

Results of Operations for 2019

February 13, 2020

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

Bell-Park

Contents

I. 2019 Financial Highlights

II. 2019 Initiatives

III. 2020 Plan and Shareholder Returns

Appendix: Profile of Bell-Park, Financial Summary

I. 2019 Financial Highlights

2019 Statement of Income

Sales surpass 100 billion yen for the first time

Record-high sales and earnings as phone sales volume increased, mainly to new subscribers

Number of mobile phones sold in 2019 was 816,000 (781,000 in 2018).

→ Number of mobile phones sold to new subscribers in 2019 was 280,000 (259,000 in 2018).

(million yen)

	2018 results	2019 results	YoY change
Net sales	98,088	103,303	+5,215
(Comp.)	(100.0%)	(100.0%)	+5.3%
Operating income	3,229	4,375	+1,146
	(3.3%)	(4.2%)	+35.5%
Ordinary income	3,256	4,379	+1,122
	(3.3%)	(4.2%)	+34.5%
Profit attributable to owners of parent	2,115	3,040	+925
	(2.2%)	(2.9%)	+43.7%

2019 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 at directly operated shops <ul style="list-style-type: none"> → Existing shops: -8,000 units (new subscribers were higher) → New shops: +60,000 units (+37 stores vs. Jan.-Dec. 2019) <li style="padding-left: 40px;">*+21 stores vs. Jan.-Dec. 2018 • Increase in electricity and credit card applications handled • Large number of fiber-optic line service applications handled • Higher SG&A expenses due to the larger number of directly operated shops 	↗	↗
Corporate sales	<p>Increased the corporate sales staff to aim for more growth</p> <ul style="list-style-type: none"> • Sales up mainly because of higher mobile phones and PC sales • SG&A expenses up mainly because of a larger workforce 	↗	↘

Balance Sheet

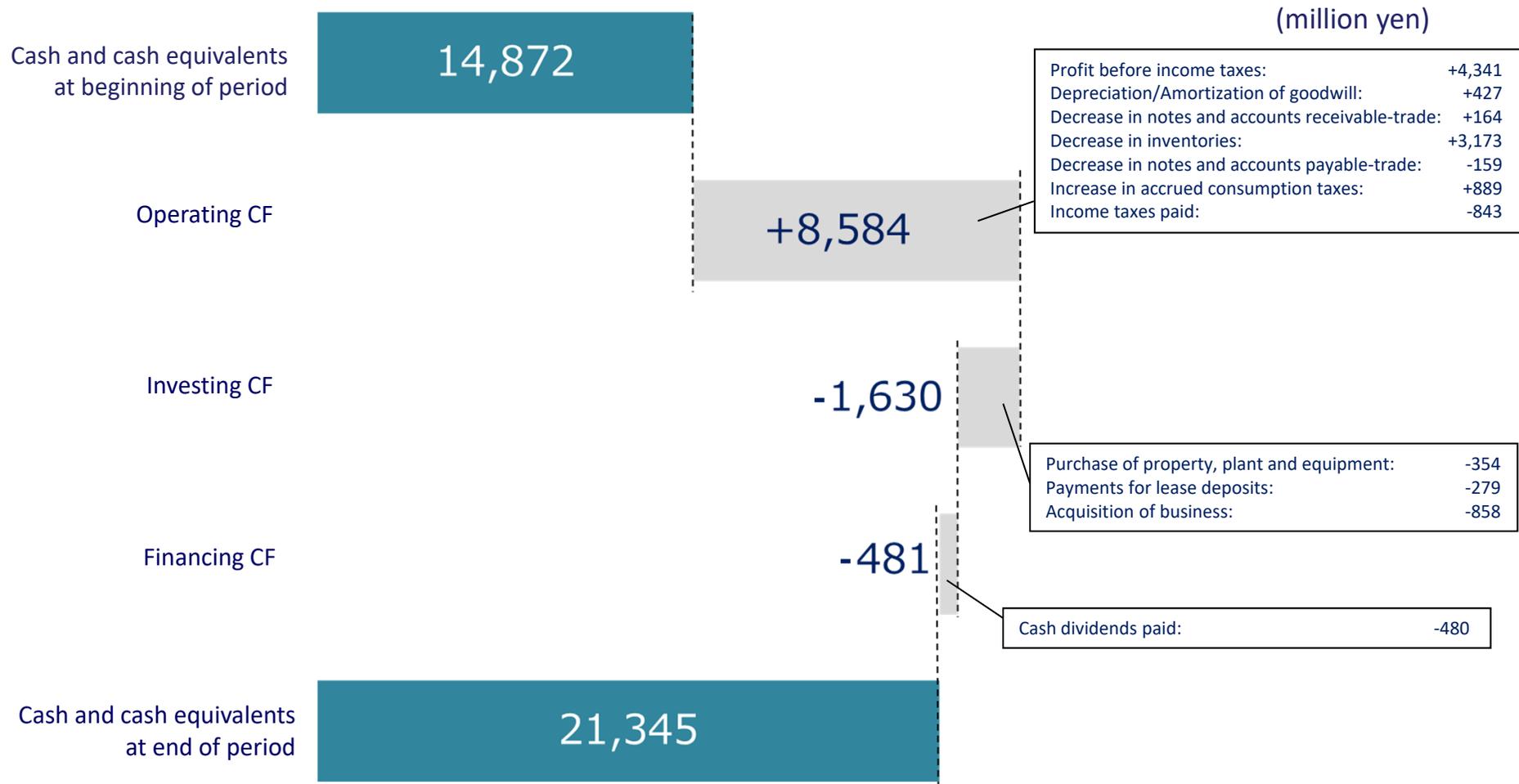
Net assets rose 2.5 billion yen mainly due to the profit attributable to owners of parent of 3.0 billion yen

