

Results of Operations for 2018

February 13, 2019

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

Bell-Park

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I. Financial Highlights

2018 Statement of Income

Sales and operating income were higher than one year earlier

- Number of mobile phones sold in 2018 was 781,000 (752,000 in 2017).
- Gain on reversal of share acquisition rights was recorded as extraordinary income in 2017.

(million yen)

	2017 results	2018 results	YoY change
Net sales	88,894	98,088	+9,193
(Comp.)	(100.0%)	(100.0%)	+10.3%
Operating income	3,151	3,229	+77
	(3.5%)	(3.3%)	+2.5%
Ordinary income	3,184	3,256	+72
	(3.6%)	(3.3%)	+2.3%
Profit attributable to owners of parent	2,182	2,115	-66
	(2.5%)	(2.2%)	-3.1%

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: -19,000 units (slow sales of a new smartphone model in the 4Q) → New shops: +46,000 units (+33 stores vs. end-Dec. 2017) • Decrease in renewal commissions • Higher SG&A expenses due to the larger number of shops 	↗	→
Corporate sales	<ul style="list-style-type: none"> • Increase in sales volume of mobile phones • Increase in sales volume of PCs 	↗	↗

Balance Sheet

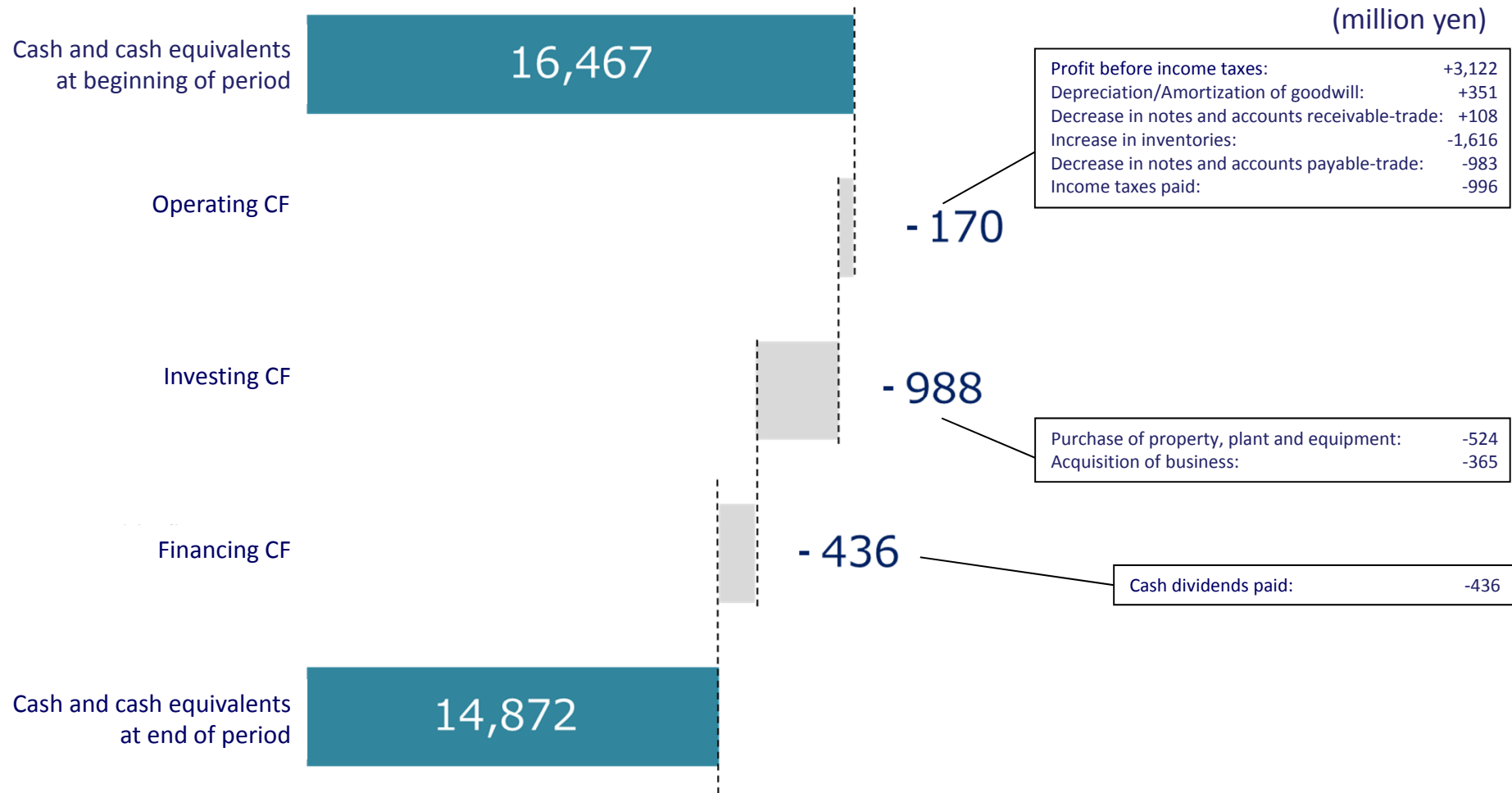
Net assets rose 1.6 billion yen mainly due to the profit attributable to owners of parent of 2.1 billion yen

(million yen)

