



President Kenichi Sano

Vision Inc. (9416)



Company Information

Market	TSE 1st Section
Industry	Information and telecommunications
CEO	Kenichi Sano
HQ Address	Shinjuku i-Land Tower, 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Year-end	December
HP	https://www.vision-net.co.jp/en/ir_information.html

Stock Information

Share Price	Number of Shares Issued (Treasury stock excluded)		Total Market Cap	ROE (Act)	Trading Unit
¥801	47,079,756 shares		¥37,710 million	21.5%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR
-	-	-	-	¥226.80	3.5x

* Stock price as of the close on August 27, 2020. Number of shares issued at the end of the most recent quarter excluding treasury shares. ROE and BPS are the actual value as of the end of the previous year.

Consolidated Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
Dec. 2016 (Actual)	14,843	1,290	1,298	812	16.70	-
Dec. 2017 (Actual)	17,554	1,788	1,795	1,208	24.76	-
Dec. 2018 (Actual)	21,503	2,484	2,499	1,529	31.40	-
Dec. 2019 (Actual)	27,318	3,325	3,358	2,226	46.05	-
Dec. 2020 (Forecast)	16,700	-320	-213	-1,601	-	-

* The forecasted values were provided by the company. Unit: Million yen or yen. In October 2019, we split one share into three shares (EPS retroactively adjusted).

This Bridge Report outlines Vision Inc.'s results for the first half of the fiscal year ending December 2020 and the forecast for the fiscal year ending December 2020.

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Key Points

- For the first half of the fiscal year ending Dec. 2020, sales decreased 25.6% year on year, and an operating loss of 15 million yen was posted (an operating income of 1.69 billion yen in the same period last year). While the Information and Communication Service business absorbed the impact of COVID-19 and secured the same level of sales as the same period last year, sales of the Global WiFi business decreased 43.4% year on year as there were almost no rental transactions with foreign visitors to Japan (inbound travelers) and Japanese travelers overseas (outbound travelers) in the second quarter (April to June). Despite a 35.7% year-on-year decline in gross profit, mainly in the Global WiFi business, the company was able to substantially reduce SG&A expenses in a short period of time, and nearly balanced its operating income and loss.
- For the full fiscal year, the company expects sales to decline 38.9% year on year and an operating loss of 320 million yen. While assuming that there will be no social restrictions, such as a renewed declaration of a state of emergency, in the second half of the fiscal year, the company does not anticipate renting to foreign travelers (outbound and inbound) (there is a small amount of use by long-term overseas visitors). However, the company expects gross profit margin to improve after bottoming out in the second quarter (April to June) due to progress in cost reduction, and the operating loss in the second half is projected to be lower than the operating loss in the second quarter (April to June).
- The results of the first half were significantly affected by the coronavirus crisis, but the company was able to reduce costs substantially in a short period of time with its excellent adaptability. In the second half of the fiscal year, the Global WiFi business has begun to break even on domestic WiFi alone while maintaining the same structure as when demand was recovering. In addition, the Information and Communication Service business, which has steadily been building up its stock, has been one of the company's strengths, demonstrating the diversity and stability of its earnings. The government began negotiations on easing immigration in June and expanded the number of countries covered in July. While the company plans to operate under conservative assumptions, the business environment has been slowly improving. As the company is increasingly cutting down on its costs, profit will surge if revenue increases. We are looking forward to opportunities after the crisis.

1. Company Overview

Under the management philosophy of “Contributing to the Information and Communications Revolution,” Vision conducts the Global WiFi business, which leases the personal Wi-Fi (wireless LAN) routers which can be used in over 200 countries and regions on a flat-rate basis, and as an Information and Communications Service distributor, it also provides Information and Communications Service business of arranging telecommunications infrastructure and office equipment necessary for business activities, such as fixed-line telecommunications, mobile telecommunications, broadband etc.

The company forms a group with its 19 consolidated subsidiaries, both inside and outside Japan. Of those, the 7 based in Japan are Members Net Inc. (which conducts the business of charging agency, fixed-line telephone service subscription agency, etc.) and Best Link Inc. (which carries out the business of broadband service subscription agency), etc. There are 12 overseas subsidiaries that operate

as overseas hubs for the Global WiFi service in South Korea, Singapore, UK, Hong Kong, Hawaii, Taiwan, China (Shanghai), France, Italy, California and New Caledonia; there is also a local subsidiary in Vietnam, which is an offshore hub for database construction and system development.