(million yen)

	End-Dec. 2018	End-Dec. 2019	YoY change	Breakdown
Current assets	34,732	38,087	+3,355	<ul style="list-style-type: none"> • Cash and deposits: +6,473 • Trade accounts receivable: -164 • Merchandise: -2,970
Noncurrent assets	4,360	5,485	+1,124	<ul style="list-style-type: none"> • Property, plant and equipment: +326 (purchase of store equipment, etc.) • Goodwill: +320 • Lease deposits: +168
Assets	39,093	43,572	+4,479	
Current liabilities	12,121	13,982	+1,861	<ul style="list-style-type: none"> • Trade accounts payable: -159 • Accounts payable-other: +305 • Income taxes payable: +576
Noncurrent liabilities	5,636	5,700	+64	<ul style="list-style-type: none"> • Accrued consumption taxes: +889
Liabilities	17,757	19,683	+1,925	
Net assets	21,335	23,889	+2,553	<ul style="list-style-type: none"> • Profit attributable to owners of parent: +3,040 • Dividends paid: -480
				Reference: equity ratio: 54.8% (End-Dec. 2018: 54.6%)

Cash Flows

Cash and cash equivalents increased 6.4 billion yen mainly because of a decrease in inventories and profit before income taxes



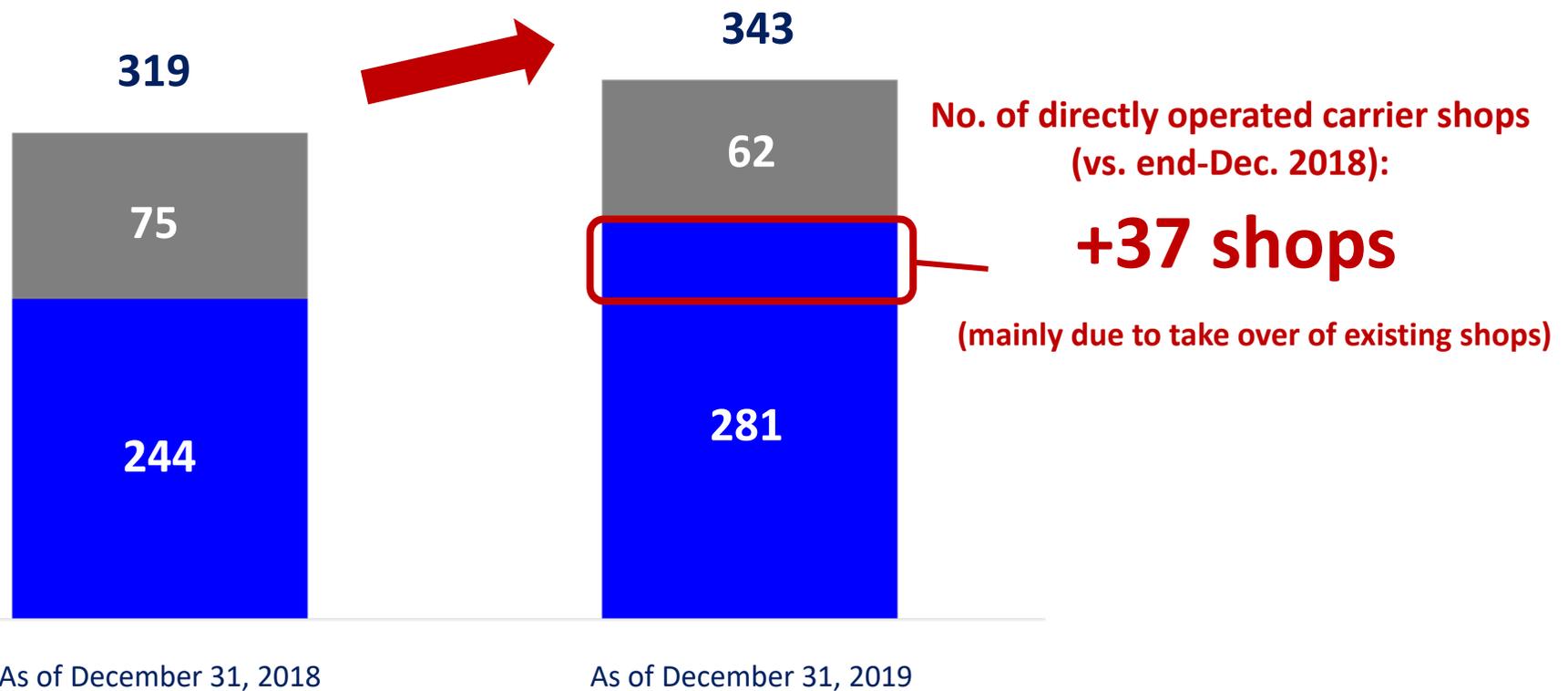
II. 2019 Initiatives

Growth in the Number of Shops

Taking over existing shops to establish dominant positions in targeted areas and increasing cooperation between newly added and nearby existing shops