	End-Dec. 2017	End-Dec. 2018	YoY change	Breakdown
Current assets	34,887	34,910	+22	<ul style="list-style-type: none"> • Cash and deposits: -1,594 • Trade accounts receivable: -108 • Merchandise: +1,686
Noncurrent assets	3,702	4,183	+480	
Assets	38,589	39,093	+503	
Current liabilities	12,985	12,121	-864	• Trade accounts payable: -983
Noncurrent liabilities	5,947	5,636	-311	• Net defined benefit liability: -400
Liabilities	18,933	17,757	-1,176	
Net assets	19,655	21,335	+1,679	<ul style="list-style-type: none"> • Profit attributable to owners of parent: +2,115 • Dividends paid: -436 <p>Reference: equity ratio: 54.6% (End-Dec. 2017: 50.9%)</p>

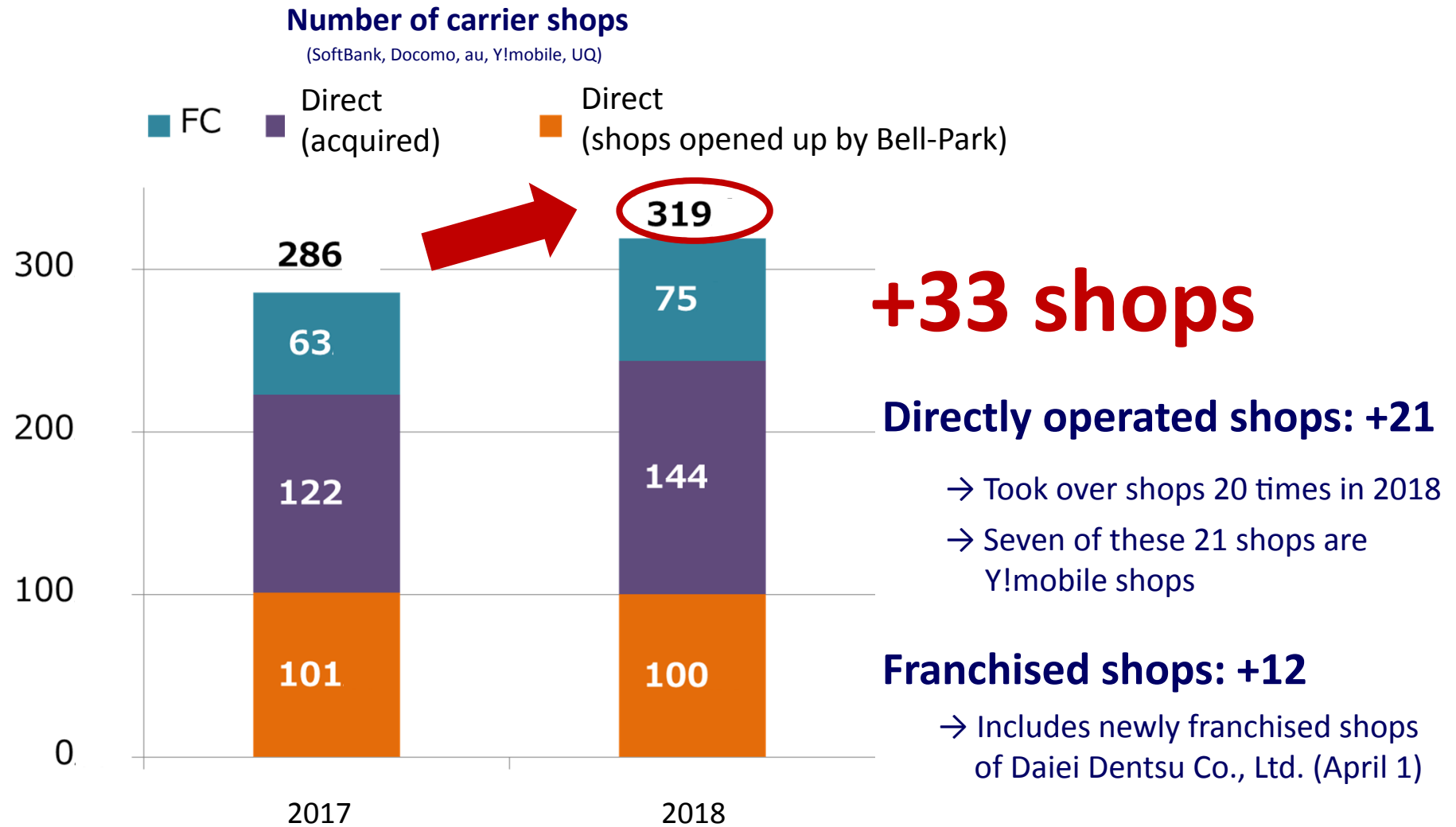
Cash Flows

Cash and deposits decreased 1.5 billion yen because of the larger number of shops



