

NTT DOCOMO, INC.

FY2025 Financial Results and FY2026 Guidance

◆Analyst Briefing _ Presentation

※Q&A only.

◆Press Conference _ Presentation

[# : indicates slide number]

#1

Mr. Maeda : Today, I would like to explain our financial results for FY2025 and our forecast for FY2026. At the same time, I will look back on our efforts over the past 2 years, outline our priority initiatives for FY2026, and explain how the DOCOMO Group will drive new value creation in the AI era.

#2

Over the past 2 years, we have worked to build a strong telecommunications business foundation as a basis for new value creation. In particular, we have focused on enhancing network quality and addressing intensifying competition. With stepped up sales promotion and network reinforcement as our two key pillars, we have invested resources intensively in these areas. These initiatives will serve as an essential foundation for further growth in our Smart Life Business and Enterprise Businesses, which are key growth areas. I will explain the results of this transformation in more detail later.

#3

First, I will give an overview of the financial results for FY2025.

#4

Operating revenues increased by 245 billion yen from the previous year to 6,458.1 billion yen. Operating profit decreased by 78.5 billion yen from the previous year to 942.1 billion yen.

#5

Operating revenue growth was driven by Smart Life Business and the Enterprise Business. Although operating revenues from mobile communications services continued to decline, the pace of decline slowed significantly due to higher ARPU.

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While Smart Life Business and Enterprise Business secured operating profit increase, operating profit in Consumer Communications Business declined due to continued investment in stepped up

sales promotion and network reinforcement.

#7

Next is our forecast for FY2026.

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Operating revenues are expected to increase by 362.9 billion yen from the previous year to 6,821.0 billion yen, and operating profit is expected to remain at the same level as the previous year at 943.0 billion yen.

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Operating revenues are expected to increase by over 360 billion yen, driven by growth in Smart Life Business and the Enterprise Business. Operating revenues from mobile communications services are also expected to decline at a slower pace due to higher ARPU.

#10

Operating profit is expected to remain at the same level as the previous year, as expansion in growth areas will cover the impact of continued investment in Consumer Communications Business.

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Next, I would like to talk about the results of our transformation over the past 2 years in FY2025, as well as our priority policies for each business to achieve further growth in FY2026.

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In FY2025, as a result of the transformation, we are seeing encouraging improvement in key KPIs related to the customer base and network, which had been key issues. With a strengthened sales structure, MNP turned positive in the second half of the year, and “docomo MAX” also achieved its first-year target of 3 million subscriptions. ARPU also turned positive year on year, and the decline in mobile communications service operating revenues has narrowed significantly, bringing us close to a turnaround. As for the network, we accelerated the pace of base station deployment and built approximately 6,800 5G base stations, up 15% from the previous year, and customer experience has steadily improved.

#13

In FY2026, we will shift our focus from transformation to new value creation, and make it the start year for medium- to long-term growth. We will accelerate growth through our respective priority initiatives in Consumer Communications Business, Smart Life Business, Enterprise Business, and Network. I will now explain each business.

#14

First, the Consumer Communications Business. As for our customer base, we have improved our competitiveness by strengthening sales promotions over the past 2 years and achieved positive MNP in the second half of FY2025. We will continue strengthening the customer base to maintain market share. In addition, we will work to maintain our customer base and improve acquisition cost efficiency by curbing the inflow of customers expected to churn in the short term.

#15

As for the customer base, we will not only maintain its scale but also strengthen it further by enhancing engagement with customers. Through value-added services such as docomo MAX, financial services, and home services, we will enhance engagement with customers and expand the number of loyal users to over 20 million over the medium term.

#16

docomo MAX, which was launched in June 2025, is a rate plan that helps increase customer engagement. In February, we also launched the Selectable Benefit, which allows customers to choose up to 2 of 4 services each month, and reached our target of 3 million subscriptions. In FY2026, we aim to have over 5 million subscriptions.

#17

ARPU turned positive year on year in FY2025 due to the expansion of docomo MAX. We will further increase it in FY2026. In the medium term, we aim to exceed 4,100 yen by expanding large-capacity plans and building a high-usage, high-quality customer base through greater customer loyalty.

#18

As a result of our efforts to strengthen our customer base and the strong increase in ARPU, the decline in operating revenues from mobile communications services has been steadily narrowing. We expect the pace of decline in operating revenues to bottom out in FY2026 and to turn positive in FY2027.