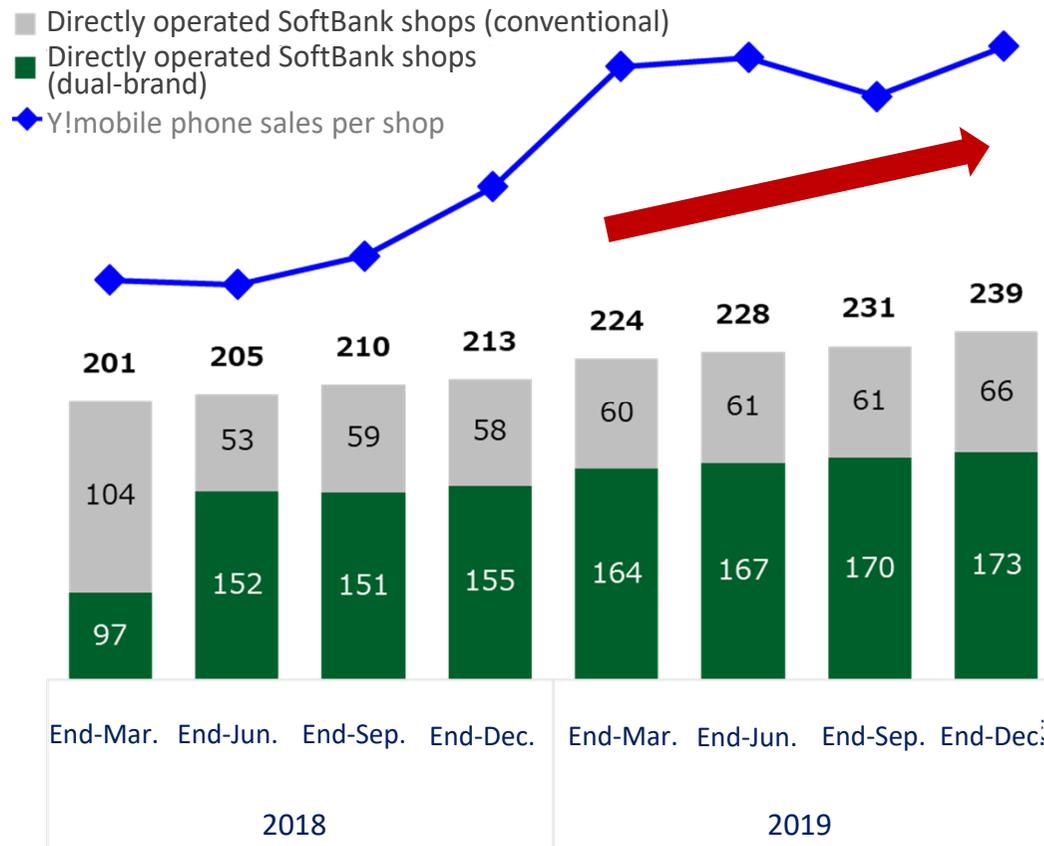
■ No. of franchised carrier shops

■ No. of directly operated carrier shops



Conversion of SoftBank Shops to Dual-brand SoftBank/Y!mobile Shops

Training people to use both SoftBank and Y!mobile for providing the rate plans and service packages that best match the needs of each customer



In 2019, (1) the number of dual-brand shops increased and (2) the number of Y!mobile phones sold per shop increased.

