

Results of Operations for the First Half of 2018

August 3, 2018

Bell-Park Co., Ltd. (Stock code: 9441)

Bell-Park

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I. 1H 2018 Financial Highlights

1H 2018 Statement of Income

Higher sales and profits due to an increase in smartphone sales and strong peripheral businesses

- Number of mobile phones sold in 1H 2018 was 399,000 (377,000 in 1H 2017).
- Income taxes decreased as a pct. of profit before income taxes because Bell-Park was no longer subject to the family company accumulated earnings tax.

(million yen)

	1H 2017 results	1H 2018 results	YoY change
Net sales	42,909	48,363	+5,453
(Comp.)	(100.0%)	(100.0%)	+12.7%
Operating income	1,408	1,898	+489
	(3.3%)	(3.9%)	+34.7%
Ordinary income	1,415	1,912	+496
	(3.3%)	(4.0%)	+35.1%
Profit attributable to owners of parent	842	1,260	+417
	(2.0%)	(2.6%)	+49.6%

1H 2018 Topics

Sales channels	Topics	Impact on net sales (YoY change)	Impact on operating income (YoY change)
Carrier shops	<ul style="list-style-type: none"> • Increase in sales volume of mobile phones <ul style="list-style-type: none"> → Existing shops: +11,000 units (Increase in smartphones sales) → New shops: +12,000 units (+28 stores vs. end-Jun. 2017) • Decrease in renewal commission 	↗	↗
Corporate sales	<ul style="list-style-type: none"> • Increase in sales volume of mobile phones • Increase in sales volume of PC 	↗	↗

Balance Sheet

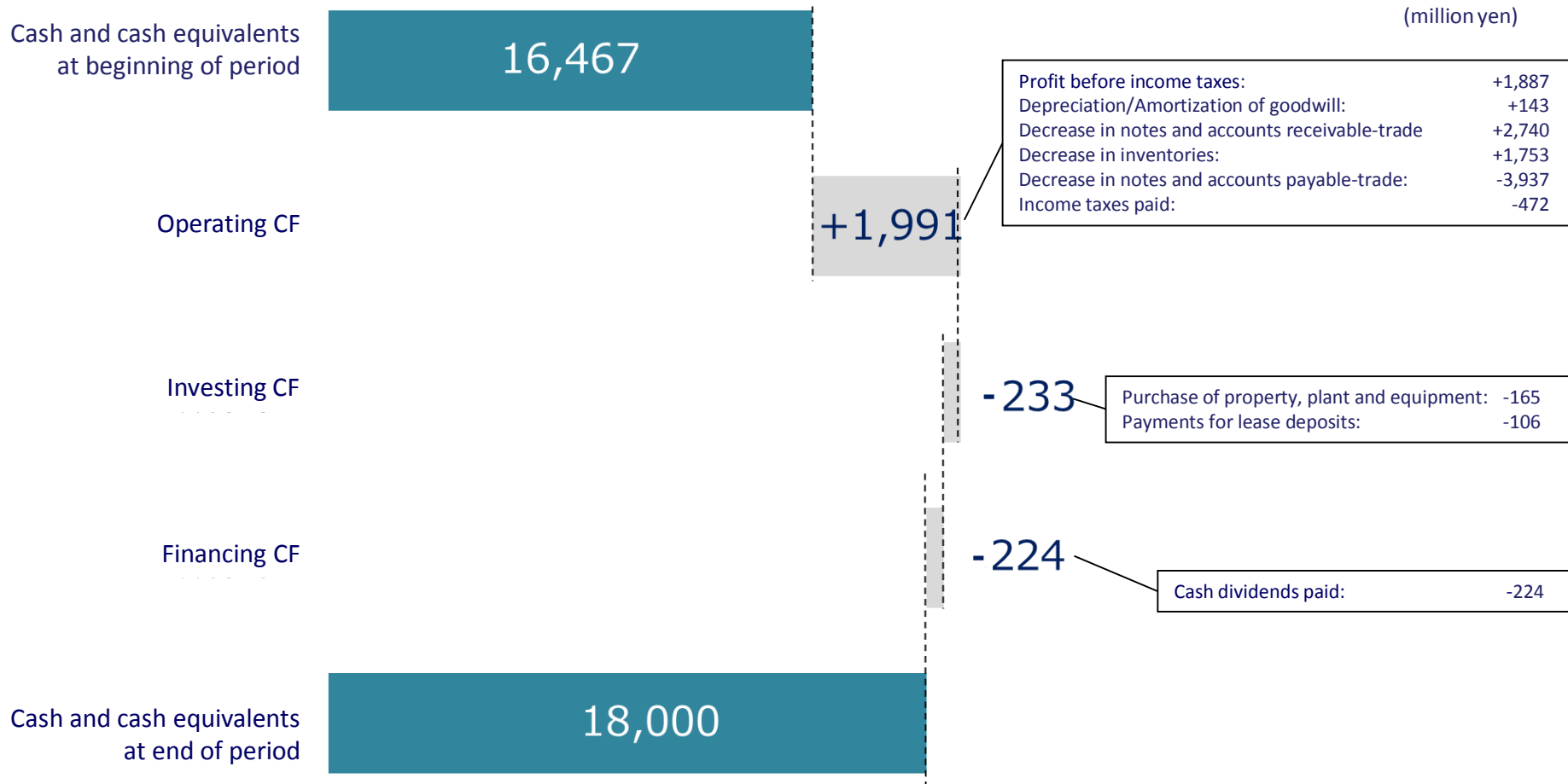
Net assets rose 1.0 billion yen mainly due to the profit attributable to owners of parent of 1.2 billion yen