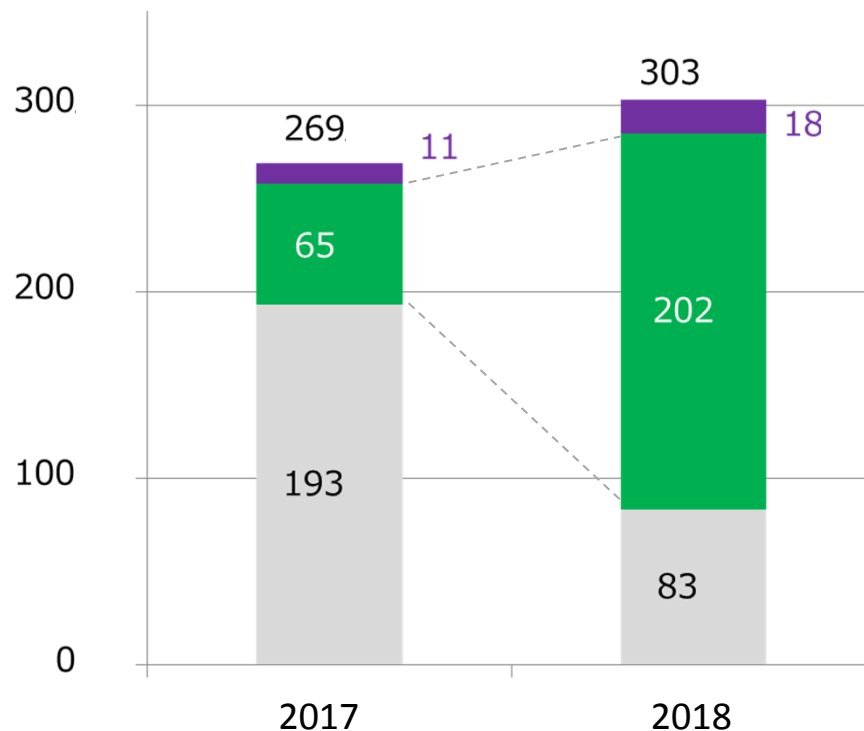
II. 2018 Initiatives

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



Expansion of Y!mobile Sales Channel

202 of Bell-Park's 285 SoftBank shops were dual-brand SoftBank/Y!mobile shops as of the end of December 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.

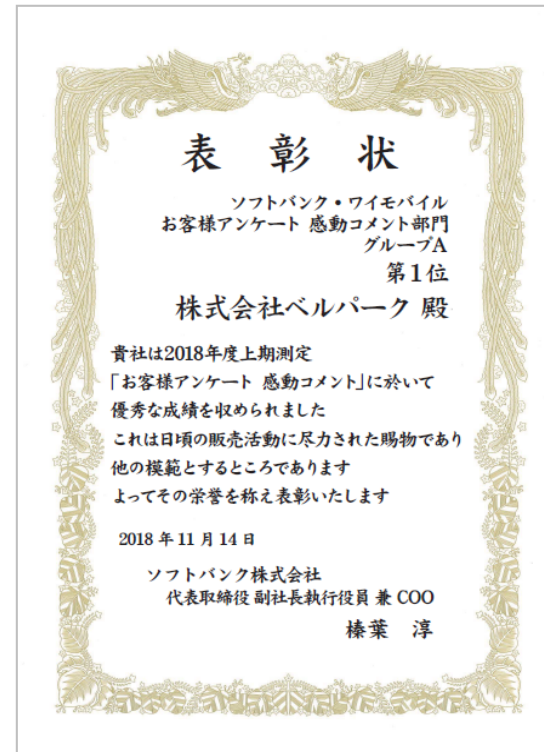
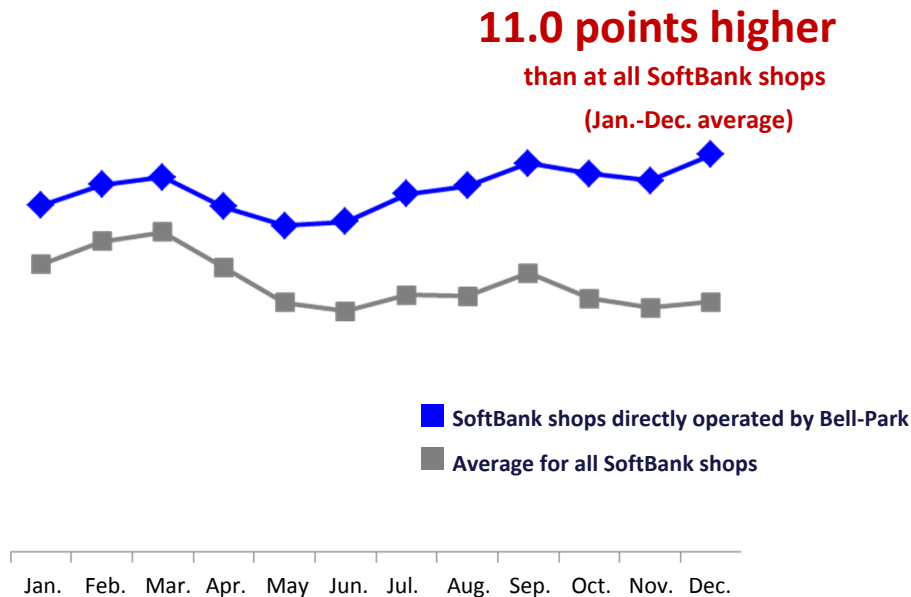
Net Promoter Score (NPS)

Bell-Park's SoftBank shops have a higher Net Promoter Score (NPS) than the SoftBank shops of other companies

Our SoftBank shops ranked first in the SoftBank "customer questionnaire favorable impression comment" category

*For April to September 2018

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



* 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).

Initiatives to Lower the Attrition Rate

Due to Japan's chronic labor shortage in the retail/services sector, Bell-Park identifies and resolves every issue that causes employees to resign in order to lower the attrition rate.