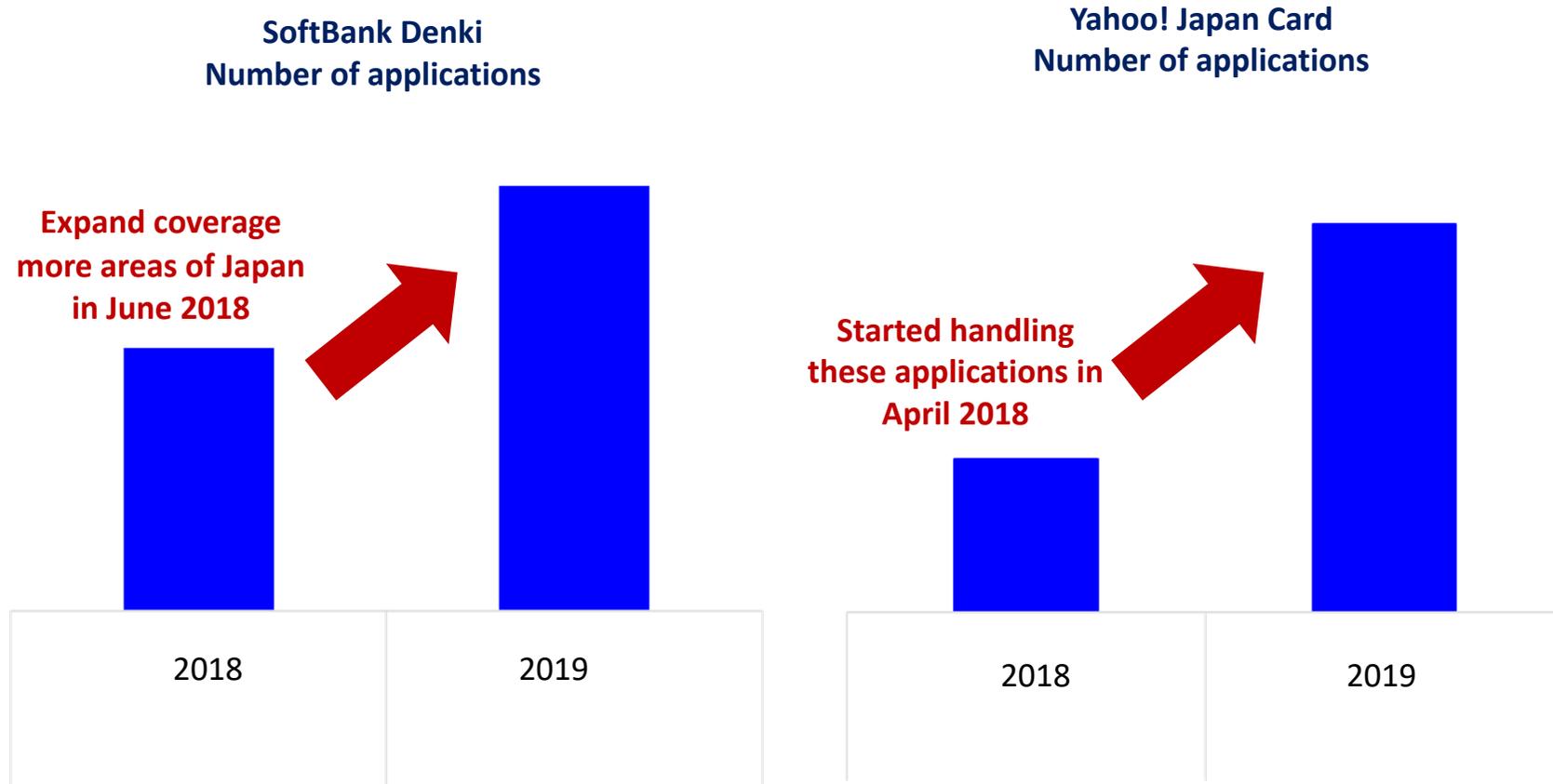


SoftBank Terrace Mall Matsudo (Matsudo, Chiba)

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

Growth in the Number of Applications other than Mobile Phones

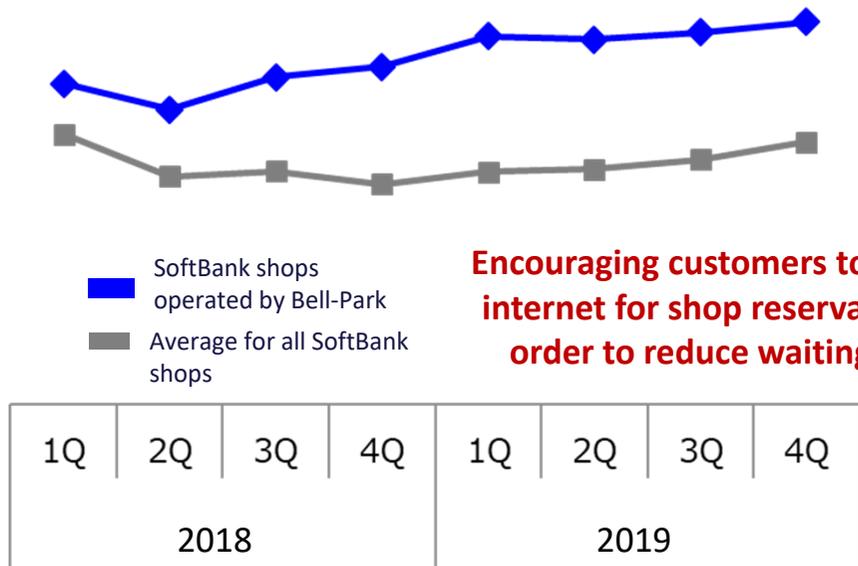
Electricity and credit card application volume was higher than in 2018
(growth of application volume at SoftBank shops)



Improving Customer Satisfaction

Bell Park's NPS increased in 2019 and Bell Park ranked above competitors in customer satisfaction

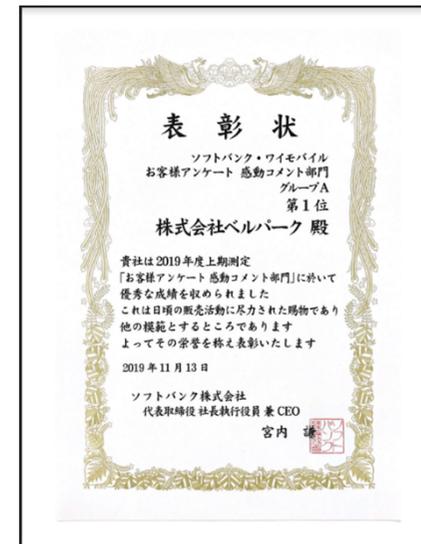
NPS scores at SoftBank shops directly operated by Bell-Park



Encouraging customers to use the internet for shop reservations in order to reduce waiting time

SoftBank
Favorable impression remarks in customer questionnaires

First place (third consecutive year)