(million yen)

	End-Dec. 2017	End-Jun. 2018	YoY change	Breakdown
Current assets	34,887	32,008	-2,878	
.....				• Cash and deposits: +1,533
				• Trade accounts receivable: -2,740
				• Inventories: -1,724
Noncurrent assets	3,702	3,658	-43	
Assets	38,589	35,667	-2,922	
Current liabilities	12,985	9,349	-3,636	
.....				• Trade accounts payable: -3,937
Noncurrent liabilities	5,947	5,622	-325	
Liabilities	18,933	14,972	-3,961	
Net assets	19,655	20,694	+1,039	• Profit attributable to owners of parent: +1,260 • Dividends paid: -224
				Reference: equity ratio: 58.0% (End-Dec. 2017: 50.9%)

Cash Flows

Cash and cash equivalents increased 1.5 billion yen



II. 1H 2018 Initiatives

Initiatives to Lower the Attrition Rate

The chronic labor shortage in Japan's retail and services sectors is likely to make recruiting people even more difficult

→ Lower the attrition rate by identifying and resolving every issue that causes employees to resign

1. Achieve the proper balance between work and personal time

→ Continue implementing measures to reduce overtime, encourage people to take paid vacation days, give people consecutive days off and offer other improvements for employees (Closed shops on New Year's Day in 2018)