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

→ 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

→ Full-time employee attrition rate in 2018 was 1.6 percentage points less than in 2017

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

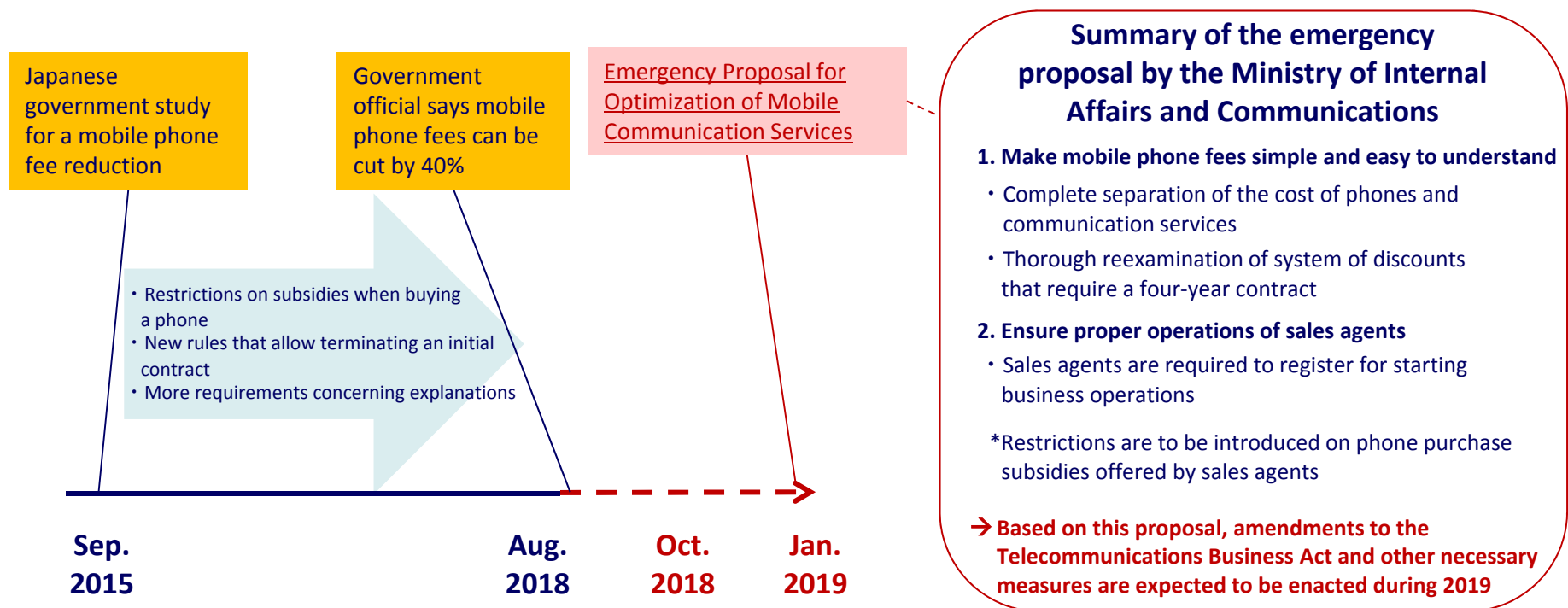
Certified instructors are sent to schools throughout Japan at no cost for presentations to elementary to high school age students, parents and guardians, and teachers

6,476 students, 983 parents and guardians, and 356 teachers and other education professionals (total 7,815) attended e-net caravan presentations during 2018

