customers. I think this cannot be copied by other competitors. Having this much of a sports content at that high price is competitors, but we are providing it at a reasonable price, including the communication side of our service as well. We believe because of this, the customers will come to our side. For sports, as written in our slides before, there's about 90 million of spectators of sports, and I believe that not all 90 million will join our plan. However, in fact, DAZN, J-League, baseball, B-League will be included in the plan this time. If we include everything, the fans, the dedicated fans are about 40 million, and looking at the people who play this type of sports, it will exceed 10 million. I have a son, and the sports they actually get the parents involved as well. We are working on this together with J-League. There are regional football clubs. They improve the stadiums' communications environment or provide support as a sponsor. By doing such a thing, we are having more linkage with various regional communities. It's more like we are on their side, and these fans and these people who play sports will join DOCOMO and enjoy the sports content. This will lead to increasing our customers, and we will be able to have our customers feel that value. Regarding this part, we believe there's quite a bit of room for possibility. But having said that, we do understand there will be customers who are saying that's not what I want. In other genre, what kind of thing we can create is something that we would like to further review. Within this competition environment, we wanted to launch something as quickly as possible as a first step first.

[END]