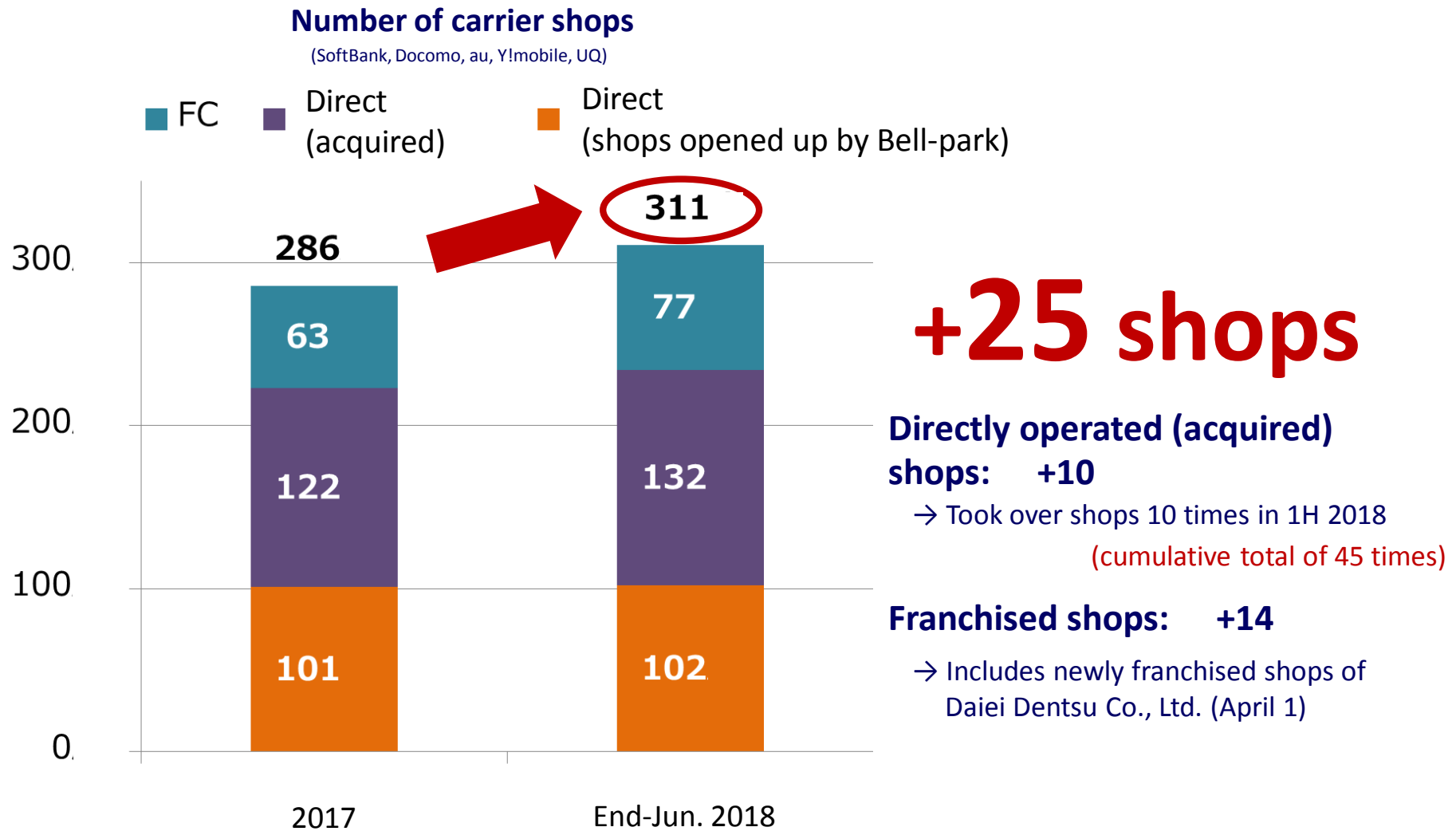
2. Improve the severance payment system

→ Transform this payment system into a benefit that gives employees another good reason to remain with Bell-Park for a long time

3. Establish a hotline for employee consultations about customer complaints (trial program)

→ Stress caused by dealing with serious customer complaints is one cause of attrition. To reduce this problem, we have established a hotline exclusively for employees and outsourced its operation to external specialists for handling complaints from customers

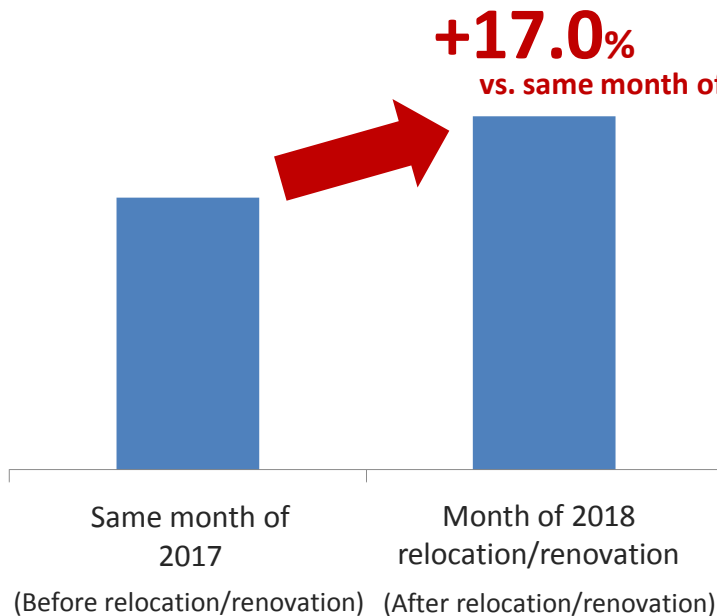
Growth in the Number of Shops (Now more than 300)



Initiatives to Improve Earnings at Existing Shops

10 shops were relocated or renovated during 1H 2018

Increase in mobile phone sales volume
(At stores relocated/renovated during 1H 2018)



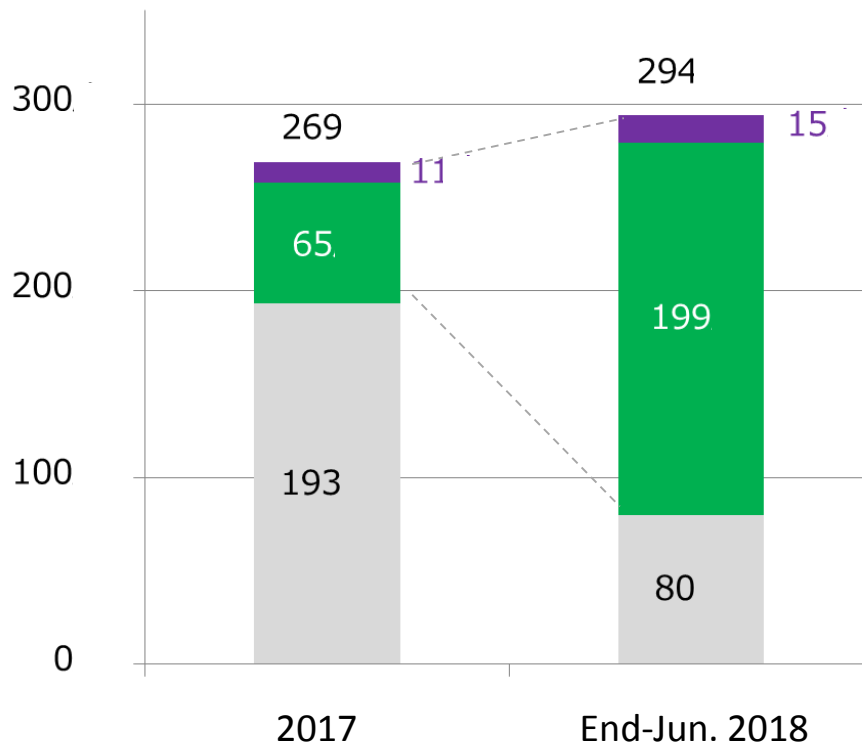
SoftBank Aeon Mall Aratamabashi (Renovated in January)



