

Q&A Session at 2020 First Half Earnings Announcement Information Meeting

Meeting: 10:00-11:00 August 6, 2020 (Thursday)

Q1: Softbank's first quarter earnings announcement included the goal of raising cumulative smartphone subscriptions to 30 million by fiscal 2023. How will this goal affect Bell-Park over the next few years?

A1: We believe this goal will have a positive effect from a medium to long-term perspective.

Telecommunications Business Act amendments are slowing down activity associated with the ability to change mobile phone carriers while keeping the same phone number. But we believe that most current so-called "Galapagos phones" and 4G phone users will eventually switch to 5G when inexpensive 5G smartphones become available.

Q2: What expenses other than sales promotion expenses were reduced by the lower level of business activities? Also, what is your outlook for expenses if there is no change in the current business climate?

A2: Overtime expenses fell sharply in April and May because of the reduction in our operations. But this is a cost reduction that was not intentional. Overtime hours increased to the previous level in June after our operations returned to normal. We are continuing to hold down administrative and other indirect expenses, which are not a significant share of total expenses. The increased use of working at home and other teleworking has lowered transportation expenses and the use of the Internet for training and recruiting made these activities more efficient.

Q3: What are your plans for operations other than carrier shops?

A3: Our medium-term goal for the corporate sales business is to double sales by increasing the number of people in this business. Our goal for carrier shops is to use organic growth in order to continue enlarging this business.

Q4: Please provide more information about "exchanging shops" that you mentioned on page 9 of the first half presentation.

A4: Exchanging some of our shops with those of other sales agents will enable us to establish dominant positions in targeted areas where our shops until now have been scattered. We believe that exchanging shops will cut costs and improve efficiency in other ways for both companies. Shop exchanges have already taken place in the first half of 2020.

Q5: Based on your first half performance in relation to the 2020 forecast, it appears that sales and earnings this year will exceed the forecast unless there is some sort of big problem later this year. What are your thoughts?

A5: It is impossible to predict the upcoming effects of COVID-19 in Japan. For example, some prefectures have declared a state of emergency on their own. We will continue to monitor the impact of this crisis and make an announcement promptly if we decide there is a need to revise the forecast.