【Vision Group’s management philosophy – Contributing to the Information and Communications Revolutions in the world】

We will actively promote the Information and Communications Revolution in the world, bring innovations to an individual’s lifestyle and the company’s business style, and contribute to the advancement of humanity and society by continuing to be a distributor that effectively and efficiently connects the client companies with end users and makes sure that its employee’s unlimited ambition, dreams and thoughts are contributing to the stakeholders, without compromising nor ever forgetting the venture spirit and add to the progress of the human race and the society.

1-1 Business Description

Global WiFi business

The company offers services including “Global WiFi” (a Wi-Fi router rental service that allows people traveling overseas to use local internet services at a competitive rate through its partnerships with the overseas operators) and “NINJA WiFi” (a Wi-Fi router rental service for overseas visitors to Japan, etc.), while also engaging in services for the travelers between foreign countries in overseas bases (South Korea, Taiwan and California).

The term-end number of leased Wi-Fi routers that are equipped with the next-generation telecommunication technology (Cloud WiFi) capable of managing Subscriber Identity Modules (SIMs) on the cloud accounts for over 90% of all leased devices (Depending on telecommunication carriers, some countries are not supported, thus the company has almost reached the upper limit).



(From the reference material of the company)

Advantages

(1) Affordable fixed-rate system, (2) the most comprehensive area coverage, (3) comfort, (4) safety/security, and (5) substantial support bases and corporate sales capabilities ⇒ One of the largest customer bases in the industry

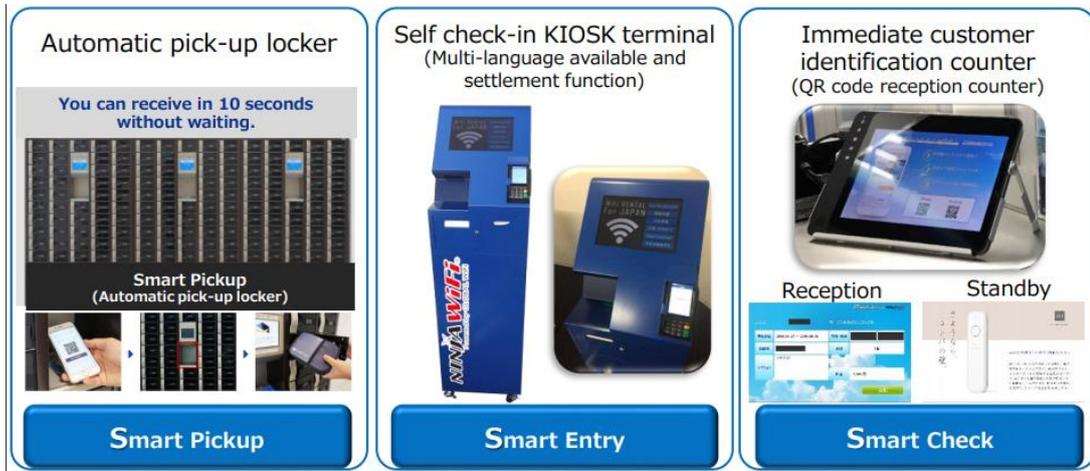
The advantages of “Global WiFi” and “NINJA WiFi” include the following: (1) cost benefits of up to 89.9% (the rental fee per day is 300 yen at the minimum, depending on the travel destination) compared to the overseas fixed-rate packet plans offered by other Japanese mobile carriers, (2) the industry’s most comprehensive coverage of over 200 countries and regions, (3) high-speed telecommunications services through partnerships with telecommunication operators all over the world, (4) available at 24 hours a day, 365 days a year, at 47 bases worldwide, and (5) the industry’s largest number of available spots at airport counters.

Furthermore, from the business perspective, another advantageous point is the fact that use by corporations, through which stable demand can be expected, has accounted for about 30%~40% in this business segment. As a result, the company has secured a great number of users, which is one of the largest market shares in the industry.

The store digitalization strategy and establishment of the super last-minute online order receipt system

The company is proceeding with the strategy of making stores digitalized by (1) installing automatic delivery lockers (Smart Pickup), (2) adopting self-registration KIOSK terminals with multilingual support and payment settlement functions (Smart Entry), and (3) the QR code-based reception counter that features immediate customer identification (Smart Check), while expanding the number of manned counters in Japan. The company aims to evolve its stores to ones that can be used by Japanese tourists travelling abroad and