SoftBank JORNA MACHIDA (Relocated in March)

Expansion of Y!mobile Sales Channel

199 of Bell-Park's 279 SoftBank shops were dual-brand SoftBank/Y!mobile shops as of the end of June 2018



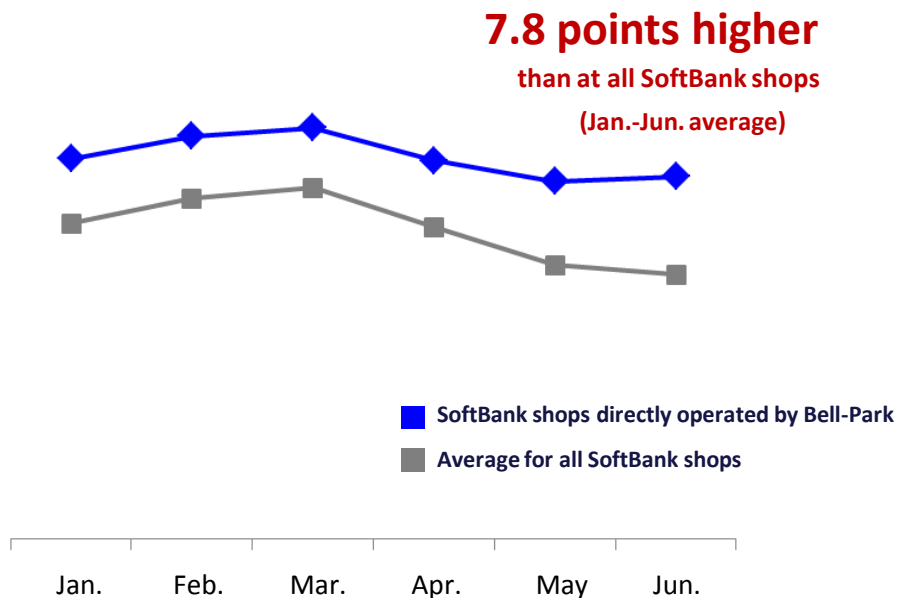
- Y! mobile shops
- SoftBank shops (dual)
- SoftBank shops (conventional)

* A dual shop is a SoftBank shop that also provides Y!mobile products and services.

Initiatives to Improve Customer Satisfaction

Employee awards and other measures are used to increase the motivation of employees to achieve greater customer satisfaction. Bell-Park has performed better than competitors in terms of the Net Promoter Score (NPS)

NPS scores at SoftBank shops directly operated by Bell-Park during 1H 2018



Best Mobile Concierge (BMC) certification system

The BMC system ranks the personnel at Bell-Park shops based on feedback in customer questionnaires. Certified employees wear a badge (see below) that shows their ranks.

* BMC certification is only at SoftBank shops directly operated by Bell-Park.



* The NPS is a customer loyalty index that reflects how much customers like and trust a company or a brand. Customers are asked how much they would recommend the store they visited to family and friends. Customers are then classified as supporters, neutral or critics. The NPS is calculated by subtracting the percentage of critics from the percentage of supporters (people who recommend the store to others).

The e-Net Caravan Campaign



e-net caravan

Purpose

Educational activities for increasing the use of filtering to prevent young people from seeing harmful Internet content and for improving Internet literacy and manners

Activities

Certified instructors are sent to schools throughout Japan at no cost for presentations to elementary to high school age students, parents and guardians, and teachers

During the first half of 2018, 2,692 students, 704 parents and guardians, and 174 teachers and other education professionals (total 3,570) attended e-net caravan presentations

III. 2018 Plan and Shareholder Returns

Progress on Consolidated Forecast

First half earnings were more than 60% of the 2018 forecast announced on February 13, 2018. However, the outlook for second half sales is uncertain, including the outlook for sales of new smartphone models that will be introduced in September