#19

Next is the Smart Life Business. We will further accelerate growth in the future. In the Finance Business, which is the core of this business, we plan to double operating revenue toward FY2030.

#20

I would like to talk about our strategies for the Finance Business. We will aim to expand our finance customer base, deposit volume, and payment transaction volume through a one-stop offering of banking and payment services such as “d CARD” and “d-Barai”.

We will also use a finance AI agent to provide optimal proposals for other financial services, such as loans, insurance, and investments, and further expand cross-use.

#21

We will also reorganize our business structure. We will start our business as the NTT DOCOMO Financial Group, Inc., and will further strengthen service collaboration among our operating companies. We will further accelerate business growth by enhancing our agility.

#22

Next is the Enterprise Business. We achieved our target of 2 trillion yen in FY2025, driven by the expansion of our growth areas of integration and platform. In FY2026 and beyond, we expect annual growth of 10% in growth areas.

#23

There are three main growth strategies for the Enterprise Business. The first is to provide integrated AI solutions to solve social issues, focusing on priority areas. The second is to advance networks and evolve them into platforms that are optimal for the AI era. The third is to promote partnering to further accelerate these efforts. NTT DOCOMO BUSINESS, Inc. (hereinafter DOCOMO BUSINESS) is unique in the market as it can provide AI solutions to infrastructure on an integrated platform. We will also make maximum use of the cutting-edge technologies of NTT Group companies, such as AIOWN, which NTT recently announced, to increase the value provided.

#24

Next is the network. We will improve experience quality by combining securing facility capacity through Sub6, mainly in densely populated areas, and improving stability through refarming 700 MHz 4G spectrum for 5G. In addition, we will advance nationwide the conversion of freed-up 3G spectrum to 4G, following the termination of 3G services in March 2026, to secure 4G communication capacity and improve stability. The next slide explains our specific initiatives.

#25

In FY2025, we rolled out approximately 6,800 new 5G base stations, increasing the total number of base stations to more than 52,000 as of the end of the fiscal year. In FY2026, we will accelerate the high pace of rollout achieved in the second half of FY2025 to build a solid communications infrastructure that will be the source of our company's competitiveness.

#26

We are also strengthening 4G. With the termination of 3G services, we will convert the freed-up frequencies in the 800 MHz band to 4G and expand our communications capacity 1.5 times through

full LTE.

#27

Download throughput is steadily improving. Currently, 96% of locations in key urban centers are recording 100Mbps or higher.

#28

Communication quality during travel on major railway routes is improving. As of the end of FY2025, the number of routes enabling comfortable use on more than 80% of sections during the busiest hours was 28. We will continue to make improvements and expect to increase this to 39 routes by the end of FY2026. The national average download throughput is also steadily improving. By the end of FY2025, improvement in download throughput was 51% on all routes and 77% on the Yamanote Line compared to FY2023.

#29

We are also focusing on expanding the areas where 5G SA is available. The area is also steadily expanding, leading to improved stability in congested environments.

#30

We also started a direct communication service between “docomo Starlink Direct” satellites and smartphones on April 27. At DOCOMO, the service is available for all billing plans, with a total of 86 models and approximately 23 million units, the largest in Japan. The service can be used not only for leisure but also in emergencies such as disasters. This service will provide "If you can see the sky, you will be connected." to as many customers as possible.

#31

From here, I would like to explain the DOCOMO Group's new value creation in the AI era as a driver of further growth.

#32

The pillars of our medium-term growth will be our data platform, AI, and next-generation infrastructure to support the AI era. We will drive new value creation by combining AI with data obtained from our more than 100 million members. We will also evolve our communications infrastructure into a next-generation infrastructure to support the AI era. On this infrastructure, we will expand customer touchpoints through services, transform data and AI into value, and spread that value to society together with our partners.

#33

We launched a pilot version of “SyncMe”, a next-generation agent-type service, as a customer touchpoint for maximizing value provided to customers through data and AI. SyncMe is not just a convenient AI tool. It is a new partner that integrates data from all customer touchpoints, including telecommunications, finance, and entertainment, and proactively provides optimal service experiences for each customer. By utilizing the behavioral data accumulated by DOCOMO, SyncMe understands customers from the beginning. The more it is used, the more it learns about customers, and the more convenient it becomes. We will realize this virtuous cycle.

