NTT DOCOMO, INC.
FY2026/1Q Financial Results：Analyst Meeting Q&A

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#1
Mr. Maeda：First of all, I would like to express my heartfelt sympathy to those affected by the Kumamoto Earthquake and their families.
As the DOCOMO Group, we will continue to support the affected areas and ensure the stable operation of telecommunications services.

#2
I will now explain the financial results for the first quarter. First, here are the highlights of this year's financial results.
In the first quarter, sales and profits increased, making a good start toward medium- to long-term growth.
Although the margin of increase in profits was small, the results of the reforms we have been promoting are steadily showing. We are also making steady progress toward the full-year plan, and we will continue to work toward achieving the plan. Consumer communications has improved its customer base and Operating revenue, while Smart Life has grown, particularly in finance business. Enterprise business is also expanding their growth areas by incorporating customer needs in the AI era. I will explain the status of each segment in the following slides.

#3
First, I will present the financial results.

#4
Operating revenue was 1,617 billion yen, an increase of 126.9 billion yen from the previous year. Operating profit was 246.2 billion yen, an increase of 6.5 billion yen, and both revenue and profit increased.

#5
Operating revenue increased over 100 billion yen, driven by Smart Life and Enterprise. In the Smart Life segment, in addition to the effects of the consolidation of banks, existing

businesses are also growing, and Enterprise growth areas are expanding.
Mobile communications services revenues are also improving as planned, with the decline in revenues narrowing from 14.1 billion yen to 1.4 billion yen.

#6
The growth of Smart Life segment led the increase in operating profit for the entire company. In the consumer communications segment, although there is still a decline in profits, the decline in profits has almost halved from the previous year, making progress. Although stepped up sales promotion expenses have increased from the previous year, we are controlling them within the scope of our plan while increasing port-in. For the year, we plan to reduce them from the previous year by improving efficiency.

#7
I will now explain the initiatives and results of our core businesses.

#8
First, the consumer communications business. MNP increased for 3 consecutive quarters, maintaining an improving trend. We believe that the fact that we were able to maintain positive figures throughout the first quarter indicates that the improvement in our customer base has begun to take root. In addition, unit acquisition costs have declined due to improved sales capabilities, an increase in the number of loyal users, and curbing short-term churn.

#9
In fiscal 2026, we are working to build an even stronger customer base by enhancing engagement with customers rather than simply increasing numbers. The number of loyal users who use services such as “docomo MAX”, Financial Services and Home Services increased steadily from 12.9 million to 15.3 million. In addition, the port-out rate of loyal users has declined significantly, and among customers who use 2 or more services, it is approximately 1/3 of that of non-loyal users. We believe that we are making steady progress in strengthening the customer base that supports our medium- to long-term growth. We will continue to work to expand the number of loyal users.

#10
docomo MAX has surpassed 4 million subscriptions. We have already reached 80% of our year-end target of 5 million subscriptions. We have also seen continued growth in applications for our "Selectable Benefits," indicating that customers appreciate the value we provide not only through pricing but also through content and other offerings. We will, of course, continue to achieve our year-end target of 5 million subscriptions and aim for further growth.

#11

Due to the expansion of docomo MAX, ARPU was 3,990 yen, an increase of 70 yen from the previous year. We are making steady progress toward our annual target of 4,010 yen and will continue to improve ARPU.

#12

Mobile communications services revenues continued to show improvement momentum due to a strong recovery in ARPU, despite the impact of lower revenues due to a decrease in number of handset contracts. We are making steady progress as planned and are nearing bottoming out.

#13

In addition, today we announced a new U15 plan and the "DOCOMO Oyako Wari" discount program to support children's first smartphone experience.
The plan is designed to accommodate children's changing needs and usage patterns, with monthly charges starting at 780 yen for the first year. Discounts are also available for parents. By offering services that are easy for both parents and children to start using and continue using over time, we aim to make “DOCOMO as a family brand”.

#14

Next is the smart life business. Operating revenue increased 39% from the previous year to 418.4 billion yen from 301.1 billion yen. In addition to the effects of the consolidation of banks, revenues in existing areas such as finance, entertainment and marketing also increased.

#15

Finance transactions handled increased by more than 500 billion yen from the previous year due to increased use of “d CARD” and “d Barai”. Through daily payments, customers have more contact with their daily money movements. This is a major strength of the DOCOMO Group. Going forward, we will further expand this daily contact with banks as a starting point.

