

Q&A Session at 2021 First Half Earnings Announcement Information Meeting

Meeting: 10:00-10:40 August 6, 2021 (Friday)

Q1: Please provide information about sales since July 2021 and your outlook for sales in the second half of 2021.

A1: Since July, sales have been slower than during the spring when we were very busy because many people visited our shops due to revisions to mobile phone service plans. In the second half of every year, there is normally an increase in activity in the mobile phone market because companies launch new smartphones in the fall. This year, there are concerns about how much the global semiconductor shortage will affect our ability to receive smartphones, the explosive growth of COVID-19 cases and other negative factors. As a result, we are unable to provide an outlook at this time.

Q2: When will you be able to estimate the specific impact of the second half negative factors?

A2: The number of COVID-19 cases in Japan started to explode in July and the number of infections among employees at our shops is increasing too. Although making a prediction is difficult, we believe measures that are more stringent than when operating hours were reduced in April and May 2020 will be needed this time. I think we will be able to determine an outlook about specific effects of the pandemic on our performance in the fourth quarter or afterward as we obtain information about when we will receive new smartphone models.

Q3: What is your outlook for the growth of services other than mobile phone sales, such as helping customers set up their smartphones?

A3: Before we started set up support, we did not think customers would pay to use this service. But the number of customers who want to use this service when they buy a smartphone has been more than we expected. This demonstrates that set up support is a service that customers have been wanting for some time. We expect to add more services that target other unmet needs of our customers.

Q4: Carrier shops have started providing assistance for applying for a government individual identification number. How is this affecting your operations?

A4: We view this support as a positive development that increases the multifaceted value of carrier shops and gives people another reason to visit our shops.

Q5: The number of mobile phones sold during the first half of 2021 was more than in the first half of 2020. Please provide information about the composition of these sales.

A5: We achieved increases in the number of phones sold, including new subscriptions and replacement handsets. All these increases are the result of more people visiting our stores to review their service plans in response to the attractive new plans introduced by every carrier.

Q6: Your personnel expenses increased when your shops were extremely busy during the spring of this year. Do you think activity at shops will quiet down in the second half of this year?

A6: Shop personnel were very busy because of the increase in the number of people who visited our shops during the spring. This was also due to a rebound in the number of customers following the reduction in shop operations in April and May 2020. The amount of overtime pay in the first half of 2021 was much higher than one year earlier. In the second half, the level of overtime work is decreasing as sales settle down. Our second half business plan does not assume that our volume of business will be as high as during the spring of this year.