#34

The platform built for SyncMe will evolve into an AI agent platform that can be deployed to other services and partners. This will further enhance services through collaboration between agents of partner companies and data linkage.

#35

In the Enterprise Business, we will further advance the AI-Centric ICT platform centered on NaaS. We will leverage AI-native infrastructure required in the AI era and our strength in providing integrated AI solutions to address industrial and regional issues such as autonomous driving, robotics, and energy management. We will also expand our data center offerings to meet growing AI demand.

We will also work to strengthen our infrastructure foundation by connecting distributed data centers and servers through NaaS and IOWN APNs.

#36

As AI advances, next-generation infrastructure suitable for the AI era is required. DOCOMO will work on both "Network for AI" that supports AI and "AI for Network" that leverages AI.

"Network for AI" will meet the increasing traffic and ultra-low latency needs of autonomous driving and robotics, and capture the infrastructure needs that support next-generation AI services. "AI for Network" will improve operational efficiency and quality through autonomous network operation using AI. This evolution of AI and networks will lead to sustainable operating profit growth and improved productivity.

#37

We aim to maximize corporate value by steadily implementing the medium-term growth strategy I have explained so far and improving the performance of the entire business. Our medium-term financial targets for FY2030 are Smart Life and Enterprise Business operating revenue of 5 trillion yen, EBITDA of 2 trillion yen, and ROIC (excluding Finance business) of 11.4%. We will promote our business to achieve these goals.

#38

Thank you for your attention.

◆Analyst Briefing _ Q&A

Mr. Kikuchi of SMBC Nikko Securities : I have 3 questions. First, I would like to talk about DOCOMO BUSINESS. Going forward, I understand that you intend to promote collaboration between NTT DATA (NTT DATA GROUP CORPORATION and NTT DATA JAPAN CORPORATION) (hereinafter NTT DATA) and DOCOMO BUSINESS, Inc., but I feel that it is difficult to see concrete progress at this point.

On the other hand, you intend to increase operating profits by 100 billion yen by FY2030.

Is this expected to be realized mainly in DOCOMO's Enterprise Business? Please tell us specifically in which areas and initiatives you intend to increase operating profits.

Also, in order to realize this, please tell us about your collaboration with NTT DATA and how you are communicating with President Suzuki and President Sasaki. Please explain any specific thoughts you may have on how you expect to increase operating profits by 100 billion yen?

Please explain.

Mr. Kojima : First of all, I would like to talk about cooperation with NTT DATA. As Mr. Shimada and Mr. Sasaki explained, we have been discussing this for the past few months while taking into account the situation of each customer. The focus of our discussions has been on sales, in other words, whether we can collaborate with NTT DATA on the go-to-market side. As Mr. Shimada explained, there is a significant difference in customer coverage between NTT DATA and our company among large companies of around 100 billion yen in scale.

Starting with our company's customer base, we will combine NTT DATA's products and services on top of that. We are basically thinking of providing the services in this way and expect significant synergies. We are also discussing the service aspects. As interest in Network for AI grows, our company is envisioning a NaaS-based ICT platform for AI. By combining this platform with NTT DATA's various services and solutions, we can create an integrated offering model.

We believe this will be the source of future synergies. As for the figures, some have already been factored in and others will be reflected going forward. We will continue to review them.

At present, much of the 100 billion yen operating profit increase we are aiming for over the medium term is expected to come from our existing businesses. DOCOMO BUSINESS can be broadly divided into two categories. One is the business for large corporations, which was previously handled by NTT Communications, Inc and accounts for approximately 60% of the total. The other is the business for SMEs and regional companies, which accounts for approximately 40% of the total. Based on our track record to date, the business for large corporations has continued to grow at approximately 8% annually through FY2025, and we expect growth of around 9% in FY2026. On the other hand, the business for SMEs temporarily declined by around 3% in FY2024, but is expected to recover to growth around 6% in FY2025. We believe there is significant growth potential in this segment. Going forward, we will continue to drive growth in the business for large corporations and capture the growth potential in the SME segment and expect to achieve overall

growth of around 6% on average.

Mr. Kikuchi : It is encouraging to see concrete progress. As a follow-up, I have two questions. First, regarding the offering model in which NTT DATA's services and solutions are deployed on the DOCOMO BUSINESS platform, what specific services are being considered as candidates?