#16

“Docomo no Ginko” is the axis of this enhancement. If you set up a DOCOMO no Ginko as a payment account for d CARD, you can get even higher rebates when shopping in town. ** If you pay with d CARD, you can pay with touch payment or via d-Barai, and the rebate is up to 3%** in the first year. If you combine securities, the rebate is up to 4.5%. Depending on the conditions, it will be higher. NTT DOCOMO Financial Group, Docomo no Ginko, and MONEX brokerage made this possible through collaboration. Starting with banks, we will expand the foundation we have built in telecommunications to payments and asset formation.

#17

In order for more customers to use financial services, it is important to have a reliable support system. DOCOMO Shops nationwide are our strength, and we will extend the support capabilities we have cultivated through smartphone classes to financial services. We have already started offering support for opening brokerage and NISA accounts at some of our branches. We will also gradually start offering support for opening bank accounts and initial setup. We will quickly expand the number of branches where we can provide information and support for financial services to 1,000 and strengthen engagement with customers.

#18

Next is the enterprise business. The growth areas of integration and platforms grew 8.4%, driving the increase in revenues. We are also capturing the growth in security demand among large enterprises and will continue to accelerate the expansion of growth areas.

#19

The AI-related business, which is a priority area, increased renevues by 12% from the previous year, driving the growth of the enterprise business. The AI-Centric ICT platform, which is at the core of the platform, embodies the AIOWN that the NTT Group is promoting and is accelerating its deployment as a platform for social implementation. At the same time, we will strengthen the security required in the AI era, such as threat information sharing through docomo business RINK, AI SOC, and cyber risk response services in collaboration with NTT DATA, to integrally support customers' use of AI and safe business operations.

#20

The number of companies introducing the AI-Centric ICT platform has increased approximately five-fold. docomo business RINK, DOCOMO Business' NaaS, is widely used as a platform for providing enterprise networks on demand and flexibly. Going forward, we will continue to expand our services in response to customer needs and evolve the network as an AI-native infrastructure for the AI era.

#21

To improve network communication quality, we are building base stations at a pace that continues from the second half of last fiscal year. In the first quarter of fiscal 26, we built approximately 2,500 base stations. Of these, we built approximately 1,500 5G base stations, which is at the same level as the first half of fiscal 25. We are making steady progress in building base stations, and even as traffic increases each year, the average download throughput in the center of major cities nationwide is improving. We will further advance the construction of base stations to provide customers with an even easier connection and comfortable communication environment nationwide.

#22

We are also making steady progress in expanding 5G coverage in subway stations. As of July, we have completed the introduction of 5G coverage at 303 stations nationwide, particularly in 206 stations in Tokyo, which accounts for more than 70%. We will continue to promote 5G in subway stations nationwide.

#23

Our efforts to improve the experience quality are not limited to the number of base stations. We are also introducing the latest equipment that works better in congested areas. Today, I would like to introduce two points. The first is Japan's first commercial introduction of the latest base station equipment. The new equipment achieves both performance and environmental performance, with 4 times the capacity of existing equipment and 50% less power consumption. The second is the operation of Tri-Band Massive MIMO base stations, which have the largest bandwidth in Japan. By bundling 3 broadband frequencies owned by DOCOMO, the 280 MHz bandwidth will be used simultaneously, increasing the equipment capacity by 3 times. By introducing the latest equipment, we will provide a comfortable communication environment even in areas where customers use a lot, such as congested urban areas and event venues.

#24

“docomo Starlink Direct”, launched on April 27, has surpassed 6.5 million users in about 3 months. In September, we began international roaming to provide customers overseas with "If you can see the sky, you can connect." In addition, we are proceeding with demonstrations of balloon-type HAPS. Starting in September, we plan to conduct 3 demonstrations in Noto as part of the Ministry of Internal Affairs and Communications's project. Combining aerial communications and high-resolution photography, this system will help reduce labor in primary industries, monitor dams and other infrastructure, and understand disaster situations. It will provide customers with peace of mind in an environment where communications are possible even in mountainous areas, remote islands, and on the sea.

#25

We started the first quarter with higher sales and profits. We will steadily achieve our full-year plan by improving consumer communications and further advancing the growth of Smart Life and Enterprises. Thank you for your attention.

