

NTT DOCOMO, INC.

FY2025/2Q Results : Analyst Meeting Q&A

◆Analyst Briefing _ Presentation

[# : indicates slide number]

#0

Mr. Maeda : Hello, everyone. I am Maeda of NTT DOCOMO. Today, we only have a short time, so I will explain the key points by excerpting slides.

#2

Please look at page 2 of the page description at the bottom right of the slide. First of all, regarding the financial results, the trend has not changed from 1Q, and compared to the previous year, operating revenue increased but operating profit decreased. The margin of decrease in operating revenues looks large, with a total decrease of nearly 80 billion yen in 2Q, but there are many factors that have already been factored into the plan, and only sales promotion expenses are exceeding the plan as competition intensifies. In the second half of the fiscal year, we will also give top priority to strengthening our customer base, and we will overcome competition to achieve MNP plus in the full year. Although sales promotion expenses are expected to increase further, we will raise the necessary resources to compete with other companies through cost reduction and other measures. I will explain the details later.

#6

Please refer to page 6. I will briefly explain the changes in operating profit by segment. First of all, Smart Life Business may look a little weak in operating profit, but it has steadily grown organically. Both operating revenue and operating profit are strong. We are progressing as planned and expect to achieve our annual plan. Enterprise Business also continued to be strong in the first quarter. Both large companies and small and mid-sized companies are growing their businesses based on solutions and are progressing as planned. Factors contributing to the decline in operating profit in Consumer Communications Business, such as a decrease in mobile communications service revenues and an increase in network reinforcement costs, have already been discussed and are factored into the plan. With regard to sales promotion expenses, at the beginning of the fiscal year, we had planned to improve efficiency by reforming our marketing strategy. However, in order to compete against intensifying competition beyond our expectations, we changed our policy to give top priority to strengthening our customer base and investing in necessary costs, and invested sales

promotion expenses in excess of our plan.

#9

Please refer to page 9. I would like to add a little more information on the subject of Consumer Communications Business. Shifting to a policy of investing necessary costs while giving top priority to strengthening the customer base in order to counter intensifying competition. As a result, sales promotion expenses exceeded the plan. Please refer to page 9. I would like to add more information on the issue of Consumer Communications Business. As you can see, the net increase in personal handsets due to intensified and prolonged competition since the end of the spring sales season was negative for MNP in the second quarter. Currently, we are seeing the results of strengthening sales promotions, and we were able to secure positive MNP in October. The churn rate remains well below that of other companies. As I mentioned at the beginning, we will raise the necessary sales promotion expenses to strengthen our customer base by cutting costs and other means, and we will strive to achieve positive MNP results on an annual basis.

#10

Please refer to page 10. There was a slight delay in the initial operation of the “docomo MAX”, but the sales method and promotions have been improved, resulting in a transition rate of approximately 60%, which is roughly in line with our expectations. We recently surpassed 1.5 million subscriptions and are making steady progress toward reaching 3 million subscriptions annually. This time, we will add new value to further enhance the attractiveness of “docomo MAX”. As there is room for growth in new subscriptions, we will strengthen our customer base starting with “docomo MAX” by targeting younger customers through the U22 discount and by expanding customer contact points through new sales channels in collaboration with our partners.

#12

Please refer to page 12. ARPU increased by ¥30 year-on-year to ¥3,960 due to the introduction of new rates including “docomo MAX”. Since the 4th quarter of fiscal 2024, we have maintained positive year-on-year growth and increased by ¥40 compared to the 1st quarter, so momentum is very strong. “docomo MAX” is a plan in which the transition rate increases from any rate, and the difference in the transition rate before and after the transition from the old plan is also increasing in positive range. Actual ARPU excluding the impact of “docomo poikatsu plan” is improving steadily, and excluding special factors such as seasonal fluctuations, we expect to increase year-on-year within the fiscal year. This concludes my

explanation. By continuing to give top priority to strengthening our customer base, we intend to win the competition for customers in the second half of the year. Thank you for your attention.

◆Press Conference _ Presentation

[# : indicates slide number]

#0

Mr. Maeda : I am Maeda of NTT DOCOMO. Now, I would like to explain our financial results for the second quarter of fiscal 2025.

#1

First, I would like to give you an overview of our financial results.