Mr. Kojima : At this point, we are considering multiple proposals, some of which we can disclose and some of which we cannot mention at this stage. One specific example is the "Next-Gen" platform provided by NTT DATA. Combining this with our company's AI platform and providing the combined offering jointly by both companies is a typical offering model. We believe this approach will be beneficial to both NTT DATA and our company from a sales perspective. We are also considering expansion in a variety of other areas, including AI and BPO using offshore technology.

Mr. Kikuchi : I also think that fine-tuned marketing will be important for SMEs. Do you plan to strengthen the structure to respond more efficiently by using automation and tools?

Mr. Kojima : In our business for SMEs, approximately 60% of sales are through agents, and in addition, direct sales and sales through docomo Shops. With regard to initiatives centered on mobile, we have focused on expanding the volume of activities that form the basis of our sales activities, but recently we have also been focusing on online sales. As a result, sales have increased by approximately six times compared to the previous year, and we believe that the results of the measures that have been implemented with a certain level of resources are becoming evident. We are also promoting new initiatives based on the concept of "Sales without salespeople." With the NaaS service docomo "business RINK" customers can complete applications on the portal and also change bandwidth. For example, by combining a function that proposes bandwidth expansion based on usage and a mechanism that automatically presents offers at the time of renewal, we believe that we will be able to offer proposals that do not depend on conventional sales activities. Since it is difficult to cover the entire business with only one specific measure, we will combine multiple measures to promote initiatives for SMEs.

Mr. Kikuchi : I would like to ask Vice President Kobayashi. In the second half of FY2025, provisions were made for the "Itsudemo Kaedoki Program" (hereinafter Kaedoki) . Looking at trends at other companies, it seems likely that your company will see similar trends in the first half of this fiscal year. President Maeda mentioned something similar earlier. How much do you expect for FY2026 in terms of the impact?

Last year, the outlook changed between the beginning and the second half of the fiscal year. Could you also tell us whether the current forecast is sufficient, or if there is a possibility of upside or

additional increase? I would like to hear more about this, as this was one of the biggest gaps in your forecasts last year.

Mr. Kobayashi : I apologize for causing concern and for revising our forecast in the second half of FY2025 due to Kaedoki. In FY2025, the MNP market became active, and there was a significant increase in replacement purchases. There were many customers who ported out due to handset purchase support program, while we also gained many port-ins. As a result, there was an impact in FY2025, including a provision of over 50 billion yen compared to the previous year.

In FY2026, the number of customers who experience second and third MNP purchases in the MNP market is increasing, and we have confirmed this trend through marketing surveys and factored a certain amount into our plans. However, we already expect an increase in Kaedoki usage to some extent, and we have made a certain amount of provision for FY2025, including this. We expect an increase in subscriptions in FY2026 as well, but we do not expect a deterioration in the operating profit impact of 10 billion yen, assuming a deterioration of several billion yen.

SoftBank Corp. reviewed its handset purchase support programs, followed by our company and KDDI CORPORATION, which announced their reviews at around the same time and introduced user fees. As a result, we expect to be able to control our performance to some extent in FY2027 and FY2028. We expect a certain degree of deterioration in operating profits in FY2026, but since we have already recognized provisions for FY2025, we do not expect a significant deviation. Last time, there was a deviation from our expectations, but this time we have consulted with our accountants and are making a fairly conservative estimate.

Mr. Kikuchi : In FY2026, there was an increase of several billion yen. Last year, there was an increase of 50 billion yen, mainly in the second half of the year, and now in the first half, there will be an increase of about 50 billion yen?

Mr. Kobayashi : In terms of the extent of the deterioration in operating profits, we do not expect it to be that large. In FY2026, we expect a deterioration in operating profits of several billion yen.

Mr. Kikuchi : Is it correct to understand that while there was an impact of more than 50 billion yen in FY2025 compared to the previous year, it will not lead to an increase of 50 billion yen in FY2026?

Mr. Kobayashi : I do not see it that way.

Mr. Kikuchi : In light of the review of Kaedoki and trends in used device sales and replacement trends, do you expect that FY2026 will be similar to FY2025?

Mr. Kobayashi : We expect the same structure as in FY2025 to be repeated.