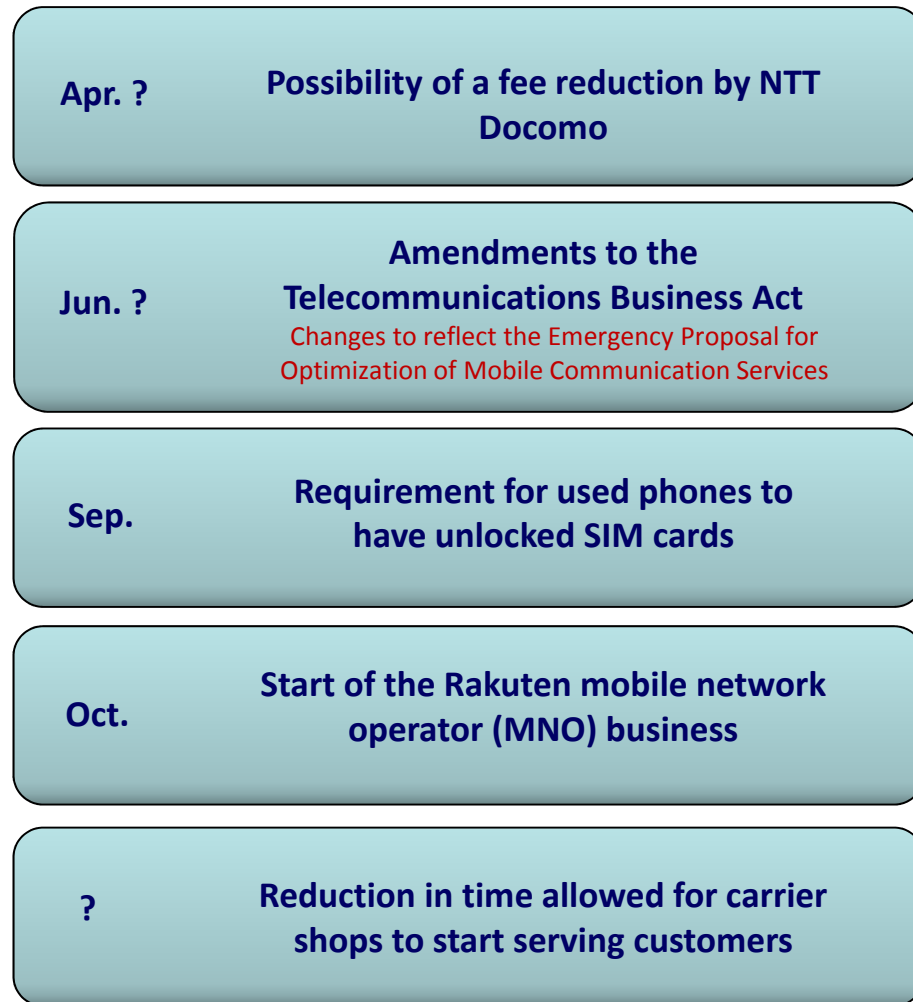
III. Changes in the Business Climate

Changes in the Business Climate

January 2019 Emergency Proposal for Optimization of Mobile Communication Services



2019 Topics



Too early to determine the effects of these events, but the following changes are likely

1. A different competitive environment for carriers

2. Longer cycle for replacing phones with new models

The complete separation of the cost of phones and communication services and the restrictions on phone purchase subsidies offered by sales agents will raise the actual prices of phones. This will probably make the phone replacement cycle longer.

3. Growth in the volume of used phone purchases and sales

4. Shift in the carrier shops operations

IV. 2019 Plan

Medium-term Qualitative Goals of the Bell-Park Group

The Bell-Park Group has established medium-term qualitative goals for the purpose of achieving sustained medium- to long-term growth by meeting the expectations of customers, shareholders, employees, business partners and all other stakeholders.

1. Continue the steady growth of the information and communication device sales and service business.

☆ Recruit and train people, operate shops more efficiently, relocate and remodel shops, and make the investments needed to increase the number of shops

2. Extend the business portfolio to new fields.

☆ Acquire businesses in fields where Bell-Park can use human resource training, shop operation and other knowledge gained from current businesses activities; develop IoT products and services by using a new business development team and other businesses

3. Increase the consolidated dividend payout ratio in stages to 30% for the dividend applicable to 2020

☆ Consolidated dividend payout ratio for 2019 is expected to be 25%

Progress with Improving Quality of Shop Operations

(Held on February 6, 2019)

Customer Service No. 1 Grand Prix 2018 hosted by SoftBank Corp.



For the first time, **two**
Bell-Park employees received
1st place awards

(2017: 2nd and 3rd place awards)

(2016: 1st and 3rd place awards)

(2015: 1st and 2nd place awards)

Progress with Improving Proposal Skills for Corporate Sales

(Held on November 6, 2018)

FY2018 SoftBank Role Playing Competition for Corporate Sales Visits



Bell-Park employee
placed **1st**

Progress with Improving Quality of Shop Operations

(Held on February 5, 2019)

NTT Docomo 26th All-Japan Exemplary Kaizen Presentation Competition



Docomo Shop
Ujina Bay Area Store
(operated by the Bell-Park Group)

Grand Prize winner
(1st place)

2019 Consolidated Forecast

Operating income forecast for 2019 is 3.0 billion yen

- Anticipate mobile phone sales to decrease from 781,000 units in 2018 to 760,000 units in 2019
- Plan on growth in commissions by acquiring relatively higher evaluation on store operations from carriers
- Taking actions to open more shops while holding down investments and to hold down administrative and other indirect expenses

*This forecast does not reflect changes in the business climate (see pages 15-16) because these effects are uncertain at present.

(million yen)

	2018 results	2019 plan	YoY change
Net sales	98,088	95,000	-3,088
(Comp.)	(100.0%)	(100.0%)	-3.1%
Operating income	3,229	3,000	-229
	(3.3%)	(3.2%)	-7.1%
Ordinary income	3,256	3,000	-256
	(3.3%)	(3.2%)	-7.9%
Profit attributable to owners of parent	2,115	1,940	-175
	(2.2%)	(2.0%)	-8.3%