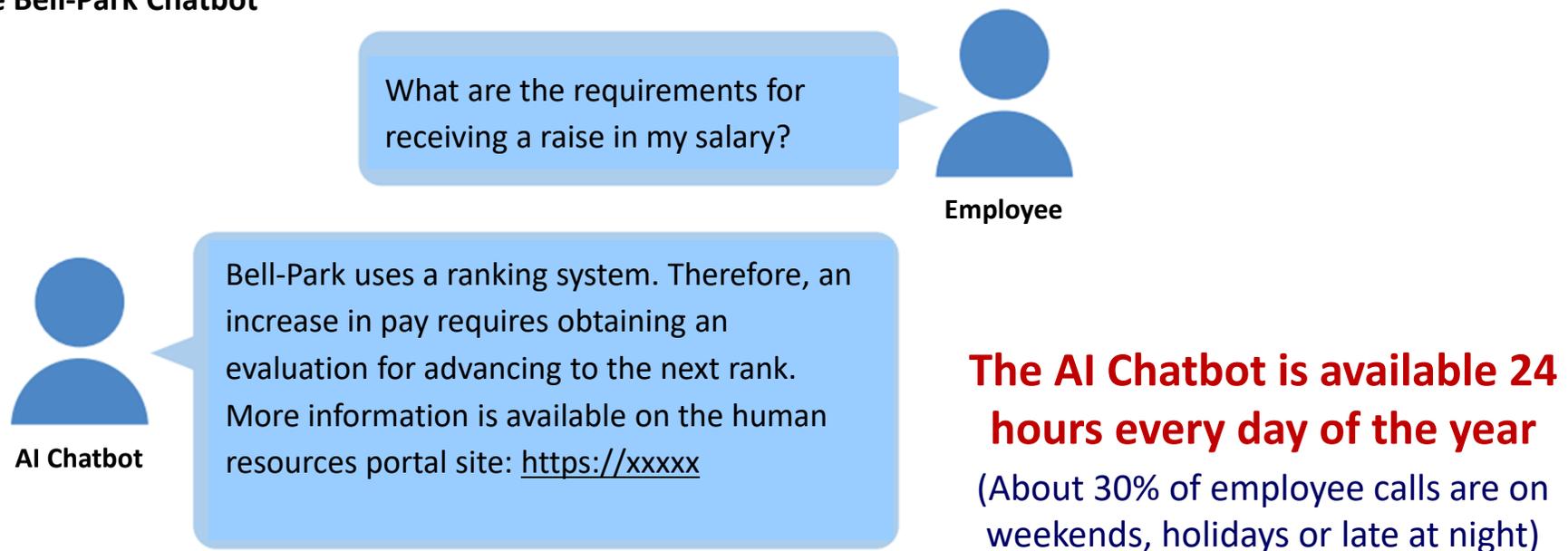
*Award for April 2019 to September 2019

* 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).

Measures to Improve Efficiency

AI chatbots answer some store personnel questions submitted to the head office
(Chatbots answer about 240 questions every day)

The Bell-Park Chatbot

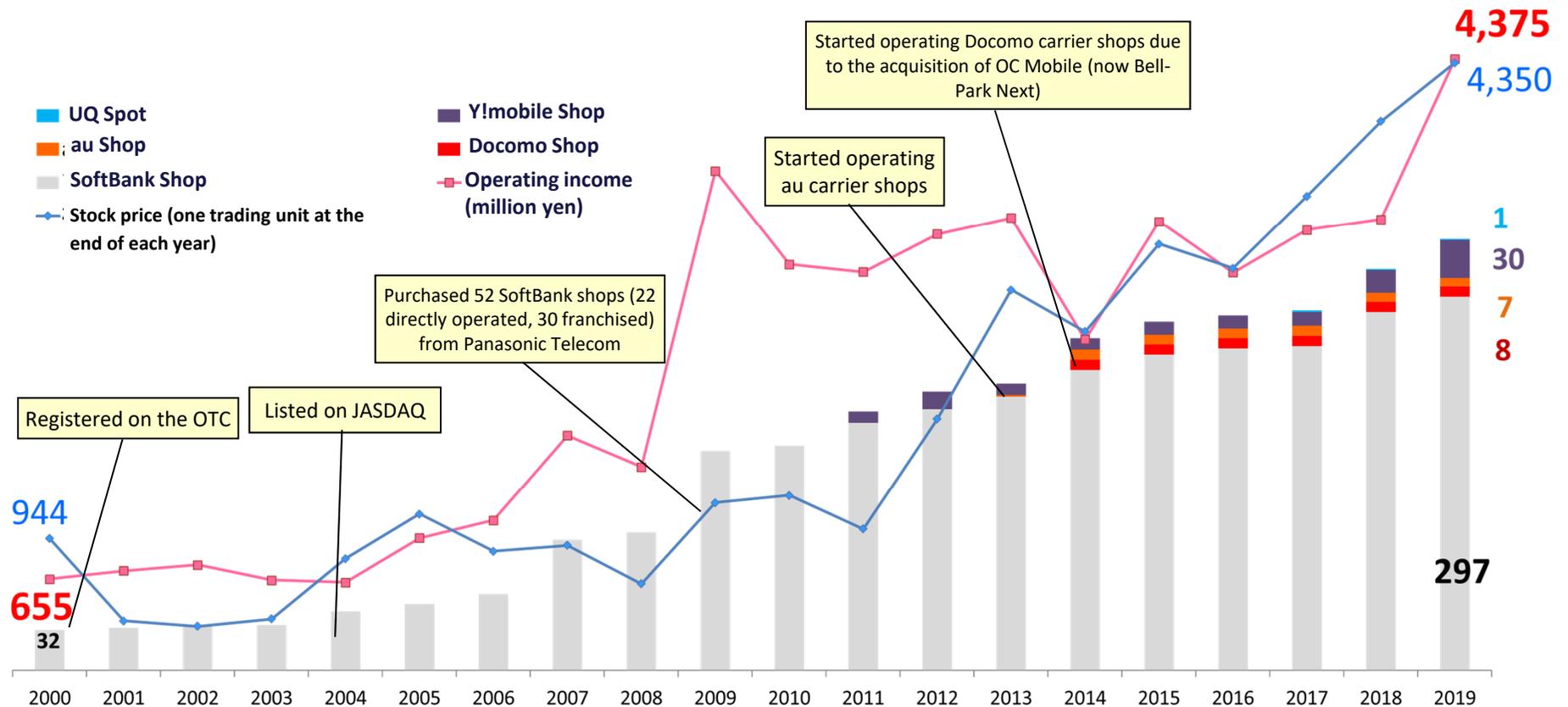


*An AI chatbot uses artificial intelligence to generate replies to specific questions.