Mr. Kikuchi : Is it correct to understand that the first half of FY2026 will be a factor in decreasing operating profits, while the impact of Kaedoki was not significant in the first half of FY2025 ?

Mr. Kobayashi : That is correct in terms of the first half.

Mr. Kikuchi : What about the full year?

Mr. Kobayashi : For the full year, we do not expect a significant impact.

Mr. Kikuchi : In that case, will the second half be a factor for increasing operating profits?

Mr. Kobayashi : I think that will be the case because provisions are booked in the second half.

Mr. Kikuchi : In relation to that, KDDI CORPORATION recorded an impairment loss of 50 billion yen for contract costs in its 3Q financial results. I understand that this is related to contract costs and is separate from the replacement program.

On the other hand, I have the impression that your company accounted for sales promotion expenses in PL while the churn rate was not rising significantly. Therefore, it is unlikely that a review of contract costs of 50 billion yen will arise suddenly. After confirming the contract costs of past years in detail, is it correct to assume that there is no issues at this point?

Mr. Kobayashi : Regarding contract costs, we defer a portion of them on the assumption that customers will continue their contracts in the future. This is reviewed each time in consultation with accountants, taking into account the remaining contract term and churn rates.

While there are aspects of other companies that we are not fully aware of, we do not believe that we are in a situation where a large impairment loss will suddenly arise.

Mr. Kikuchi : Lastly, I would like to ask President Maeda about a third question. I understand that in FY2025, the holding company policy stated the maintenance of the customer base and business performance, but in practice, it seemed that priority was given to maintaining market share and the customer base over business performance.

On the other hand, based on the previous explanation of the holding company policy, it seems that the tone was not as strong as in the past in emphasizing that maintaining market share was the top priority. I think the perception of business performance varies depending on what is prioritized, but I understand that business performance was not the top priority in FY2025. For FY2026, can you tell us your current policy, whether you plan to place more emphasis on business performance or continue to prioritize market share and the customer base?

Mr. Maeda : We apologize for the inconvenience caused by revising the plan for FY2025. Maintaining market share means halting the decline in operating revenues from mobile communications services. If the number of customers declines, operating profits will decline further, with the extent of the decline expanding in subsequent fiscal years, so we judged it necessary to build a structure to stop the decline. We believe that the past 2 years were a necessary period for this.

In FY2025, we made substantial investments. As a result, in our view, companies' competitive attitude and stances have begun to change. We recognize that the industry as a whole is changing its stance from a phase in which it competes to acquire customers, including short-term churners, to one in which it aims to improve performance through higher loyalty and higher unit prices. We have a similar view.

We do not intend to unnecessarily reduce the size of the customer base we have built over the past 2 years. However, it is true that in FY2025 we acquired a certain number of short-term churners. In the future, we will not pursue these customers. MNP may be slightly negative, but we do not intend to significantly reduce it. We will work to maintain the size of our customer base while limiting short-term churn, enhancing cost efficiency, and to protect our performance.

Mr. Kikuchi : In terms of Consumer Communications Business, while you mentioned earlier that operating profits are expected to decline slightly, the Smart Life Business seemed to incorporate a relatively aggressive plan to increase operating profits. In FY2026, I believe DOCOMO SMTB Net Bank, Inc. will contribute from the first half, but it seems that your company is planning to increase operating profits in other areas as well.

On the other hand, you mentioned that operating profits in Consumer Communications Business will decline slightly, so overall it seems that your company is planning to make up for the decline in operating profits in the Communications Business with the Smart Life Business, which is somewhat concerning. Is it correct to understand that much of the operating profit growth in the Smart Life Business is already largely visible?

Mr. Maeda : At the very least, we do not view the FY2026 plan as difficult. The credit card business has maintained a high growth rate, and we do not expect that level to change significantly in FY2026. In addition to this, operating profit growth from DOCOMO SMTB Net Bank, Inc. will contribute. With regard to banks, we will encourage customers to set up their bank accounts as debit accounts for d CARD, and by strengthening cooperation between the two, we will aim to increase deposit volume and the number of accounts. Overall, we expect operating profit efficiency to increase as interest rates rise.

As for FY2026, we do not consider our plan to be particularly difficult, but in addition to the credit card business, we expect DOCOMO SMTB Net Bank, Inc. to be the main driver of growth over the medium term. As for banks, we have a plan to double the number of accounts and deposit volume,

which is a somewhat ambitious goal. However, we will work to achieve this goal by firmly connecting our existing telecommunications and financial customer bases.