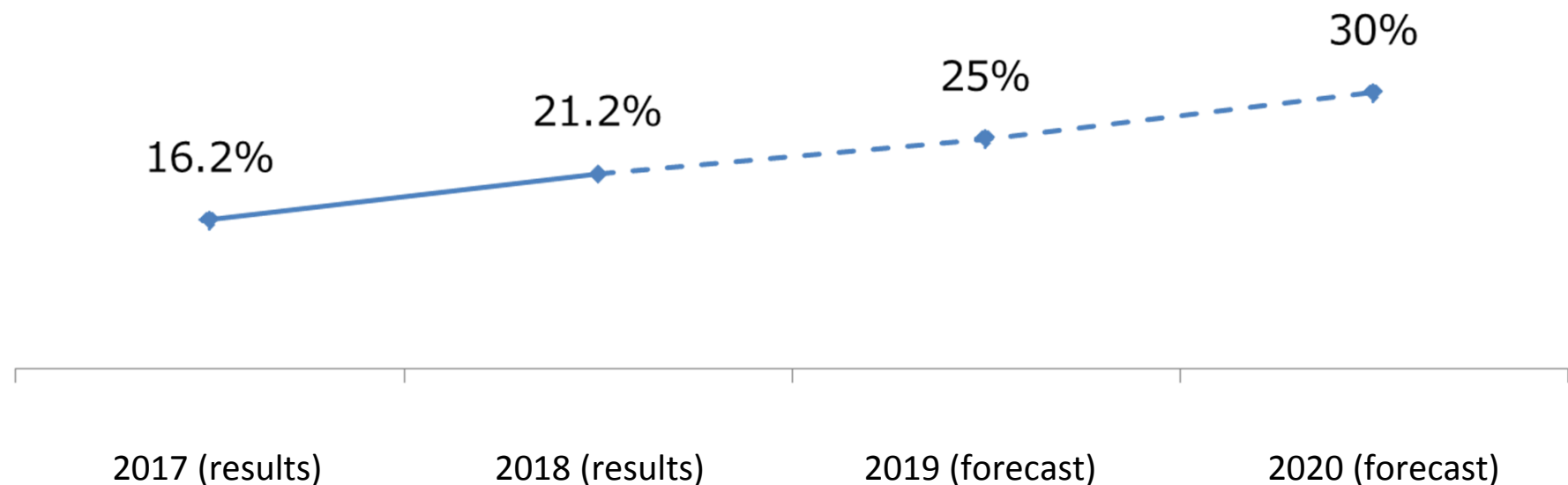
Policy on Shareholder Returns

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.

Expected consolidated dividend payout ratio

Plan to increase about 4-6 percentage points in each fiscal year 2019 and 2020



Dividend and Shareholder Benefits in 2019

Dividend per share

Fiscal year	2Q-end	Year-end	Total	Dividend yield
2019	38 yen	38 yen	76 yen	1.90%*

*Based on the closing price on February 12, 2019

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 (marriage consultation service) shareholder discount coupon

This allows becoming a Standard Plan member without paying the 100,000 yen (before tax) initial membership fee
54.9% marriage success rate (based on performance in 2018)
 Marriage success rate = Members leaving due to marriage/All members who leave
 Bellbride members who found a marriage partner include individuals who have used this coupon.
 Bellbride, Inc. <https://www.bellbride.co.jp/>

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, 27th 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:	26,930 million yen (closing price on February 12, 2019)
Bell-Park group employees:	1,957 (full time: 1,489; temporary: 468)
No. of carrier shops:	285 SoftBank Shops 8 Docomo Shops 7 au Shops 18 Y!mobile Shops 1 UQ Spot (Total: 319 stores)

Investment Indices	Stock price (closing price of February 12, 2019): 4,000 yen * Minimum investment unit: 100 shares
	2019 PER forecast: (consolidated) 13.22 Year high: 5,140 yen (May 9, 2018)
	2018 PER results: (consolidated) 12.13 Year low: 3,285 yen (January 15, 2018)
	2018 PBR results: (consolidated) 1.20 10 years high: 5,140 yen (May 9, 2018)

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

5-year Financial Summary

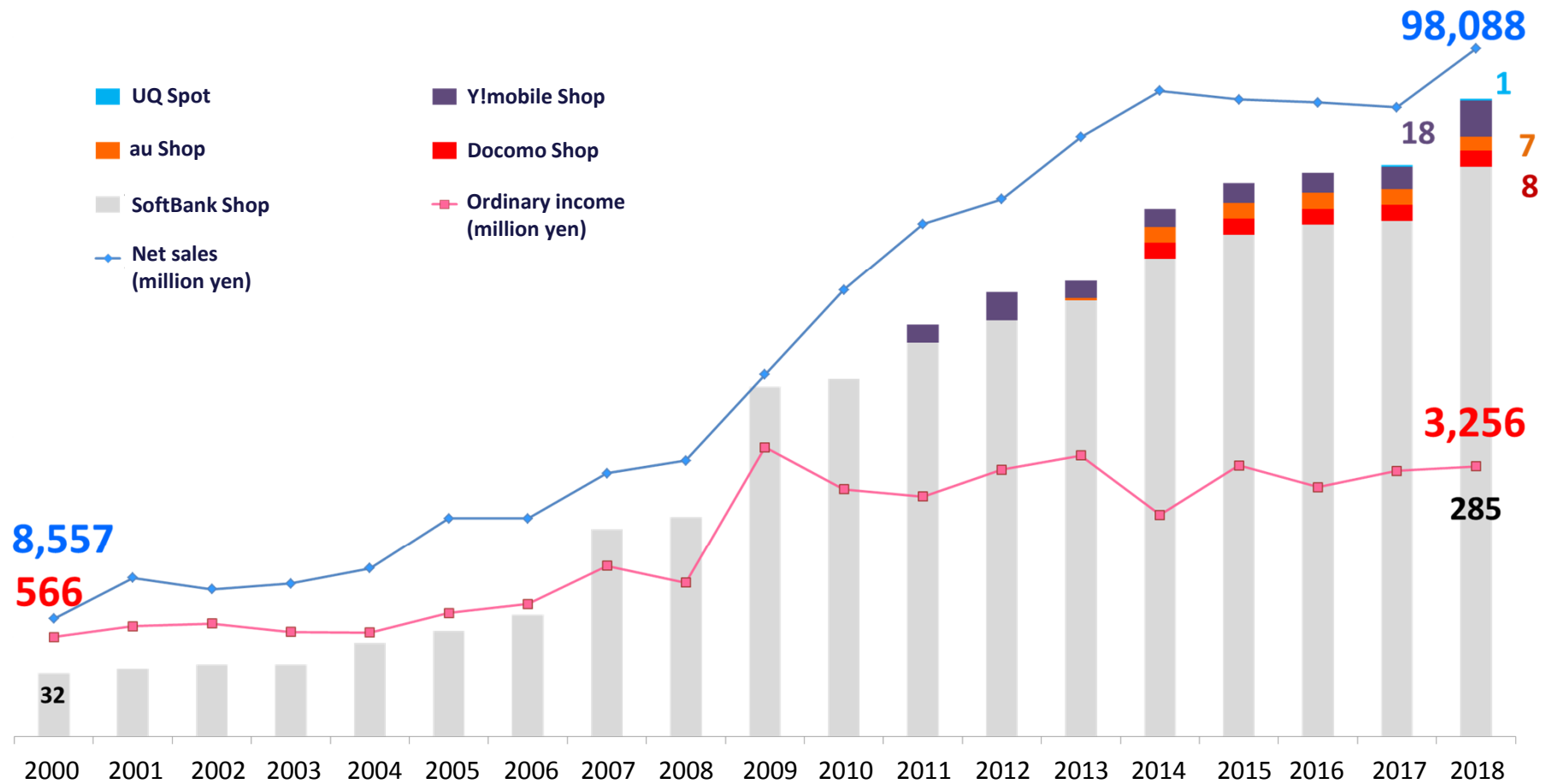
(million yen)