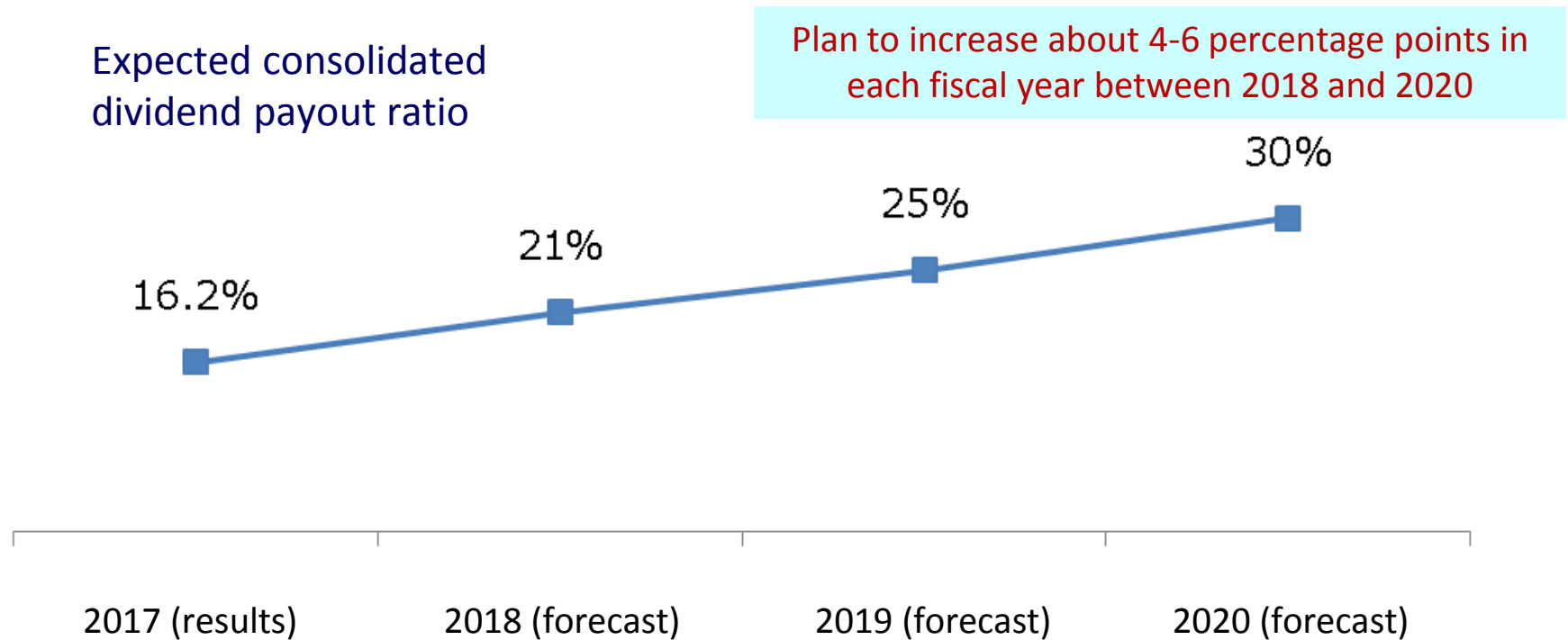
(million yen)

	2017 results	2018 plan <small>(announced on Feb. 13, 2018)</small>	YoY change	1H 2018 results	Progress ratio
Net sales	88,894	95,000	+6,105	48,363	50.9%
	(100.0%)	(100.0%)	+6.9%	(100.0%)	
Operating income	3,151	3,000	-151	1,898	63.3%
	(3.5%)	(3.2%)	-4.8%	(3.9%)	
Ordinary income	3,184	3,000	-184	1,912	63.8%
	(3.6%)	(3.2%)	-5.8%	(4.0%)	
Profit attributable to owners of parent	2,182	1,950	-232	1,260	64.6%
	(2.5%)	(2.1%)	-10.6%	(2.6%)	

Policy on Shareholder Returns

Enhance shareholder returns through dividend payments

Bell-Park positions the distribution of earnings to shareholders as one of its highest priorities and plans to increase the consolidated dividend payout ratio in stages to 30% for the dividend applicable to 2020.



Dividend and Shareholder Benefits in 2018

Dividend per share

Fiscal year	2Q-end	Year-end	Total	Dividend yield
2018	33 yen	33 yen	66 yen	1.39%*

*Based on the closing price on August 2, 2018

Special benefit plan for shareholders

Shareholders who own at least one trading unit (100 shares) will receive the following benefits at the end of the first half of each year and the end of each year

1. QUO cards with a value of 1,000 yen
2. One Bellbride shareholder discount coupon

*The coupon allows a shareholder to become a member without paying the 100,000 yen (before tax) initial membership fee.

Bell-Park

Lovely future

Appendix

Profile of Bell-Park

Name:	Bell-Park Co., Ltd.
Business:	Information and communication device sales and service business
Founded:	February 2, 1993, 26th fiscal year
Headquarters:	Hirakawacho Center Bldg., 1-4-12 Hirakawa-cho, Chiyoda-ku, Tokyo, 102-0093
Capital:	1,148 million yen
Stock listing:	May 25, 2000, Tokyo Stock Exchange JASDAQ Standard (Stock code: 9441)
Market cap:	32,013 million yen (closing price on August 2, 2018)
Bell-Park group employees:	1,909 (full time: 1,449; temporary: 460)
No. of carrier shops:	279 SoftBank Shops 8 Docomo Shops 8 au Shops 15 Y!mobile Shops 1 UQ Spot (Total: 311 stores)