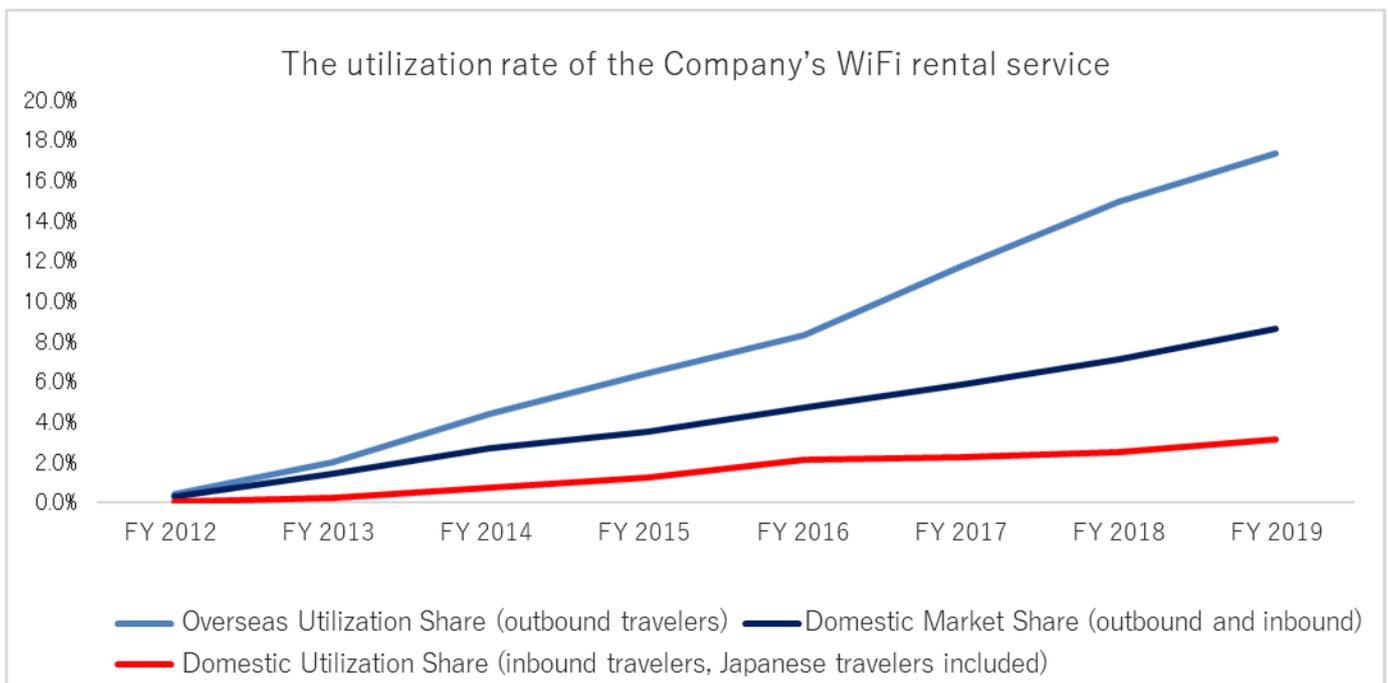
foreign tourists visiting Japan, more conveniently, more comfortably, and with greater peace of mind, as well as strengthen its efforts toward the increase of routers on lease (number of routers delivered) and increase of optional services (such as insurance services and accessories).



(From the reference material of the company)

In addition to strengthening the contact point with users, the store digitalization will make it possible to optimize the level of services according to user needs (reducing the waiting time for repeat users who do not require explanations while making airport staff deal with users who need it). As it is difficult to expand and install more airport counters, the company is planning to increase Smart Pickup lockers, which will save labor, and improve throughput and reduce costs by utilizing the limited space effectively.

Furthermore, the combination of the store digitalization strategy, Cloud WiFi, and the customer database has established a “super last-minute online order receipt system,” enabling the company to provide services for customers who are about to depart (the system has made it possible for the company to cope expeditiously with online application submitted right in front of airport counters by linking it with the database).



Information and Communications Service business

With Best Link Inc., a consolidated subsidiary, at its core, the group offers services aimed mainly at newly established corporations, venture businesses and multi-store development enterprises such as food-service chains, from its 15 offices nationwide and in cooperation with its partner companies. The services include subscription agency operations for various telecommunications services such as business phones, agency operations of arranging lines for landline telephones, subscriber telephones, and NTT Hikari telephones, corporate mobile phones, broadband lines, sales and maintenance of mobile telecommunication devices, OA equipment and security products (UTM), etc., designing websites, and agency operations for new power services targeting enterprises.

The company has advantages in prospecting for corporations newly established (within 6 months), one of its major targets, and it is estimated, according to the data by the Ministry of Justice (the number of newly registered companies was 118,532 in Japan in 2019), that the company has conducted transactions with around one in every 10 corporations newly founded in Japan. These advantageous points are backed by the company's strong power to attract customers through its unique online marketing (Internet media strategy), through which the company maximizes running yield (recurring revenue-type business) and conducts additional sales with high productivity (up/cross selling) through the Customer Relationship Management (CRM; customer relationship and ongoing transactions) strategy.