#2

Operating revenue increased by 38.9 billion yen from the previous year to 3032.7 billion yen. Operating profit decreased by 78.6 billion yen from the previous year to 474.7 billion yen. This resulted in an increase in operating revenues and a decrease in operating profit.

#3

Operating revenue by segment. Sales in the growth areas of Enterprise Business and Smart Life Business increased, while sales in Consumer Communications Business decreased. I will explain the changes later.

#4

Operating profit by segment. Also in the growth areas of Enterprise Business and Smart Life Business, operating profit increased, while that in Consumer Communications Business decreased.

#5

Next, I will explain the main changes in operating revenue. In Smart Life Business, revenue increased by 34.8 billion yen due to the growth of the Financial Business through the expansion of “financial/payment transaction” volume and revenue expansion due to the increase in the number of “docomo Denki” subscriptions. In Consumer Communications, Business revenue from mobile communication services continued to decrease, but the rate of decrease has been reduced as ARPU has improved due to the promotion of the transition to “docomo MAX”. In addition, revenue decreased by 43.1 billion yen due to the impact of the handset purchase program resulting from the reinforcement of sales promotions. In Enterprise Business, revenue increased by 59.1 billion yen due to the strong performance of the business for large enterprises and the recovery of the small and medium-sized enterprise segment, which was an issue in the previous fiscal year.

#6

Next, I will explain the main changes in operating profit. In Smart Life Business, organic growth was mainly driven by sustainable growth in the Financial Business and excluding special factors such as upfront expenses for the new business, organic growth was 15.4 billion yen. In Consumer Communications Business, operating profit decreased by 92 billion yen due to a decrease in mobile communications service revenue, an increase in sales promotion expenses due to intensified and prolonged competition, and an increase in network reinforcement expenses. In Enterprise Business, operating profit by 11.8 billion yen due to initiatives such as cost efficiency in addition to an increase in operating profit resulting from increased revenue. Although sales promotion expenses are expected to increase further due to intense competition in the MNP market in the second half of the fiscal year, we will raise the necessary expenses through cost efficiency and continue to prioritize strengthening our customer base.

#7

I will now explain the initiatives of each business. First, the Consumer Business.

#8

Consumer Communications Business operating revenues decreased due to decreases in mobile communications service revenues and equipment revenues. Although the decline in mobile communications service revenues continued, the rate of decline in revenues has steadily narrowed due to initiatives to strengthen the customer base and upsell that we have implemented since last fiscal year. We will continue to work to reverse and increase mobile communications service revenues.

#9

Next, I would like to talk about the customer base. Although we continue our efforts to strengthen the customer base, MNP in the 2Q alone was negative and the year-on-year increase in the net increase in personal handsets has also worsened due to the intensifying competition from other companies. Although MNP was negative, the number of port-ins has increased significantly, particularly for large and medium capacity plans. The churn rate remains low compared to other companies. Although fierce competition continues, we will continue to prioritize strengthening the customer base in the second half of the fiscal year and aim to achieve an MNP plus for the full fiscal year. We were able to achieve an MNP plus in October.

#10

With “docomo MAX”, although there was a slight delay, the conversion rate from previous plans improved to about 60% thanks to in-store proposals tailored to customer needs and 1to1 marketing on the web. In addition, the “NBA docomo” and U29 discount plans launched in September have been popular, with more than 1.5 million subscribers. We will continue to expand attractive content in areas other than sports, as explained on the next page, to promote new subscriptions and conversions to “docomo MAX”. In addition, we will work with partners such as “DAZN” and the “J League” to strengthen communication with sports fans and promote subscriptions through new customer contact points, such as our partner’s web channels and “J League” game venues. We will work toward our fiscal year-end target of 3 million subscriptions.

#11

“docomo MAX” will evolve into a plan that can meet the needs of even more customers by adding value in areas such as music, dramas and anime. In music and dramas, as announced today, we have entered into a business alliance agreement with “WOWOW Inc.”, one of the largest providers of live music content in Japan. We will create new content by leveraging the capabilities of “WOWOW Inc.”, which has developed over many years in the field of music and sports broadcasting, including its technological capabilities, production capabilities, and strong relationships with rights holders. As a result, the “new Lemino” will significantly expand its content lineup with a steady stream of attractive content, including award-winning drama content in Japan and overseas, as well as live videos from such star-studded artists as “BTS”. Anime content will be available through the “d anime store,” which boasts more than 6000 of Japan’s largest content offerings, ranging from trendy new releases to nostalgic anime titles, and is extremely popular among anime fans. “docomo MAX” will offer a special privilege that allows customers to select 2 of the 4 services, the “new Lemino” and the “d anime store”, at no additional charge, in addition to currently available “DAZN”, “NBA docomo”. Customers can switch between these 2 services every month according to their preferences. In addition to content, “docomo MAX” will also provide special experience values unique to “docomo MAX”, such as live tickets and event invitations from popular artists, that will appeal to fans. Please look forward to it.