◆Analyst Briefing _ Presentation

Ms. Fujiki: I am Fujiki of NTT DOCOMO, INC. I will be taking charge from this briefing onward, and I appreciate your continued support.

I would like to comment on the key points of these financial results. As time is limited today, I will not give a presentation, but I would like to briefly provide some additional comments regarding NTT DOCOMO, INC.

First, with regard to the first-quarter financial results, we achieved increases in both operating revenues and operating profit, although the increase in operating profit was modest. We also progressed ahead of the initial plan. While it is still only the first quarter, we will continue our efforts with the aim of exceeding the full-year plan.

Let me provide some additional comments regarding the figures. For ease of reference, I would ask you to refer to pages 5 and 6 of the presentation materials.

First, regarding operating revenues, the acquired bank has of course contributed to growth. In addition, both Smart Life Business and Enterprise Business, which we position as growth areas, have achieved strong growth in line with or above our expectations.

Also, regarding mobile communications services revenues, which had been an challenge and were discussed at the holding company briefing earlier, a key point is that the year-on-year decline was limited to 1.4 billion yen, indication that a bottom is finally coming into view. However, mobile communications services revenues are subject to various factors, and therefore we expect some fluctuations from quarter to quarter. We have set a full-year plan of a decline of 15.0 billion yen, and we will continue our efforts to outperform that plan.

Next, turning to profit, Smart Life Business has been performing strongly overall, achieving increases in both operating revenues and operating profit across all areas. As a growth area, year-on-year growth may be expected, but performance has also exceeded plan in many business areas. Turning to Consumer Communications, sales promotion expenses, which have been a key issue, increased year on year in the first quarter. While this had a negative impact on operating profit, the increase was kept below our plan. As we indicated in May, we plan to improve efficiency on a full-year basis, and in that regard, progress has been steady. As shown in the presentation materials, MNP, “docomo MAX” subscriptions and the number of loyal users have all performed strongly and exceeded our plan. Going forward, while maintaining our current sales capability and continuing to strengthen our customer base, we intend to move into a phase of improving the efficiency of sales promotion expenses as well.

For reference, the “Itsudemo Kaedoki Program,” (Kaedoki) which was a major factor behind the decline in operating profit last fiscal year, is included in the 16.5 billion yen increase in Stepped up sales promotion expenses. In the first quarter, it had a negative year-on-year impact of several billion yen due to higher expenses, but this was also within our plan.

Looking at the full year, we recorded an additional provision in the third quarter of last year, which will not recur this year. As a result, that portion will have a positive impact. Overall, however, we expect a negative impact of several billion yen for the full year. This is consistent with what we explained at the fiscal year-end briefing.
Finally, as my third point, let me provide some additional comments on the decline in profit in Enterprise.
As you can see, operating revenues are growing, and our order pipeline also exceeds the level of the same period last year. We do not believe there are any issues with the underlying business fundamentals. However, several factors affected profit in the first quarter, including one-time expenses and the recording of low-margin portions of certain large, complex projects received during the quarter. As a result of these factors, operating profit declined. For the full year, we intend to recover and achieve our plan.
That concludes my additional comments on the financial results. We will now move on to questions.

◆Analyst Briefing _ Q&A
Mr. Masuno of Nomura Securities Co., Ltd.: First, I would like to confirm the figures. For mobile communications services revenues, I understand the full-year plan calls for a decline of 25.3 billion yen, including both Consumer Communications and Enterprise. Is the 15.0 billion yen decline you mentioned earlier for Consumer Communications only? Including Enterprise, I believe the first-quarter decline was 2.0 billion yen, consisting of a 1.4 billion yen decline in Consumer Communications and a 0.6 billion yen decline in Enterprise. Enterprise therefore does not appear to be declining to the extent originally expected. Could you confirm these figures?

Ms. Fujiki: I apologize for not expressing myself clearly enough earlier. What Mr. Masuno has just said reflects our view exactly. We also believe that all of your observations are correct.

Mr. Masuno: I see. If Enterprise has not declined at all against the plan, does that mean that, from a contract perspective, there has not been a situation where lower-unit-price Enterprise contracts have been leaving?

Ms. Fujiki: Yes, that is exactly as you say.