III. 2020 Plan and Shareholder Returns

Number of Shops, Operating Income and Stock Price

Since 2000, the number of Bell-Park carrier shops has increased more than 10 times to 343, operating income is 6.7 times higher and the stock price is 4.6 times higher



*The stock price has been adjusted retroactively for splits.

2020 Outlook for the Operating Environment

October 2019 Amendments to the Telecommunications Business Act

→ **The new upper limit on mobile phone discounts reduced sales of phones to new subscribers**

Reference: Sales and outlook vs. prior year for Bell-Park directly operated carrier shops

	New subscriptions	Replacement handsets
January-September 2019 results (prior to the Telecommunications Business Act amendments)	Increased	Decreased
October-December 2019 results	Decreased	Increased
January-December 2020 Outlook	Decrease from 2019	No change from 2019

Spring 2020 Major MNO carriers will start 5G services

→ High expectations for new 5G smartphones

April 2020 Full-scale launch of Rakuten mobile services

→ This new entrant may spark even more heated competition among carriers

2020 Consolidated Forecasts

Forecast operating income of 4 billion yen in 2020

- 2020 mobile phone sales plan is 809,000, down from 816,000 in 2019
 → Expect a downturn in existing store mobile phone sales, mainly for new subscribers, primarily because of the new limit on handset discounts
- Taking over existing shops to establish dominant positions in targeted areas and increasing cooperation between newly added and nearby existing shops
- Planning on higher sales and earnings for corporate sales due to contributions from people who were added to the workforce in 2019
- Expect administrative and other indirect expenses to be about the same as in 2019

(million yen)

	2019 results	2020 plan	YoY change
Net sales	103,303	96,000	-7,303
(Comp.)	(100.0%)	(100.0%)	-7.1%
Operating income	4,375	4,000	-375
	(4.2%)	(4.2%)	-8.6%
Ordinary income	4,379	4,000	-379
	(4.2%)	(4.2%)	-8.7%
Profit attributable to owners of parent	3,040	2,600	-440
	(2.9%)	(2.7%)	-14.5%

Prioritizing Training Programs to Drive Medium/Long-term Growth

Customer Service No. 1 Grand Prix 2019 hosted by SoftBank Corp.

(Held on February 6, 2020)



Bell-Park employees received
1st and 3rd place awards

2018: 1st place awards

(two Bell-Park employees received)

2017: 2nd and 3rd place awards

2016: 1st and 3rd place awards

2015: 1st and 2nd place awards

FY2019 SoftBank Role Playing Competition for Corporate Sales Visits

(Held on October 25, 2019)

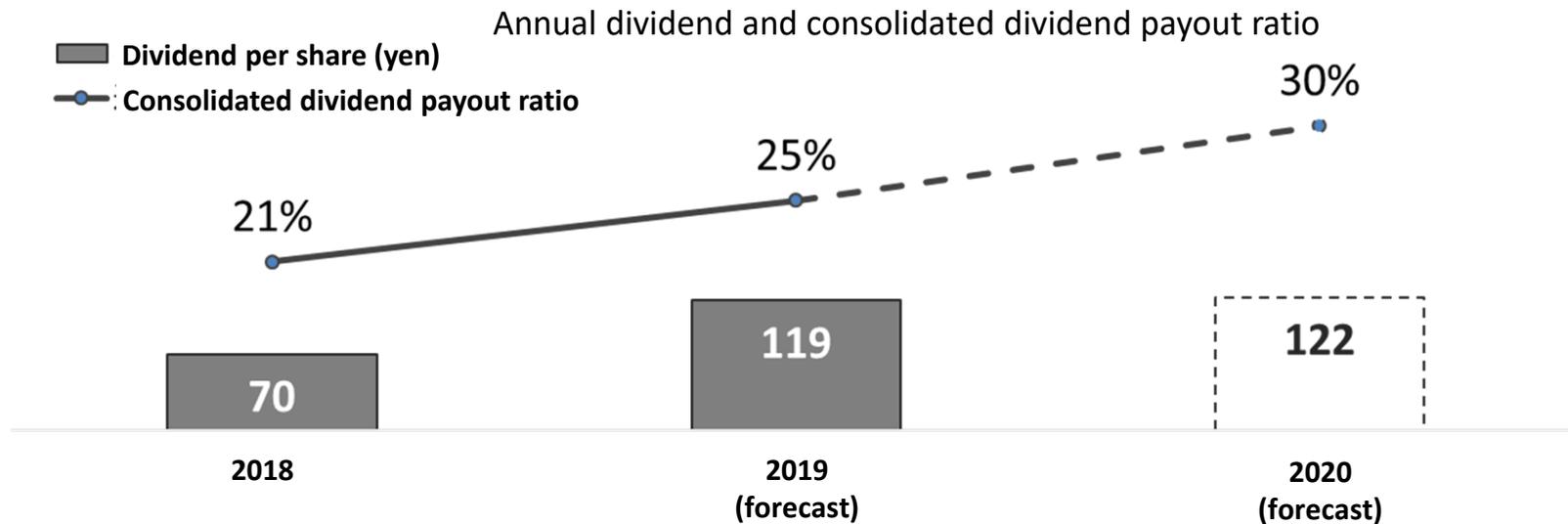
Bell-Park employee placed **1st (second consecutive year)**

Shareholder Returns

2020 Dividend Forecast

Annual dividend forecast: 122 yen per share (2Q-end 61 yen, year-end 61 yen)

Increased the consolidated dividend payout ratio to 30% based on the fundamental dividend policy



*The dividend forecast assumes that profit attributable to owners of parent will be 2,600 million yen in 2020 as forecast.