#12

Next is ARPU. As I mentioned earlier, the ratio of high-capacity plans increased due to accelerated migration to “docomo MAX”, and ARPU increased by 30 yen year-on-year to 3,960 yen. The average unit price per customer who migrated from the old plan to the new

plan has increased significantly. We will continue to expand migration and subscription to “docomo MAX” and aim to achieve the annual target of 3,970 yen.

#13

In Smart Life Business, operating revenue increased in all 3 businesses: Financial Business, Marketing Solutions Business, and Entertainment Business.

#14

First, the Financial Business. Financial Business revenue increased 12% year on year to 243.5 billion yen, expanding steadily. In the Card Business, “d CARD PLATINUM” surpassed the 1 million member mark. Finance/payment transactions remained strong, maintaining double-digit growth. In the Investment Business, “Easy Asset Management” which is easy for beginners to start, was launched on 7/31, and the number of new account openings increased 25% year on year, leading to an expansion of investment services.

#15

On October 1, “SBI Sumishin Net Bank, Ltd.” became a consolidated subsidiary, and “d NEOBANK” an internet bank of the DOCOMO Group, was launched. By providing bank accounts, settlement services, securities and other DOCOMO financial services in an integrated manner, customers will be able to conveniently use deposits, settlement services, investments, insurance, loans and points all at once with a single smartphone. In the future, we aim to become the leading internet bank in terms of deposit balance and number of accounts. We are considering providing a valuable system, such as giving customers “d POINT” when they use multiple services, and believe that the number of users of banking services and DOCOMO services will both increase. Furthermore, by fusing data obtained through banking services and data from other financial services with DOCOMO's membership base data, we will further enhance our CRM. We will further develop our overall financial business by identifying customer's actual usage and behavioral changes, and by utilizing AI, we will propose the most appropriate financial services at the most appropriate time based on a firm understanding of customer's life stages and life events.

#16

Next is Marketing Solutions Business. Operating revenue increased despite special factors such as the sale of a subsidiary last year. Our initiatives with “INTAGE HOLDINGS Inc.” are steadily expanding, and synergy revenues have increased approximately seven times year-on-year. To further accelerate the growth of the Marketing DX business, on June 16, we newly

concluded a capital and business alliance agreement with “CARTA HOLDINGS, INC.”. By combining the strengths of DOCOMO's membership data base and INTAGE's data analysis capabilities with CARTA's digital marketing execution capabilities and a wide range of media management capabilities, we will promote more powerful “Single ID Marketing” going forward.

#17

Next is Entertainment Business. Operating revenue in our key focus areas, including content distribution services such as “d anime store”, content production for “NTT DOCOMO Studio & Live, Inc.” events, as well as venue business including rentals, naming rights, and events at facilities like the “MUFG Stadium” (“Japan National stadium”) and “IG Arena”, grew steadily, achieving a 10% increase compared to the previous year. We will continue to aim to acquire even more attractive content through alliances with powerful partners such as “WOWOW Inc.” and distribute entertainment in venue businesses as digital content through the “new Lemino”. In addition, we will strive to further grow the overall entertainment business by strengthening peripheral businesses such as ticket and merchandise sales.

#18

Next is the Enterprise Business.

#19

Operating revenue was driven by double-digit growth of 13% in the growth areas of integration and platform. The large Enterprise Business segment is doing well as steadily monetizing increased demand for SASE and other security solutions in the public, manufacturing, and distribution industries, while the midsize and small business segment, which was an issue in the previous fiscal year, is on a recovery track, with growth centered on packaged solutions.