Mr. Masuno of Nomura Securities : Regarding the scale of operating profits in consumer telecommunications, we are aware of the level within the industry. Although exact comparisons cannot be made because segment definitions are different, for example, SoftBank Corp.'s consumer division has an operating profit in the 500 billion yen range, and KDDI CORPORATION's operating profit is probably around 600 billion yen within the Personal Business, excluding financial services, energy, J:COM, and other businesses. Your company also had an operating profit of 600 billion yen until 3 years ago, and although there is a difference in the nature of its business, if your company manages operations appropriately, it should be possible to achieve an operating profit of 500 billion to 600 billion yen.

On the other hand, the current plan is for an operating profit of around 250 billion yen, and there is a difference of 200 billion to 300 billion yen on an operating profit basis. If the cause of this difference is unclear, it is difficult to see how your company can improve its performance. While your company has a heavier capital investment burden than other companies, it has been unable to fully absorb fixed costs due to a decrease in the number of contracts, and the impact of marginal losses has increased, putting pressure on operating profits. In order to stop this, your company has strengthened sales promotions, and the decline has been controlled, but considerable costs have also been incurred as a result.

How will you address this 200 billion to 300 billion yen gap going forward? Do you have any overall approaches or policies?

Mr. Kobayashi : From a financial standpoint, it is not clear whether the comparison is strictly on the same terms, but other companies include services such as security services in the telecommunications segment that our company does not include. When viewed on the same basis as other companies, part of the 200 billion to 300 billion yen gap will actually be narrowed. However, we do not think this is sufficient. In the past, there was a period when we were able to achieve higher operating profit levels, and our company recorded upfront investments in the telecommunications segment as a lump sum, but we are currently in the process of streamlining this.

In formulating the medium-term plan, the holding company also expressed concern about decline of 300 billion yen in EBITDA in Consumer Telecommunications Business. However, in the medium-term plan through 2030, we judged that it would be dangerous to plan on the assumption that operating profits can be increased unreasonably. Although there is room to increase operating profits, the EBITDA margin and operating margin will be lower than those of other companies when we consider our ongoing network enhancements and AI investments. However, we are willing to accept this level to a certain extent, and we intend to achieve EBITDA of 2 trillion yen, which we

were previously expected to achieve in FY2027, mainly in the Enterprise domain.

In the previous medium-term management plan, we expected growth of 130 billion yen to 40 billion yen on an operating profit basis through M&A, but we believe that this can be achieved through organic growth this time. In terms of capital allocation, we do not anticipate any major new investments. This time, the plan is not based on the assumption that we will significantly improve operating profits in Consumer Communications Business, but we will operate while leaving room for improvement.

Mr. Masuno : In this regard, the shortfall of about 300 billion yen in Consumer Communications Business, which has the highest operating profit margin and high ROIC, will have a significant impact on cash flow. While Consumer Communications Business is basically highly recurring, the financial business is not necessarily the same.

For example, if other companies raise rates for existing mobile phone users across the board, it is estimated that there would be an increase in operating revenue of about 80 billion yen to 100 billion yen. I understand that your company has explained in its medium-term plan that it will consider raising rates for existing users across the board, although this has not been factored into the plan. So far, your company has explained that it will introduce a new rate plan but does not anticipate raising rates across the board for its 30 million existing users. What is your view on this at this point?

Mr. Maeda : I don't deny that point. We need to consider various points and methods of raising prices. However, at this point, we do not take the view that price increases are limited to new rate plans. Our company's costs are rising significantly, and other companies are incurring costs due to initiatives such as docomo Starlink Direct . It is true that we need to consider raising prices amid increase in various costs, including fuel, personnel, and parts procurement.

At the same time, we need to consider how best to respond to each customer, taking into account the complexity of the pricing structure resulting from the various rate plans we have deployed. Therefore, we need to carefully judge whether a uniform price increase is really appropriate. As this is an important issue, we will thoroughly consider it.

Mr. Masuno : Please tell us about the new financial organization. Will it be an operating holding company, including the credit card business?