	2014	2015	2016	2017	2018
Net sales	91,485	90,145	89,629	88,894	98,088
Gross profit	18,074	18,564	18,674	18,553	19,975
Personnel, etc.	8,510	8,361	8,882	8,821	9,282
Rent	1,827	1,967	2,076	2,153	2,295
Ads/sales promotion	2,545	2,266	1,649	1,529	1,927
Others	2,821	2,756	3,220	2,897	3,241
SG&A expenses	15,704	15,352	15,828	15,401	16,746
Operating income	2,369	3,212	2,846	3,151	3,229
Ordinary income	2,492	3,269	2,927	3,184	3,256
Profit attributable to owners of parent	1,332	1,798	1,644	2,182	2,115

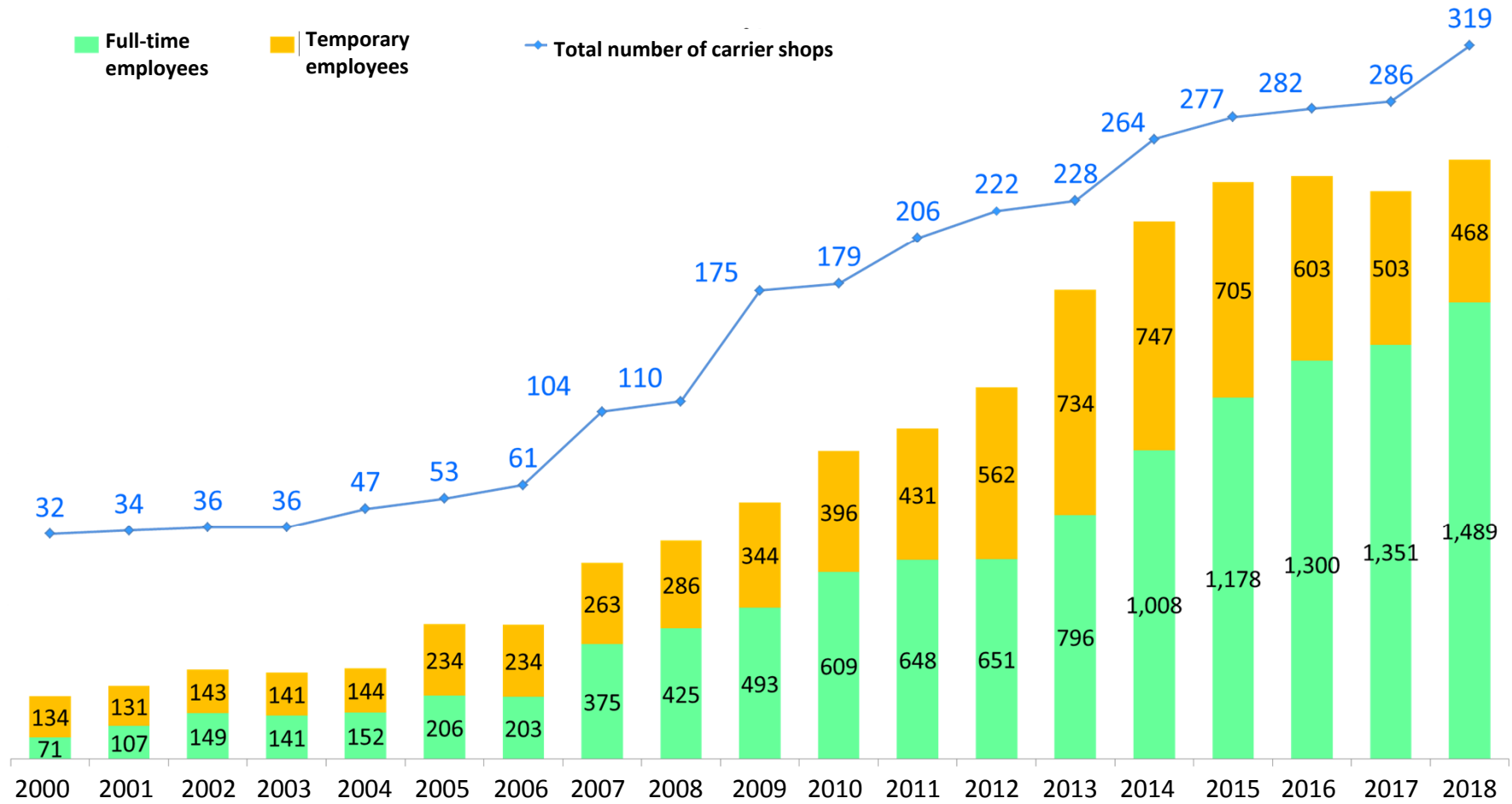
Financial Indicators

		2014	2015	2016	2017	2018
Profitability	Ratio of ordinary income to total assets	9.4%	11.5%	9.1%	8.8%	8.4%