Mr. Masuno: Understood. My second point is about expenses. The handset sales program accounted for a negative impact of 16.5 billion yen, and Network-related expenses accounted for 1.3 billion yen in the first quarter. If the Network-related impact was only about 1.3 billion yen in the first quarter, should we think that it will be only marginally negative in the second half? Also, regarding the handset sales program, will the impact naturally decline from the second quarter onward? May I understand that the several-billion-yen negative impact for the full year that you mentioned earlier refers to this figure?

Ms. Fujiki: First, regarding network reinforcement expenses and Network costs, these are progressing in line with plan. We have budgeted an increase of 13.7 billion yen for the full year, and the first-quarter results were in line with plan.
As for the increase in sales promotion expenses, as I mentioned earlier, the impact of the Kaedoki is included in that amount. I referred earlier to a negative impact of several billion yen, but when we also include agency commissions, event-related expenses at consumer electronics retailers, and other sales-related costs, the total increase in sales-related expenses amounted to 16.5 billion yen.
If we isolate the impact of the Kaedoki alone, we estimate a negative impact of several billion yen on a full-year basis.

Mr. Masuno: Does this mean that initiatives resulting in an additional cost increase of as much as 12.0 billion yen will emerge over the remaining nine months with respect to Network-related items? Also, regarding provisions for Kaedoki, my understanding is that no further provisions will be recorded going forward. As for commissions, the industry also appears to have stabilized somewhat. How do you view these factors?

Ms. Fujiki: The increase in network reinforcement expenses includes various items other than what we refer to as Network costs. If we isolate Network costs alone, the increase is approximately 13.0 billion yen.

Mr. Masuno: Where does the 13.0 billion yen figure come from? Is it an annual figure or a first-quarter figure?

Ms. Fujiki: The figure I mentioned earlier is correct. On a full-year basis, we had originally anticipated an increase of around 14.0 billion yen, in other words, a cost increase. This figure has already been factored into our plan.
For reference, we have previously communicated that Network costs would continue to increase through this fiscal year. Starting in FY2027, however, they are expected to become a positive contributor to profit. That trend remains unchanged from what we have explained previously.

Mr. Masuno: Regarding the 1.3 billion yen increase in Network-related expenses in the first quarter, is it correct to understand that deployment and construction activities had not yet fully progressed during the first quarter and that these costs will increase going forward? Also, across the industry, I have the impression that handset-related commissions are declining. How do you see that trend going forward?

Ms. Fujiki: Regarding Network costs, that is correct. In the first quarter, not much of the impact had materialized yet.
Sales promotion expenses had a negative year-on-year impact of 16.5 billion yen in the first quarter. However, for the full year, we have a plan for sales promotion expenses to contribute positively to profit year on year, and we intend to improve efficiency so that they will have a positive impact on profit. At the same time, while closely monitoring the actions of our competitors, we intend to maintain discipline and avoid excessive spending.

Mr. Masuno: Understood. Then, given the 16.5 billion yen negative impact recorded in the first quarter, would it be fair to say that this was a quarter in which spending was particularly heavy relative to the full year?

Ms. Fujiki: The second half of FY2025 was originally a period of heavier spending. Therefore, on a year-on-year basis, we had planned for spending in the first half of this fiscal year to increase. As I mentioned earlier, this is in line with our plan.

Mr. Masuno: Understood. Then you will recover in the second half. Thank you. That is all.

Mr. Kikuchi of SMBC Nikko Securities Inc.: I have two questions. The first is about the churn rate. I believe the 3G termination had an impact, as the churn rate increased sharply in the first quarter. In particular, churn among non-handset subscriptions increased significantly, which I assume was largely due to the 3G termination at the end of March. I understand that the impact may have been reflected in both the fourth quarter and the first quarter. Could you quantify the impact of the 3G termination on the churn rate?
In addition, it appears that the churn rate has been trending slightly higher even excluding the impact of the 3G termination, which suggests that you may be attracting some hopping users as a result. I would like to confirm that this has already been factored into your assumptions, including contract acquisition costs and Kaedoki, and that your guidance assumes the churn rate will not increase further in this fiscal year.

Ms. Fujiki: First, regarding the churn rate, you are correct that the 3G termination had an impact. The effect of the termination was not reflected in the fourth-quarter figures but was reflected in the first-quarter results.
To provide some specific figures for handset subscriptions under all customer names, the table you are likely referring to shows a first-quarter churn rate of 0.96%. Excluding the impact of the 3G termination, however, the figure was 0.78%. Given that the churn rate in the fourth quarter of the previous fiscal year was 0.93%, this represents a slightly lower level.
That said, it is true that the churn rate has been rising. As you pointed out, competition to acquire users who tend to cancel after a short period has intensified, and the impact of attracting a certain number of those users has become more significant.
As for sales promotion expenses, our current plan already takes those factors into account. Even so, first-quarter results came in below plan.