Investment Indices	Stock price (closing price of August 2, 2018): 4,755 yen	* Minimum investment unit: 100 shares
	2018 PER forecast: (consolidated) 15.64	Year high: 5,140 yen (May 9, 2018)
	2017 PER results: (consolidated) 13.97	Year low: 3,285 yen (January 15, 2018)
	2017 PBR results: (consolidated) 1.55	10 years high: 5,140 yen (May 9, 2018)

Analyst Report Shared Research <http://www.sharedresearch.jp>

5-year Financial Summary

(million yen)

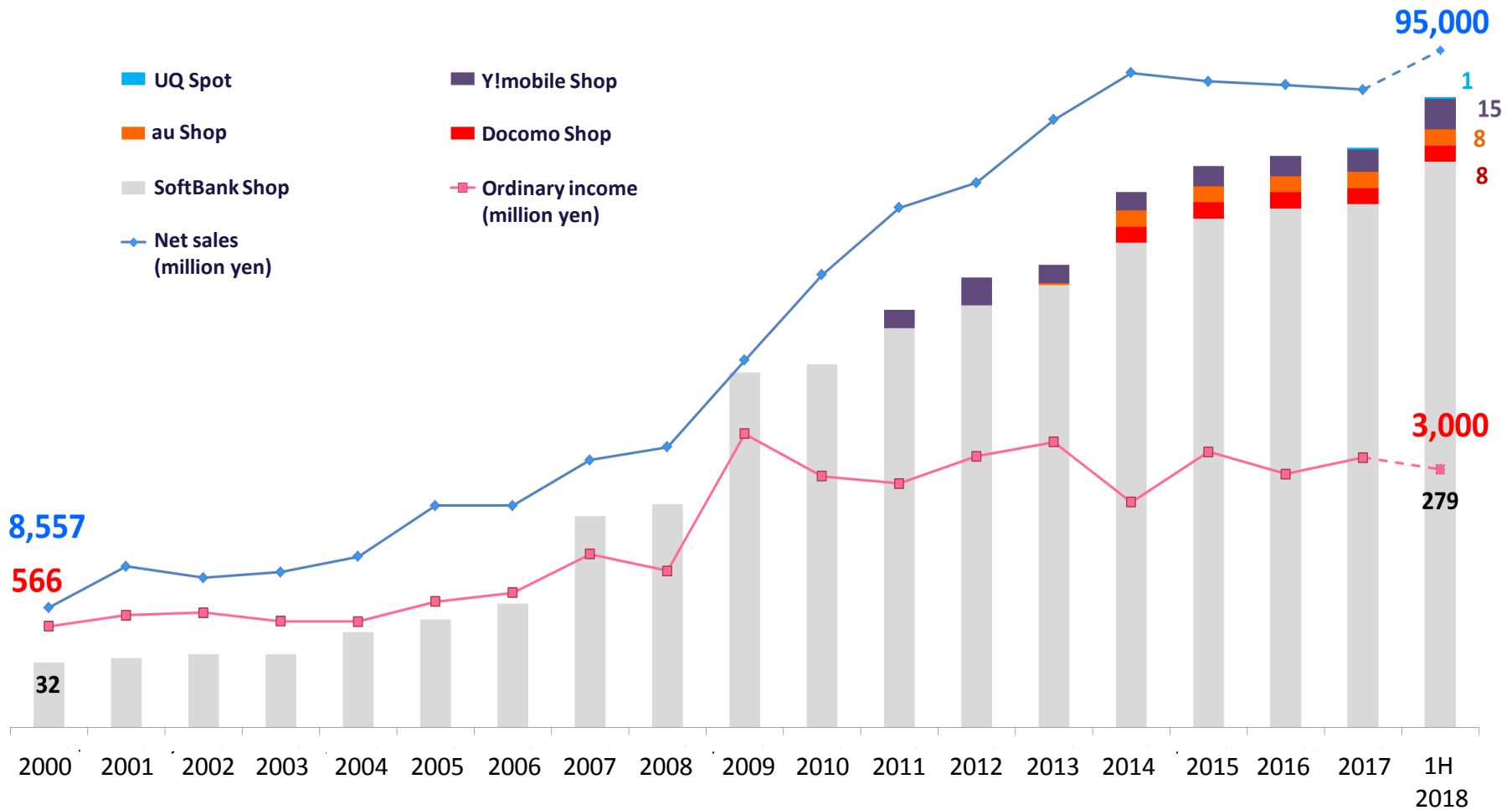
	1H 2014	1H 2015	1H 2016	1H 2017	1H 2018
Net sales	41,525	42,317	43,053	42,909	48,363
Gross profit	9,686	9,095	9,325	9,190	9,730
Personnel, etc.	4,032	4,153	4,385	4,439	4,452
Rent	873	973	1,028	1,068	1,121
Ads/sales promotion	1,834	986	837	828	712
Others	1,381	1,295	1,653	1,445	1,545
SG&A expenses	8,122	7,409	7,905	7,781	7,832
Operating income	1,564	1,685	1,420	1,408	1,898
Ordinary income	1,536	1,732	1,477	1,415	1,912
Profit attributable to owners of parent	772	977	835	842	1,260