Fundamental policy regarding distribution of earnings

Plan to maintain a consolidated dividend payout ratio of at least 30% in 2021 and afterward

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. Maintain a consolidated dividend payout ratio of at least 30% **From 2021**

☆ Bell-Park positions the distribution of earnings to shareholders as one of its highest priorities.

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, 28th fiscal year
Headquarters: Hirakawacho Center Bldg., 1-4-12 Hirakawa-cho, Chiyoda-ku, Tokyo
Capital: 1,148 million yen
Stock listing: May 25, 2000, Tokyo Stock Exchange JASDAQ Standard (Stock code: 9441)
Market cap: 32,888 million yen (closing price on February 12, 2020)
Bell-Park group employees: 2,138 (full time: 1,666; temporary: 472)

No. of carrier shops: 297 SoftBank Shops
8 Docomo Shops
7 au Shops
30 Y!mobile Shops
1 UQ Spot
(Total: 343 stores)

Analyst Report Shared Research <https://sharedresearch.jp>

5-year Financial Summary

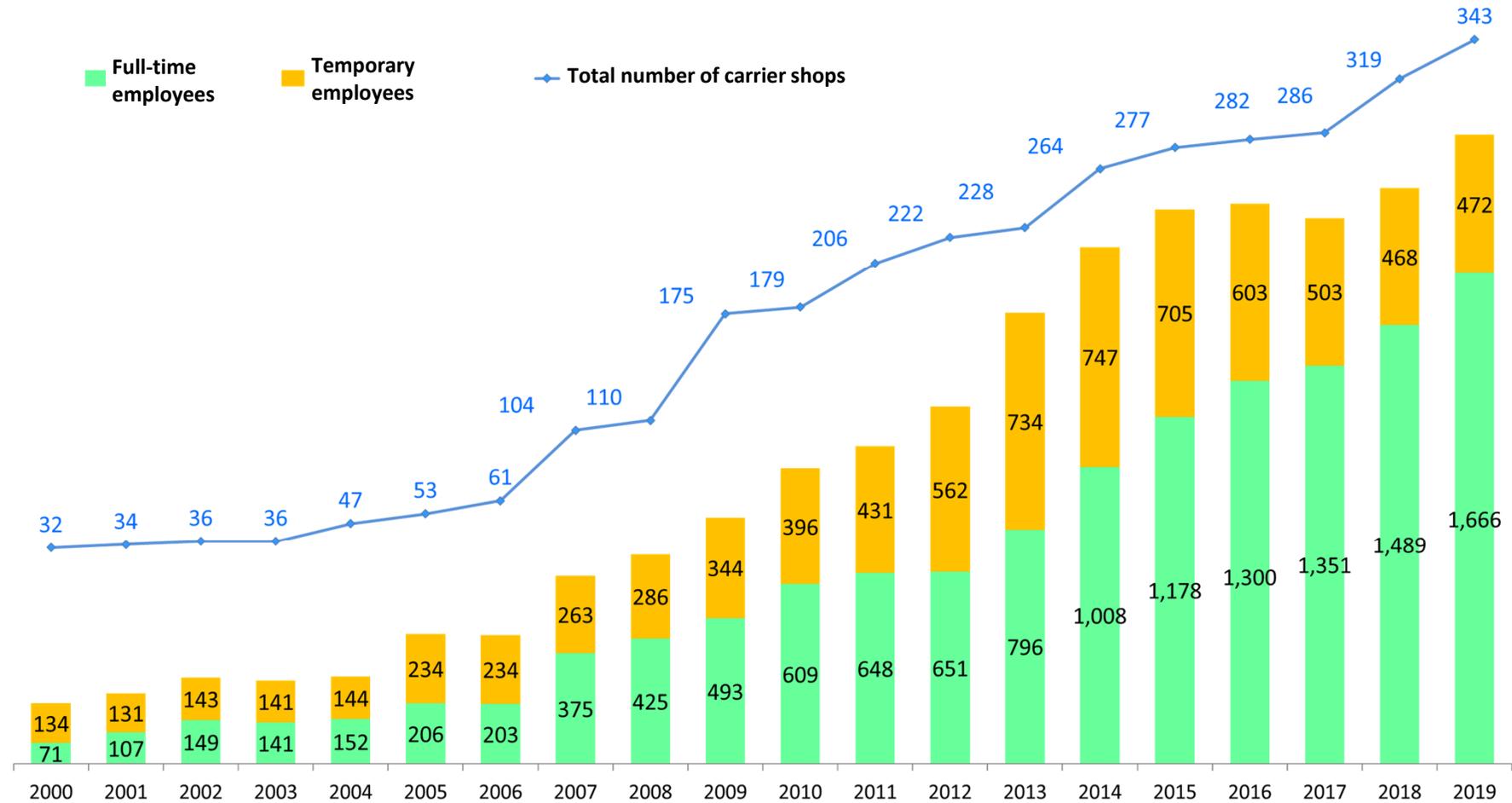
(million yen)

	2015	2016	2017	2018	2019
Net sales	90,145	89,629	88,894	98,088	103,303
Gross profit	18,564	18,674	18,553	19,975	24,165
Personnel, etc.	8,361	8,882	8,821	9,282	10,636
Rent	1,967	2,076	2,153	2,295	2,537
Ads/sales promotion	2,266	1,649	1,529	1,927	2,818
Others	2,756	3,220	2,897	3,241	3,797
SG&A expenses	15,352	15,828	15,401	16,746	19,790
Operating income	3,212	2,846	3,151	3,229	4,375
Ordinary income	3,269	2,927	3,184	3,256	4,379
Profit attributable to owners of parent	1,798	1,644	2,182	2,115	3,040