In many other companies, the management of the holding company and operating companies is almost integrated, which appears easier to manage. On the other hand, in addition to the management of the holding company, there are separate presidents at DOCOMO SMTB Net Bank, Inc. and Monex, Inc., respectively. To what extent can this system achieve integrated decision-making, resource allocation, and operations? How do you see the effectiveness of the new organizational structure at this point?

Mr. Maeda : As you mentioned, we want to build a structure that can manage the entire company in an integrated manner. It will be in the form of an operating holding company, but it is important to establish a structure while strengthening cooperation with the presidents of each operating company. Under the new management team, we will steadily implement this approach.

In addition, we do not believe that business growth can be achieved solely by the NTT DOCOMO Financial Group, Inc. We believe that it is important to promote marketing as a whole. We will work as a unified group to improve performance. Each financial company that has joined the Group has a track record and expertise in providing services in the financial markets, and we believe it is extremely important to have such personnel play a central role in services and management.

We see the role of banks as particularly important in this portfolio. DOCOMO SMTB Net Bank, Inc. has a high level of service and a high speed of business development. For this reason, we intend to position the management and service development of the bank at the core of our overall financial business. We are discussing this with our new management team. We will continue to develop our structure in this direction.

Mr. Masuno : Thank you very much.

Mr. Tokunaga of Daiwa Securities : I understand that in the fourth quarter of last year, the medium-term operating profit growth forecast was for operating profit growth in FY2026 and further growth in FY2027. I believe that it was explained that mobile communications service operating revenues would increase in FY2027, and the effect of improving acquisition efficiency would also expand. I understand that it was explained network structural reforms would contribute to operating profit growth in FY2027, even though they are flat in FY2026.

Last year, the forecast was quite positive. With the new medium-term management plan now announced, is that view still maintained? Or have the assumptions changed? What can you tell us?

Mr. Kobayashi : In FY2027, the focus of our self-driven improvements will be the Consumer Communications Business. In terms of mobile communications services operating revenues, the decline in operating profits in FY2026 was just over 15 billion yen, a significant reduction from FY2025. This includes the impact of the 3G termination, but those factors will no longer be factors going forward, and ARPU is expected to remain firm. As we approach FY2027, we currently expect mobile communications services operating revenues to turn from flat to increasing.

We have been moving ahead with efforts to improve the efficiency of sales promotion expenses since FY2025. We will continue to take actions in FY2026 while monitoring the competitive environment, but we do not anticipate a large increase and aim to keep it as light as possible. As for Kaedoki, the impact will be slightly negative from a structural perspective in FY2026. However, as we are making provisions and reviewing the program, we expect it to be slightly lighter in FY2027.

It is possible that Kaedoki will turn positive, but we do not expect a significant effect.

Network investment peaked in FY2025 and FY2026. We invested about 50 billion yen more than usual. Although there is a delay in equipment procurement due to the semiconductor shortage, the impact on the overall business is not expected to be large. On the operating profit side, disposal costs associated with network enhancement have had an impact. We expect that the disposal of conventional equipment will gradually decline as new equipment is introduced to replace lower-performance equipment and new frequency bands (Sub6, 700 MHz NR, 5G) are deployed. As a result, the network business is expected to be positive on a PL basis in FY2027.

In the Smart Life Business and Enterprise Business, we aim to increase operating profits by around 30 billion to 40 billion yen each year. Details for FY2027 have yet to be determined, but we aim to maintain the same momentum.

On the other hand, while spending promotional expenses in FY2025, we also promoted asset-light initiatives through asset sales and other measures. As we continue to do so to a certain extent in FY2026, there may be some temporary impact. With this in mind, we will continue to manage our operations in FY2027 to ensure solid profitability.

Mr. Tokunaga : I understand that after the revision in the third quarter, the final results were higher than initially expected. What were the main factors behind this? Could you tell us what was different from your initial expectations? Were your company's sales promotion expenses lower than expected because other companies held back sales promotions, or was the share of docomo MAX higher than expected?

Mr. Kobayashi : There were several factors. First, on the sales promotion side, we expected significant costs associated with MNP at the beginning of the fiscal year, and costs tended to increase in March in particular. However, revisions such as the introduction of fees for the Kaedoki program had a negative effect on customer acquisition. As a result, we were able to keep sales promotion expenses lower than expected because the inflow of customers who tend to cancel their contracts in the short term did not increase as much as expected.