#20

In order to further expand revenue from integration and platform, which are driving growth, we will provide the “AI-Centric ICT Platform” with its strength in NaaS, as well as industry-specific, regional, and DX solutions. In particular, the “AI-Centric ICT Platform” is a platform that meets the needs of customers in the AI era — flexible, secure, distributed, and affordable and brings together the value NTT DOCOMO BUSINESS, Inc. has accumulated to date. We will also provide industry-specific solutions using advanced AI and IoT technologies to solve a variety of social issues, such as the declining workforce and cybersecurity measures. In the

area of regional, SME, and DX, we responded to the challenges faced by SMEs by rapidly releasing a new mobile billing plan for enterprise customers called “Docomo Biz”, an easy-to-deploy AI generation service called “Stella AI for biz”, and a business loan service for DX adoption. In the future, we also plan to offer credit cards for enterprise customers. From the perspective of regional revitalization, we provide industry-specific solutions for local governments, regional banks/shinkin banks, and the medical sector. We will work to further expand earnings by evolving these solutions.

#21

NaaS, which is the core of this platform, has been highly praised by external organizations for its AI-driven automation of operations and optimization of resources and costs for customers’ entire ICT infrastructure, including the flexibility to freely and quickly change bandwidth and the security function to detect threats within the network. In October, NTT DOCOMO BUSINESS, Inc. was selected as a Winner by Gartner, Inc. as an IT vendor promoting the best initiatives in technological innovation. This is the first time in its history that a Japanese company has been selected. We believe this is proof that NTT DOCOMO BUSINESS, Inc.’ representative NaaS service “docomo Business RINK” has been recognized worldwide as an essential infrastructure for the AI era.

#22

Next is the network.

#23

We will continue to work on improving the quality of communications services as one of our most important issues. We have further accelerated the construction of 5G base stations this fiscal year, and by the end of the first half of the year, we had achieved approximately 1.3 times the number of 5G base stations compared to the end of fiscal 23. In a nationwide survey conducted by a third-party organization, we received top marks for communications quality in the major carrier segment.

#24

However, it is also true that we have not resolved all of the inconveniences experienced by customers in areas with high traffic, especially in urban areas. In response, we are diversifying construction methods and further strengthening cooperation with our partners, and we already have a target of constructing approximately 3 times the number of 5G base stations in the second half of the year compared to the first half, mainly in urban areas. By steadily

advancing these initiatives, we plan to construct more base stations in fiscal 26 than in the first half of the year, thereby leveling out processes throughout the year. In addition, we plan to construct more base stations for the full fiscal year than in fiscal 25. We will continue to make the best possible use of various initiatives to deliver satisfactory communication quality to all our customers as soon as possible.

#25

We are also steadily improving our perceived quality. Download speeds in major cities and major traffic lines nationwide continue to improve. In addition, by accelerating the initiatives I mentioned earlier in the second half of the fiscal year, we expect to be able to provide even more comfortable and satisfactory communication quality to our customers by the end of this fiscal year.

#26

This concludes my explanation of the financial results for the second quarter of fiscal 2025. Thank you for your attention.

◆Analyst Briefing _Q&A

Mr. Kikuchi, SMBC Nikko Securities: My name is Kikuchi. Thank you very much for today. I have two questions. The first question is about the breakdown of changes in consumer communications on page 6 of the slide. In 1Q, the strengthening of sales promotion expenses and strengthening of the network were combined, so I didn't understand the details well, but this time, they are separated, so it is a little easier to understand. Thank you very much. What is your forecast for the second half of the year? I estimate that sales promotion expenses increased in the first half of tens of billions of yen in the second half of FY 24. I estimate that sales promotion expenses increased by about 30 billion yen in Q3 and Q4 of FY 24, and in Q1 and Q2 of FY 25 year on year. I thought that sales promotion expenses would not increase year on year in Q3 of FY25 because the period would run its course. Your company said at the beginning of FY25 that they would use some money in the first half but reduce it in the second half compared to the previous year. When you say that sales promotion will be used in the second half, will it be used for the initial plan or will it be increased for the second half of FY 24? Please explain the situation.