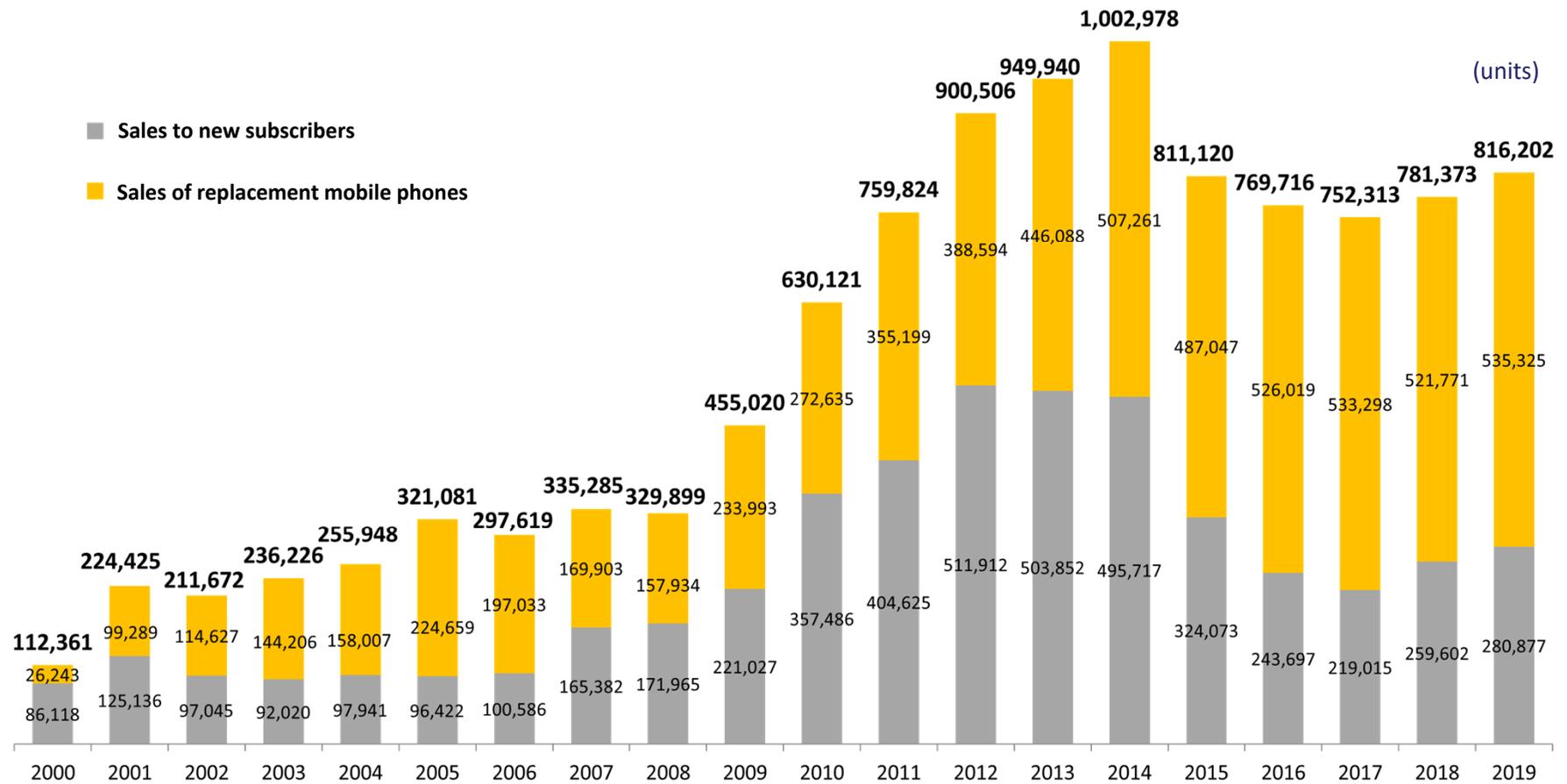
Financial Indicators

		2015	2016	2017	2018	2019
Profitability	Ratio of ordinary income to total assets	11.5%	9.1%	8.8%	8.4%	10.6%
	Return on equity	11.6%	9.7%	11.7%	10.3%	13.4%
	Cash flow margin	3.4%	1.1%	2.3%	-0.2%	8.3%
	Gross profit margin	20.6%	20.8%	20.9%	20.4%	23.4%
	Ratio of ordinary income to net sales	3.6%	3.3%	3.6%	3.3%	4.2%
		2015	2016	2017	2018	2019
Efficiency	Capital turnover (times/year)	3.2	2.8	2.4	2.5	2.5
	Receivables turnover period (day)	41.3	42.0	43.2	41.6	39.0
	Inventory turnover period (day)	21.3	20.1	22.9	27.3	23.6
Safety	Equity ratio	53.8%	52.0%	50.9%	54.6%	54.8%
	Current ratio	203.3%	296.0%	268.7%	286.5%	272.4%

Number of Employees



Number of Mobile Phones Sold



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

e-Net Caravan Attendance

	2018	2019	Total
Total participants	7,815	12,768	20,583
Students	6,476	11,041	17,517
Parents and guardians	983	966	1,949
Teachers	356	761	1,117

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.