Bell-Park Co., Ltd.

Q&A Session at 2017 Earnings Announcement Information Meeting

Meeting: 10:00-11:00 February 14, 2018 (Wednesday)

Q1: What are the reasons for increase in net sales forecast for 2018?

A1: We forecast net sales of 95,000 million yen for 2018, an increase of 6.9% from 2017, due to an increase of number of mobile phones to be sold and a rise in unit prices of mobile phones caused by the start of selling iPhone X.

Q2: What is your outlook for the mobile phone sales sector?

A2: The operating environment is very challenging because of the big changes in fee income depending on how well carrier shops perform. The profitability of sales agents with a weak performance is becoming even worse. We think an increasing number of these sales agents may be forced to shut down. Furthermore, recruiting people is becoming more difficult. If sales agents can secure a sufficient number of people to enable them to take over shops that have been abandoned, we believe there will be opportunities for sales agents to use this environment to expand shop network with sufficient funds.

Q3: Do you have plans to operate Rakuten Mobile or any other MVNO carrier shops?

A3: A number of MVNO carriers have contacted us in the past, but discussions did not result in the operation of carrier shops because of profitability considerations. The number of Rakuten Mobile shops has expanded to 182, which probably means operating Rakuten Mobile shops is reasonably profitable from the standpoint of a sales agent. Until now, we have handled mostly MNO carriers. But we will start consider whether or not to operate MVNO shops as opportunities emerge.