Mr. Maeda: First of all, I would like to explain the current situation. As you said earlier, we did not use that much sales promotion money in FY 24. Therefore, regarding the competitive environment in the first half, we thought that we would be able to compete sufficiently by using it as much as other companies did last year. In addition, including the effects of “docomo MAX”, our original expectation was that we would be able to increase MNP. However, there are some things that have changed from our original thinking. One is that other companies have become more aggressive than we expected. According to our analysis, the trend of port-outs has increased more than 1.2 times compared to the previous year. Of course, we believe there are various factors, but the biggest factor is that other companies have become more aggressive, including sales promotion expenses. In other words, we estimate that other companies are spending more than last year's sales promotion expenses. We increased sales promotion expenses in the first half of this year, but other companies are spending more than that. In other words, we spent as much as other companies in the first half of last year, but we analyze that other companies spent more. Based on this situation, we did not invest enough in sales promotion expenses, so MNP was negative in the second quarter. We thought that the effects of “docomo MAX” would contribute a little more to sales promotion, but we may have been a little naive. We expected that sports fandom customers would flow from other companies to our side, but in reality, we have not yet seen sufficient effects, and it is taking some time. The challenge is how much we can expand awareness and understanding. Currently, we are strengthening relationships with “J-League” clubs, including our regional

branches. Although we have received a certain amount of port-in through J-League clubs, we expect to see significant effects a little later. We also believe that we need a wider range of content to attract more customers. In other words, we recognize that the effects of “docomo MAX” port-in are not as effective as we had expected at this point. We have no choice but to compete, including through discounts on handsets and increasing costs for sales channels. For the second half of the fiscal year, we need to spend more on promotional spending than originally planned. If the trend is the same as in the first half, and competition becomes more intense, we will have to spend more than in the second half of fiscal 24.

Mr. Kikuchi: I don't really feel that competition is really intensifying, but if that's the case, I'm worried that if your company becomes even more aggressive, other companies will just fight back and nothing will change. That may not be the case with Rakuten, but I'm worried that if all three companies increase their promotional spending, the situation where so-called hopping users can only buy handsets at lower prices will only expand. I don't think that's the strategy of your company, which has the largest market share. If promotional spending for the second half of fiscal 25 increases compared to the previous year, I think your company is spending too much.

Mr. Maeda: As you said, there may be areas of inefficiency due to excessive competition. I think that each company is probably doing things with the same feeling. For example, we stopped accepting new orders for 0.5GB of “irumo”. We are doing this in order to increase our customer base with high-quality customers. However, it is competition, so if we back off, we will eventually accept that we will continue to be taken. In the end, there is a concern that our customer base will continue to be eroded, and in some cases, this may affect areas other than the telecommunications business. I think this is an issue in the industry, but our current position is that we will not relax our efforts as long as other companies are attacking us. We will have to keep a close eye on how long this will continue, but in the end, we have no choice but to build a structure that will allow us to grow while maintaining our relationship and not diminish our customer base, and at a certain point, stop the decline in mobile communications service revenues. However, I do not think it will continue to decline without limit, so we will respond while keeping a close eye on that.

Mr. Kikuchi: In that case, if we are to make similar efforts in the second half of fiscal 25, the increase in promotional expenses of 55.1 billion yen on page 6 was originally intended to be reduced in the second half, but under the current situation, will it be plus or minus zero, or will it be minus 50 billion yen in the second half as well? I would appreciate it if you could

give us some guidelines on the range.

Mr. Kobayashi: Kobayashi will answer this question. First of all, in the first half of fiscal 24, about 80% of the decrease in mobile communication service revenues was due to a decrease in the number of subscriptions. In fiscal 25, the decrease in mobile communication service revenues due to a decrease in the number of subscriptions has steadily decreased. ARPU has already leveled off and is rising. This is true even when the impact of the decrease in revenues due to "docomo poikatsu plan" is included, and the quality of the customer base is improving. Under these circumstances, as far as the current situation is concerned, we expect sales promotion expenses for fiscal 25 to increase compared to fiscal 24. We are not certain enough to provide guidance, but we would like to see how other companies are doing in the 3 quarters. In addition, as other companies are experiencing the same thing, provisions for the device replacement program will also have an impact. I assume that this increased sales promotion will have a negative impact in the second half as well. However, we would like to refrain from providing clear guidance at this time because there are other companies' movements and provisions.

Mr. Kikuchi: Thank you very much. The second question is, where is the consolidation effect of SBI Sumishin Net Bank, Ltd." included? I would like you to give us some figures.

Mr. Kobayashi: This will be included in the growth of Smart Life Business, but we will consolidate for half a year in the first year of consolidation, and due to the purchase price allocation in the first year, there are quite a few items to be amortized, so I think the impact will be minor.