Financial Indicators

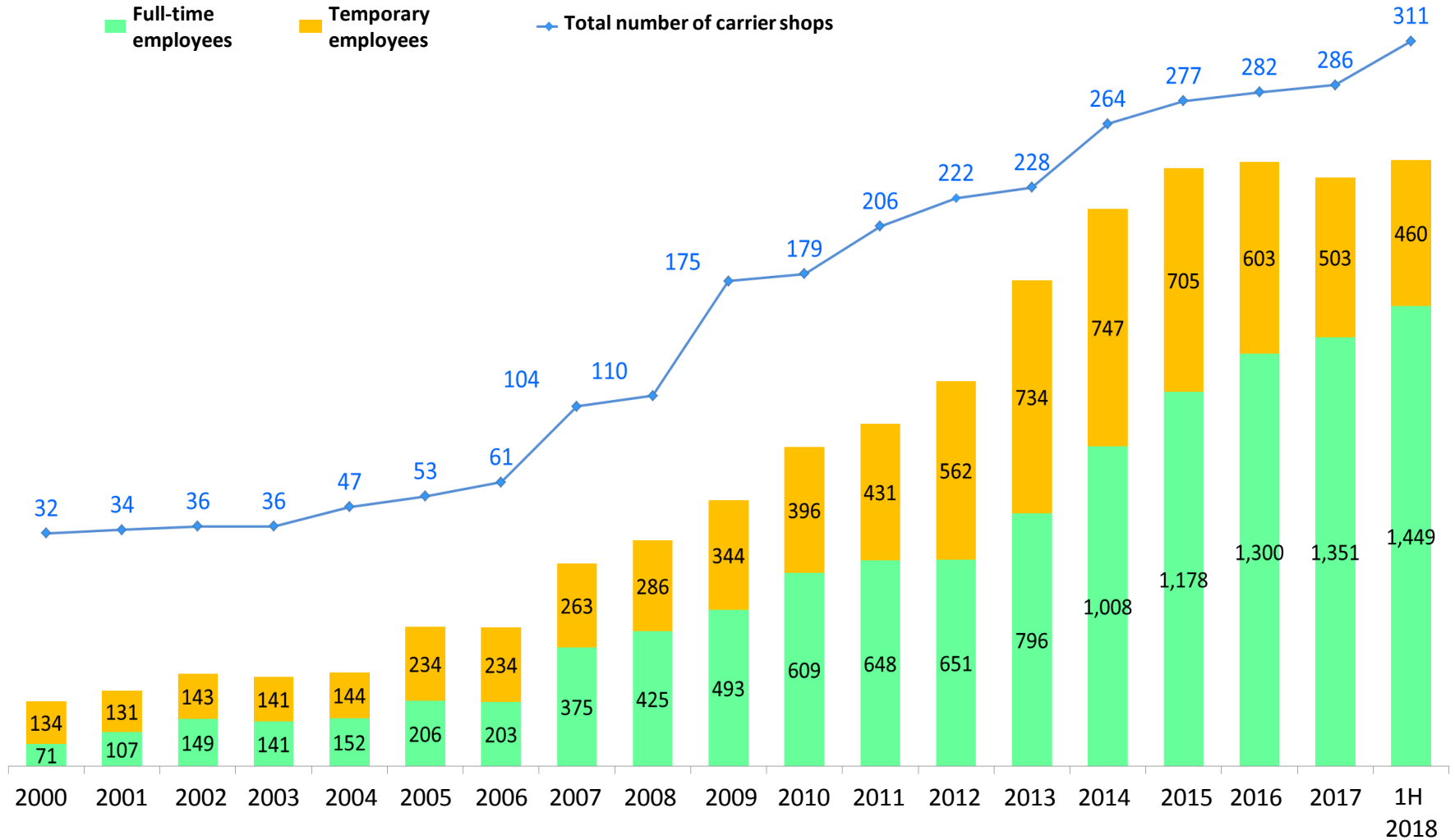
		1H 2014	1H 2015	1H 2016	1H 2017	1H 2018
Profitability	Ratio of ordinary income to total assets	13.5%	13.8%	9.7%	8.5%	10.3%
	Return on equity	11.1%	12.9%	10.1%	9.3%	12.5%
	Cash flow margin	6.8%	6.1%	3.9%	4.9%	4.1%
	Gross profit margin	23.3%	21.5%	21.7%	21.4%	20.1%
	Ratio of ordinary income to net sales	3.7%	4.1%	3.4%	3.3%	4.0%