The other area is asset sales. This was higher than expected due to relatively favorable market conditions. Furthermore, after the downward revision, underlying performance improved due to the efforts of each business. This improvement will continue going forward. As a result, we recognize that there was a gap between the downward revision and the final outcome.

Mr. Takano of Marathon Asset Management : After listening to your explanation, frankly, I felt that is facing a difficult situation. Considering the background, it seems that the strong focus on the telecommunications business has become a structural burden, making competition difficult.

In terms of ecosystems, there is a "d POINT" ecosystem, but compared to au, PayPay, and Rakuten,

expansion into non-telecommunications businesses seem relatively weak. However, the situation for au may be somewhat different.

When you look at the Japanese telecommunications industry as a whole, it is not a race to increase telecommunications ARPU, but a race to capture operating profits by using telecommunications as an entry point. Your company must be fully aware of this.

In this context, your company has not made sufficient progress in restructuring its telecommunications business, and it does not appear to be able to fully differentiate itself in non-telecommunications areas. It appears that you are taking on the most difficult transition with a heavy business structure. At this point, it is difficult to see whether continuing on this path will be a winning strategy in the future of mobile communications and telecommunications.

In order to transform this heavy business model into a new operating revenue model, I believe that you need to shift your KPIs from a focus on telecommunications to a focus on ecosystem. In this context, it is necessary to clarify what should be discarded and what should be invested intensively. How much progress is being made within the company in discussing such a reorganization? Also, if you consider this a challenge, what kind of quality of business will you aim for? What kind of commitment and plans do you have?

Mr. Maeda : I agree that we expect growth outside the telecommunications business. However, we need to avoid a situation in which operating profits in the telecommunications business fall significantly as we pursue growth of the NTT Group and the DOCOMO Group as a whole. How to maintain operating profit levels in the telecommunications business and how to recover operating profits once they have fallen are important issues.

Maintaining the customer base and increasing operating profits in the short term are important issues, but I believe that in the future it will be important to increase the efficiency of capital investment. The telecommunications business needs to shift to an earnings model that adds added value, such as AI, to the operating revenue generated from telecommunications itself. This applies not only to the consumer business but also to the Enterprise business, and I believe that the type of value added to networks is important in building an overall operating profit model.

In that sense, we believe that promoting investment in value-added improvements, including AI, will create a structure to aim for the upside of the telecommunications business. While we are building our customer base, I am aware that some people may wonder whether we have reached sufficient level as an ecosystem, but our strategy is to increase the number of customers who continue to use our services at reasonable pricing by combining telecommunications, financial services, and other services.

Mr. Kobayashi : From the financial side, when we formulated our last medium-term plan, the telecommunications business accounted for about 40% of our operating profits in FY2027. On an EBITDA basis, the ratio was higher than that. We have set an EBITDA target of 2 trillion yen in

2030, and of this total, the telecommunications business accounts for about one quarter. I believe that the business structure itself has already changed significantly.

We have carefully structured our data utilization. Our company will not use data in a way that does not benefit our customers, but we have a policy of unifying IDs and utilizing a variety of data. Looking at our loyal customer base, we can confirm that the churn rate is decreasing on the telecom side, but more than that, I believe that DOCOMO is one of the best-positioned operators for AI utilization in terms of leveraging that data and applying AI.

Furthermore, in terms of marketing solutions, there are quite a few initiatives in collaboration with Center B teams due to the availability of data. There are also media platforms for distribution apps with more than 50 million MAUs. I believe there are some aspects of this potential that other companies have yet to fully realize.

This may not have been fully conveyed to Mr. Takano, but we are discussing internally how to go beyond simply providing communications to create emotional value that resonates with customers, a form of fandom. docomo MAX is not just a rate plan, but I believe it can also help build a fandom. We have also secured a significant portion of the venue business. As the next step, we are discussing internally the need to go beyond data to the area of emotional value.

Mr. Takano : In that case, your company's KPIs, such as ARPU and MNP net increase, inevitably seem to be telecommunication-oriented.

Even if you continue to focus on telecommunication, I think it would be easier to see where to invest and how to recover if you shift your focus to indicators such as Lifetime Value. What do you think about this?

Mr. Maeda : In this regard, we are not just looking at the unit price of telecommunications but are also looking internally at how we can raise the unit price per customer, including other businesses. At this point, we have not been able to present such KPIs externally, but we would like to consider whether there is a way to share them, including how we show our performance.