	Return on equity	9.1%	11.6%	9.7%	11.7%	10.3%
	Cash flow margin	2.3%	3.4%	1.1%	2.3%	-0.2%
	Gross profit margin	19.8%	20.6%	20.8%	20.9%	20.4%
	Ratio of ordinary income to net sales	2.7%	3.6%	3.3%	3.6%	3.3%
		2014	2015	2016	2017	2018
Efficiency	Capital turnover (times/year)	3.4	3.2	2.8	2.4	2.5
	Receivables turnover period (day)	38.4	41.3	42.0	43.2	41.6
	Inventory turnover period (day)	21.2	21.3	20.1	22.9	27.3
Safety	Equity ratio	55.3%	53.8%	52.0%	50.9%	54.6%
	Current ratio	203.4%	203.3%	296.0%	268.7%	288.0%

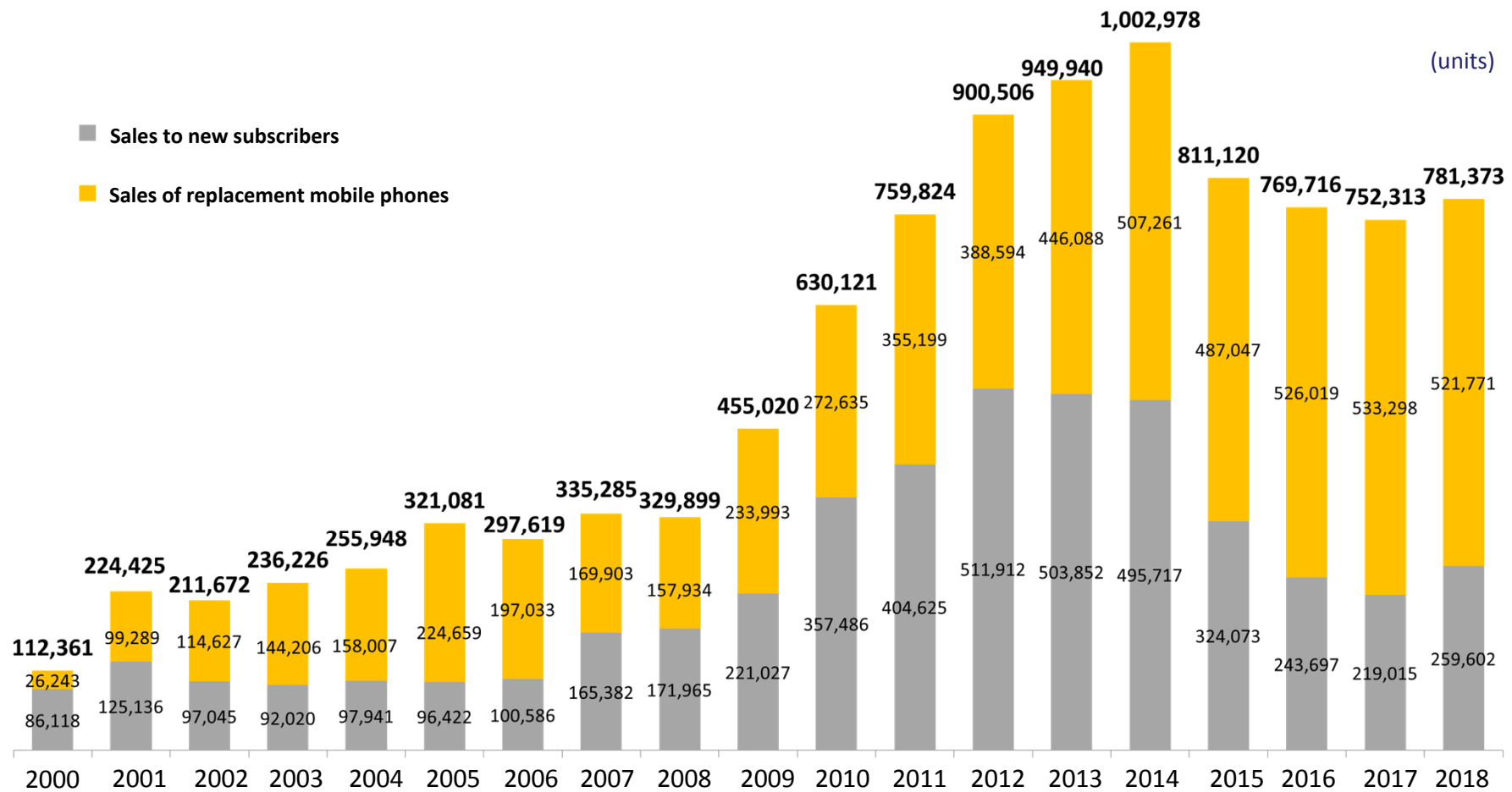
Number of Carrier Shops



Number of Employees



Number of Mobile Phones Sold



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.