Mr. Kikuchi: I see. Thank you. As a follow-up, the churn rate for non-handset subscriptions appears to have increased quite significantly. Is it correct to understand that this was also largely due to the impact of the 3G termination, resulting in a churn rate of 1.74%?

Ms. Fujiki: Yes, that is correct. A large number of IoT-related devices were using 3G, and as a result, the impact of the 3G termination has made the churn rate appear significantly higher.

Mr. Kikuchi: Thank you. My second question is about Smart Life. It is very encouraging to see revenue and profit growth across all areas of the segment, but could you break down the drivers a little further?
Specifically, how much did the bank contribute to profit growth, and which areas besides the bank are driving growth?

Ms. Fujiki: I believe you are referring to the waterfall chart. As for the bank, it contributed approximately 7.5 billion yen to profit growth this quarter.
The finance business as a whole delivered a year-on-year increase in profit of approximately 10.0 billion yen, of which the bank accounted for roughly 7.5 billion yen.
In addition, businesses such as Content/Lifestyle and Support services for customers' peace of mind also recorded profit growth.

Mr. Kikuchi: Understood. Thank you. As for the bank, the contribution of 7.5 billion yen is slightly higher than the figure we had previously discussed, and it seems somewhat high for quarterly profit. Are there any one-off factors included, or is it reasonable to assume a full-year contribution of roughly four times this amount?

Ms. Fujiki: One point I would note is that equity markets were very strong during the quarter, and we recorded valuation gains of several billion yen on our equity holdings. As a result, performance in this area came in somewhat above plan. Given that it is dependent on market conditions, I think it would be difficult to simply annualize the first-quarter figure by multiplying it by four.

Mr. Kikuchi: I see. I had been assuming something closer to 5.0 billion yen multiplied by four. Is that roughly the right level to think about?

Ms. Fujiki: I will not comment on a specific figure, but the picture you have in mind is generally correct.

Mr. Kikuchi: Thank you very much.

Mr. Tokunaga of Daiwa Securities Co. Ltd.: Two questions, please. My first question is on pricing strategy.
From what I heard at the press conference, both President Shimada and President Maeda indicated that some measures will eventually be needed to address inflationary pressures. Given that pricing revisions by your peers appear to have been received relatively well, I get the sense that you may be gaining confidence in taking similar actions.
At the same time, the Ministry of Internal Affairs and Communications' international price comparison survey suggests that unlimited mobile plans in Tokyo are already priced at a somewhat higher level relative to overseas markets, which makes it difficult to assess the justification for further price increases.
With that in mind, would it be fair to say that you are becoming more open to price revisions as a way to address inflationary pressures?

Ms. Fujiki: Mr. Tokunaga, thank you for your question. Regarding inflation, it is not that we are gradually becoming more positive. We have been proactive on this issue from the outset. As Mr. Maeda explained earlier, in addition to the impact of inflation, the significant increase in network traffic is having a major impact on our business. This also requires continued investment in our network infrastructure.
Taking these factors into account, we have been continuing our discussions. Once we reach a stage where we are able to make an announcement, we will do so accordingly.

Mr. Tokunaga: The other two carriers have already moved ahead with revisions to their existing pricing plans. Is it correct to understand that you are considering various measures, taking into account those examples as well?

Ms. Fujiki: Yes. We are, of course, taking into account the actions taken by our peers. At the same time, DOCOMO has its own unique circumstances. Taking these factors into account, we are considering what kind of plans will lead to future growth.

Mr. Tokunaga: Thank you. My second question is on mobile communications services revenues.
In the first quarter, mobile communications services revenues held up relatively well despite the 3G termination. While there will likely be various factors affecting performance on a quarterly basis going forward, it appears that revenues could trend somewhat ahead of plan. On the other hand, there may also be factors that could have a negative impact on revenues, such as the additional 10GB offered under ahamo, family discounts, and the point rewards associated with docomo MAX.
If the business is indeed beginning to show signs of bottoming out, is it possible that we could see a clear bottoming-out trend emerge sometime during this fiscal year?