Mr. Kikuchi: Thank you very much.

Mr. Masuno of Nomura Securities: Excuse me, I am Masuno from Nomura Securities. You mentioned that the competitive environment has changed. Could you tell us three points on a full-year basis? (1) How far have promotional expenses shifted? (2) How much additional cost reductions are expected to affect operating profit? (3) Are mobile communication service revenues themselves consistent with the plan? It's simple, but how do you see the fluctuation in promotional expenses, the scale of additional cost reductions, and mobile communication service revenues?

Mr. Kobayashi: In terms of mobile communication service revenues, the increase in port-ins

due to the “docomo MAX” effect is slightly below our expectations, but currently, as many people are migrating to “docomo MAX” as the “eximo” plan, this is as expected. Therefore, we think that only the negative portion of the net increase that we did not achieve in the first half of the fiscal year is beyond our expectations, and it is not a large decrease. However, this customer base will be effective in the future, so as I mentioned earlier, we must work to strengthen our customer base. Sales promotion expenses are extremely difficult, and there is also the issue of provisioning for the “device replacement program” that I mentioned earlier, so we assume that a relatively large amount of money will be negative. We need to assess the competitive environment as well. As mentioned by the holding company earlier, we need to use various means, including profit generation. There are things that can be done in the short term and things that cannot be done, so of course we have already started to move, but we would like to reflect the specific scale of sales promotion expenses in the third quarter after we see them.

Mr. Masuno: Thank you. As I mentioned earlier about the holding company, even if there is temporary profit generation, the market does not evaluate it, so we need to see the balance of income and expenditure other than temporary profit generation. As for the competitive environment, I think it depends on how much each company has in its war chest. For example, if a company raises its existing rate plan, that will be its war chest. The two companies with the lowest market share are taking more contracts, so that will be their war chest. For your company, cost cutting will be its war chest, but cost cutting is not something that can be achieved immediately, so I think it will be quite difficult. From an objective point of view, your company's war chest seems to be the most difficult. What do you think about that? The question is how far you can cut costs, including next year.

Mr. Maeda: In addition to cost cutting, we are currently working on various things. We will do so including next year. In addition, regarding the utilization of assets that was mentioned earlier, we would like to make use of such things for this and next fiscal years. In terms of the overall structure, first of all, we would like to make sales promotion expenses as efficient as possible. As you know, our churn rate is low, and although I mentioned earlier that quite a lot of port-outs are taken, the absolute number of port-outs is still low compared to other companies, and how to further reduce this level will be a major factor. Currently, there is data showing that the churn rate itself will be further reduced to about 1/3 by using “d POINT”, “d-Barai”, and “d CARD”, and also by using the in-home services, so I think that it is the first important thing to work on this area and suppress outflow. I mentioned earlier that “docomo MAX” is taking time, but I don't think we should give up on creating a structure where

customers choose the product itself by increasing the attractiveness of “docomo MAX”, even if it takes time. We will continue to make efforts in this area as well, and increase our sales competitiveness against other companies. In doing so, we also need to realize the efficient use of sales promotion expenses. Another thing is to improve network efficiency. I think the key is how to make the network more efficient than ever, both in terms of cost and investment. I think this is where we are different from other companies, so we have already introduced the latest equipment to make discounts available, so I think we will be able to make a big difference in this area starting in fiscal 27. We would like to continue to compete while doing various things.

Mr. Masuno: Thank you very much. That is all.

Mr. Tokunaga of Daiwa Securities: My name is Tokunaga of Daiwa Securities. I have two questions. The first one is, in today's briefing session, you commented that it takes a long time to build up fandom through sports. Based on that, what kind of acquisition strategies do you have for your company and strategies to increase added value of fees? For example, there was a partnership with “WOWOW Inc.” today. Do you plan to attack more content like that, or do you plan to increase added value inof the finance service area? Please explain how you will increase the attractiveness of the tariff as a way to correct the course of the current “docomo MAX”.