		2014	2015	2016	2017	1H 2018
Efficiency	Capital turnover (times/year)	3.4	3.2	2.8	2.4	2.6
	Receivables turnover period (day)	38.4	41.3	42.1	43.2	37.3
	Inventory turnover period (day)	21.2	21.3	20.2	22.9	21.3
Safety	Equity ratio	55.3%	53.8%	52.0%	50.9%	58.0%
	Current ratio	203.4%	203.3%	296.0%	268.7%	342.4%

Number of Carrier Shops

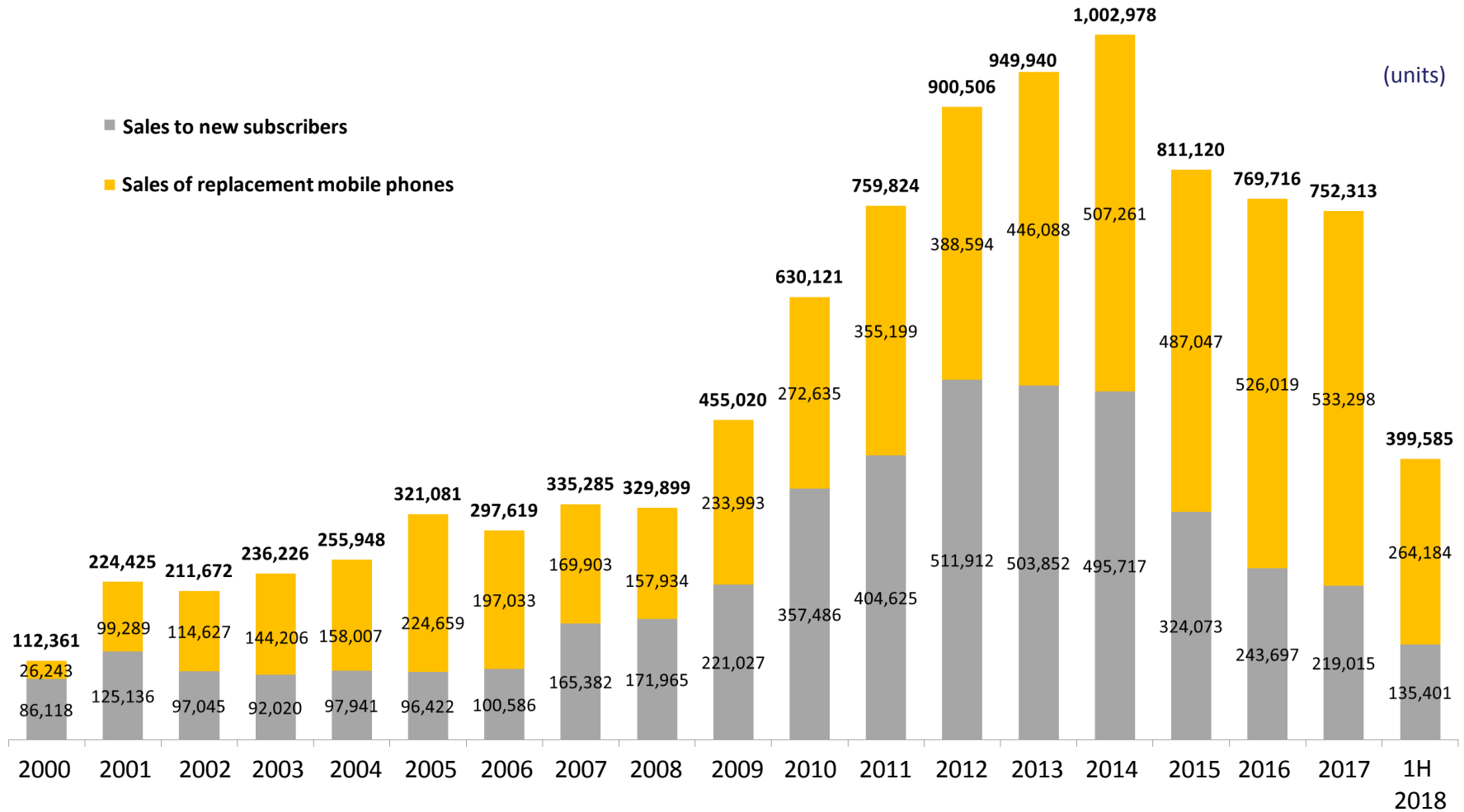


Number of Employees



Number of Mobile Phones Sold

1H 2018 results: 399,585 units; Achievement rate against plan (760,000 units): 52.5%



National Association of Mobile-phone Distributors

Bell-Park president Takeru Nishikawa is a vice president of the National Association of Mobile-phone Distributors. We play an important role in activities for reducing the number of customer complaints and improving the quality of services at mobile phone agent shops.

◆ Website URL: <http://www.keitai.or.jp/>



Forward-Looking Statements

All plans, strategies and financial forecasts that are not based on historical facts are forward-looking statements. Such statements are based on the judgment of management in accordance with information available when these materials were prepared. Actual results may differ significantly from these statements due to changes in the operating environment and many other factors.