Ms. Fujiki: Let me add a brief comment on mobile communications services revenues.
As we have explained, we continue to acquire a solid number of MNP subscribers, and ARPU is increasing as docomo MAX continues to perform well. Accordingly, the underlying performance of the business remains solid.
In addition, let me briefly touch on a few special factors. Since the previous fiscal year, we have been reviewing pricing for various services.
For example, we implemented price revisions for services such as home 5G and certain administrative fees in the second half of FY2025. As a result, the first half of this fiscal year may appear somewhat stronger due to these factors.

Mr. Tokunaga: I see. Since the comparison base in the second half of FY2025 is higher, is it fair to say that, from a year-on-year perspective, the second half will be the more important period to watch?

Ms. Fujiki: Yes, exactly. However, we fully intend to achieve our plan and would like to outperform it, even if only modestly. We were slightly ahead of plan in the first quarter as well, and we will continue working to ensure that this positive trend continues.

Mr. Tokunaga: Just to confirm, are you saying that family discounts and the increase in ahamo data allowances to 40GB will not have a meaningful negative impact on mobile communications services revenues?

Ms. Fujiki: That's right. We believe the impact on this fiscal year will be limited.

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

Mr. Tanaka of Goldman Sachs Japan Co., Ltd.: I have two questions. The first relates to your approach to sales promotion expenses. I do not believe your view has changed that improving the efficiency of sales promotion expenses over the full year will be a driver of profit growth. However, given the significant increase in sales promotion expenses in the first quarter, how has your level of confidence in achieving profit growth through sales promotion efficiency for the full year changed compared with three months ago?
Also, if sales promotion efficiency does contribute to profit growth as expected, I would imagine that the year-on-year comparison of sales promotion expenses will look quite different from the second quarter onward.
As you mentioned earlier, would the benefit from those efficiency measures be expected to become more visible from the third quarter onward, rather than in the second quarter? And could you comment on the timing of that impact as well?

Ms. Fujiki: With respect to sales promotion expenses, forecasting remains difficult, as we need to closely monitor developments among our peers and the competitive environment. However, if the current situation continues, we believe we will be able to achieve our full-year plan.
As for our level of confidence in that outlook, it remains unchanged.
As for the timing of when the benefits will materialize, we believe they will become visible from the second half of the fiscal year onward.
One major factor, as I mentioned earlier, is the impact of the changes made to the Kaedoki Program. In FY2025, we recorded expenses of several tens of billions of yen related to that program, so the absence of those expenses alone should provide a significant tailwind.
At the same time, our overall approach remains unchanged. While continuing to invest appropriately in sales promotion activities, we still expect sales promotion expenses to make a positive contribution to profit growth.

Mr. Tanaka: Thank you.
My second question is about trends in Telecommunications Capital Investment, particularly investments in base stations. The number of base stations has increased significantly, but at

the media briefing, there was a comment that progress has been somewhat slower than planned due to component shortages and other supply constraints. I assume the bottleneck is related to shortages of memory and certain other components. Do you expect these issues to be resolved going forward? In addition, are you confident that base station deployment will continue at the current pace and that Telecommunications Capital Investment will be executed in line with your full-year plan? Alternatively, given the importance of improving network quality, one could argue that there may be room to invest even more than currently planned. Could you share your thinking on the full-year Telecommunications Capital Investment plan, including this point?

Ms. Fujiki: With regard to the full-year plan, let me first say that we remain on track to achieve it.
As for equipment procurement, Mr. Maeda mentioned earlier that there had been some impact, but we now have visibility on the situation and expect the issue to be resolved during the first half of the fiscal year. As for the second half as well, we have already finalized both the volume and total value of our procurement requirements and have placed the relevant orders. Accordingly, we do not expect any impact going forward.

Mr. Tanaka: Understood. Thank you. That is all from me.

Mr. Tanaka of BofA Securities Japan Co., Ltd.: This is about Capital Investment on page 3 of the supplementary materials for NTT Group's financial results. Consumer Communications, or Telecommunications Capital Investment, increased significantly in the first quarter. While the full-year plan calls for a slight year-on-year decline, or is almost flat, will investment remain within that level? Considering network quality, it could also be argued that investment may increase somewhat further. How should we think about this?