Mr. Maeda: In order to gain understanding of the attractiveness of our service, I think it depends on how hard we work, including promotion. Among the things we added this time, when we think about the depth of fans, our analysis shows that music comes next to sports. We will increase the number of customers who want to use our service by incorporating all the values of artists who have a large fan base in music, such as concerts and the superiority of getting tickets as an experience value. In terms of attractiveness to new customers from outside, we want to strengthen this area first, and we have added the value we provide this time. We are not just asking new customers to choose our service, but by making it highly attractive to our existing customers, the price per unit will increase, and we have added “Lemino” and “d anime store”, for example, in order to make them use our service widely because it is highly attractive to them. I think it will also have an effect on increasing the price per unit as a whole.

Mr. Tokunaga: I think there will be a cost to acquire it on a kind of exclusive basis. Do you

think your company has a lot of leeway in terms of the cost to acquire it to strengthen that kind of content? Or do you think that business tie-ups or other measures are sufficient without using such costs?

Mr. Maeda: In the current structure, there are various business models related to content tie-ups, and a large part of them are paid as fixed costs. In that sense, the structure is that profits will basically increase as customers increase. We have already built up to 1.5 million, and if we continue at this pace this fiscal year, I think we will be able to reach 3 million. In that sense, we are in a situation where we are barely able to recruit compared to the upsell this fiscal year, so I think we will be able to build up profits significantly from next fiscal year.

Mr. Tokunaga: Thank you very much. The second is the third-party evaluation of “Opensignal”. You said that we need to strengthen our network more and more, but the competition is still quite dominant in the evaluation of “Opensignal”. Could you tell us what kind of indicators are you placing importance on as you think about strengthening your company's network? Should we still look at whether your company wins in the evaluation of “Opensignal” and monitor whether your company's network costs continue to increase, or should we look at other indicators to make a decision?

Mr. Maeda: Of course, we are aware of the evaluation of “Opensignal”. It is seen as one of the indicators for comparison with other companies. However, as a result, we would like to win first place here, but this is not everything we are working on. In the end, the important part is how much customer experience quality improves. In terms of causality, I think this is the part that is most connected to how many base stations we increase. In particular, I think that the most important thing to look at is increasing the deployment of base stations in places where there are many people, traffic lines, and so on. As I mentioned here today, we are concentrating on the second half of this fiscal year, but we can already see that we have built more than 3 times as much as we did in the first half. We would like to build on this as much as possible this fiscal year, that is, we will move up what we do next fiscal year, and we will work on this firmly in fiscal 26.

Mr. Tokunaga: Thank you very much.

Mr. Henderson of JP Morgan Securities: This is JP Morgan Henderson. I have two quick

questions. First, please tell us the reason for the return to MNP Plus from this October. The discontinuation of 0.5GB of “irumo” had an impact in part in the 2nd quarter, but is that being improved? Was it affected by the fact that you spent more on this sales promotion in October than last year? Or was there any strategic improvement? Could you elaborate on the reversal in October?

Mr. Maeda: In October, we took substantial measures, including handset prices. We believe that this has led to positive results.

Mr. Henderson: Thank you very much. Please tell us about the increase in profits from next fiscal year onward. Is it correct to understand that the mid-term plan to enter the operating profit increase phase from next fiscal year is still achievable through organic growth?

Mr. Maeda: I am repeating what I said earlier, but to be honest, it is still a little difficult to predict what the competitive environment will be like. While looking at the situation in the second half of this year, whether we will enter the operating profit increase phase from next fiscal year, or whether this competition will continue and we will have to spend a lot of money next fiscal year, which I think you already understand. I think that will make a big difference, so I would like to discuss the outlook around 3Q.

Mr. Kobayashi: I will add some details. Outside of Consumer Communications Business, we are aiming for an organic increase of more than 24 billion in Enterprise Business profits this fiscal year. I think this is going well. I think we can increase profits by more than 20 billion ~30 billion every year. As for Smart Life Business, the profit increased compared to the previous year in 2Q alone, and we want to grow organically by a little less than 40 billion yen annually. In addition, we will newly consolidate SSNB, so I think this will also accelerate next year. Regarding the network, we will build the network in the short term until this fiscal year and next fiscal year. In the meantime, there will be disposal expenses, but I think that disposal will stop in fiscal 26, so I think that it will contribute to operating profit improvement in fiscal 27. The problem is sales promotion expenses. I think the key point is how much sales promotion expenses we can spend to stop the decline in our mobile communication service revenue, and I would like to see 3Q for that part. Thank you and best regards.

Mr. Henderson: Thank you very much.

[END]