Ms. Fujiki: With regard to capital investment as well, we remain on track against our plan and believe we can achieve our full-year target. One key difference from FY2025 is that we significantly accelerated network deployment in the second half of the year. As we explained previously, the ratio of investment between the first half and the second half was roughly 1:3, meaning that investment in the second half was about three times higher than in the first half.
For FY2026, however, we would like to level out that investment pattern as much as possible, and therefore expect the weighting of the first half to be somewhat higher.

Mr. Tanaka: Thank you for the explanation. I understand well. Is the level of capital investment in FY2027 assumed to change significantly compared with FY2026?

Ms. Fujiki: As for the amount of capital investment, the specific figures are yet to be determined, but in terms of the overall trend, we would like to reduce it going forward.

Mr. Tanaka: Understood. Thank you very much.

Mr. Henderson of J.P. Morgan Securities Japan Co., Ltd.: In other companies' earnings results, there have been cases where the impact of programs such as the Kaedoki Program was less negative than originally expected, as resale values for used handsets remained stronger than anticipated. At DOCOMO, have resale prices for used handsets also been better than your internal assumptions, or have they been broadly in line with your expectations?

Ms. Fujiki: Thank you. Regarding resale prices for used handsets, they have been very strong since FY2025. We had already factored that into our plan to a certain extent, but even so, they have continued to perform slightly above plan.

Mr. Henderson: Thank you. One more question on ARPU. ARPU was also higher than I had expected. Did this include the impact of the 3G termination, or were there any special factors behind the increase?

Ms. Fujiki: As you mentioned, 3G subscribers were very low-ARPU customers, so the fact that they are no longer on the network has contributed to higher ARPU. In addition, sales of "docomo MAX", which is offered at a significantly higher price point, have been very strong, and we believe that has been driving ARPU higher as well.

Mr. Henderson: Thank you. In terms of the relative impact, which has contributed more to the year-on-year uplift in ARPU: the 3G termination or the strong uptake of docomo MAX?

Ms. Fujiki: You can think of docomo MAX as having had the larger impact.

Mr. Henderson: Thank you. One more question. In the data I am looking at, operating expenses increased by approximately 90 billion yen year on year. I assume that includes sales promotion expenses and other items, but what is the breakdown of the roughly 90 billion yen increase in operating expenses?

Secretariat: Given the detailed nature of the question, I will take that question. Other expenses include revenue-linked costs associated with revenue growth. In this quarter, revenues increased primarily in Smart Life, and those expenses include revenue-linked costs related to that growth, including those associated with the banking business.

Mr. Henderson: Thank you.

Mr. Masuno: This is a little different from the financial results, but I would like to ask about "Docomo no Ginko." In the case of financial institutions, branches are company-owned assets and the staff are direct employees. However, if agency-operated stores are expected to provide financial services as well, it seems to me that the burden on store employees could become quite substantial.
Employees of agency operators are not DOCOMO employees, and the shops themselves are not directly operated by DOCOMO. Given that, when undertaking a large initiative such as Docomo no Ginko, I am somewhat concerned that the burden could fall disproportionately on frontline staff at agency-operated shops unless different measures are taken, such as assigning DOCOMO employees to support store operations or bringing the agency model in-house.
How do you view that issue?

Mr. Eto: Thank you for your question.
With regard to Docomo no Ginko, customers will be able to open accounts through docomo Shops. Under the current plan, 1,000 of our approximately 2,000 docomo Shops are expected to obtain the necessary licenses within this fiscal year and begin handling account openings for Docomo no Ginko.
In rolling out this initiative, our intention is to proceed in a measured manner and gradually expand the number of participating stores, while ensuring that we do not place an undue burden on our agency partners. We have been working closely with our agency partners and moving forward only within a scope that does not adversely affect their other operations.
That said, from an operational perspective, there are still some things that we will not know until we actually begin. With respect to that, once the service is launched, both DOCOMO headquarters and DOCOMO Financial Group will closely monitor the situation and gain a clear understanding of how things are progressing, and then consider any necessary actions going forward.
We have established a support framework involving both DOCOMO and the bank. As we monitor how effective that support proves to be, we will also consider our future policy and approach going forward. That concludes my remarks.

Mr. Masuno: Understood. From a consumer's perspective, if financial services are provided at docomo Shops, many customers will likely assume that the staff are DOCOMO employees.

For that reason, I personally believe that, ultimately, such services should be handled by DOCOMO employees. In any case, I would be interested in revisiting the topic as the situation develops. Thank you very much.