For example, the company receives commission from operators for telephone line arrangements unless contracts for the service are cancelled, and it can earn maintenance fees for multifunction photocopiers on a continuous basis. Moreover, the follow-up service by its customer loyalty team has enabled the company to establish a recurring revenue-type business model, in which earnings are accumulated by taking in demand for lines and equipment that increases with customers' business growth, and providing optimal services according to customers' growth stage (additional sales with high productivity through up/cross selling). The company will evolve its recurring revenue-type business model while expanding the target customer from enterprises with growth potential to ones in the growth stage.

2. First half of Fiscal Year December 2020 Earnings Results

2-1 Consolidated Business Results

	1H of FY 12/19	Ratio to Sales	1H of FY 12/20	Ratio to Sales	YoY
Sales	12,937	100.0%	9,630	100.0%	-25.6%
Gross profit	7,496	57.9%	4,822	50.1%	-35.7%
SG&A expenses	5,806	44.9%	4,837	50.2%	-16.7%
Operating income	1,690	13.1%	-15	-	-
Ordinary income	1,673	12.9%	66	0.7%	-96.0%
Net income	1,075	8.3%	-1,352	-	-

*Unit: ¥mn

Sales dropped 25.6% year on year, and operating loss was 15 million yen (an operating income of 1.69 billion yen in the same period last year).

Sales were 9.63 billion yen, down 25.6% year on year. The sales of the Information and Communication Service business rose 0.2% year on year, but the sales of the Global WiFi business dropped 43.4% year on year as there were almost no rental transactions with foreign visitors to Japan (inbound travelers) and Japanese travelers overseas (outbound travelers) in the second quarter (April to June) due to the impact of COVID-19.

In the Information and Communication Service business, lease inspections of OA equipment sales were temporarily suspended (leading to a delay in recording sales, etc.) due to the suspension of screening operations caused by the requests for voluntary restraint, but this was offset by sales of cost-saving products and mobile communications devices (such as devices for teleworking). In the Global WiFi business, on the other hand, domestic Wi-Fi enhancements were successful in capturing demands associated with telework and online classes, but were unable to offset the decline in outbound and inbound demands.

Operating loss was 15 million yen. Despite the decline in sales, gross profit fell 35.7% to 4.82 billion yen due to the higher cost of sales ratio in both businesses, however, the company was able to significantly reduce SG&A expenses in a short period of time by reviewing

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and reducing various expenses such as advertising costs including listing expenses, performance-linked bonus allowances, packing and freight expenses, travel and transportation expenses, and consumables expenses, which offset the decline in gross profit.

While the company secured an ordinary income of 66 million yen through improvements in non-operating income/loss from subsidies, it posted an extraordinary loss of 1.59 billion yen due to asset write-offs from the coronavirus crisis in the Global WiFi business, resulting in a net loss of 1.35 billion yen.

In the Global WiFi business, assuming overseas travel (outbound and inbound) will not recover even after the end of the current term, the company reduced the book value of assets (Wi-Fi routers, options, software, equipment, fixtures, etc.) that have become unprofitable and are unlikely to recoup their investments, and recorded an impairment loss of approx. 1.2 billion yen (an impairment loss of 1.39 billion yen on a consolidated basis) as an extraordinary loss. As a result, the company expects to reduce depreciation costs by 370 million yen in the second half and 410 million in the next fiscal year.

Sales and profit by segment

	1H of FY 12/19	Composition Ratio	1H of FY 12/20	Composition Ratio	YOY
Global WiFi	8,184	63.3%	4,634	48.1%	-43.4%
Information and Communications Service	4,509	34.9%	4,520	46.9%	+0.2%
Others	247	1.9%	478	5.0%	+93.2 %
Adjustments	-4	-	-2	-	-
Consolidated Sales	12,937	100.0%	9,630	100.0%	-25.6%
Global WiFi	1,596	19.5%	-20	-	-
Information and Communications Service	832	18.5%	817	18.1%	-1.8%
Others	-157	-	-306	-	-
Adjustments	-580	-	-504	-	-
Consolidated Operating Income	1,690	13.1%	-15	-	-

*Unit: ¥mn

Quarterly business results

	12/18-1Q	2Q	3Q	4Q	12/19-1Q	2Q	3Q	4Q	12/20-1Q	2Q
Sales	4,922	4,933	5,961	5,686	6,470	6,467	7,610	6,770	5,989	3,641
Gross profit	2,930	2,888	3,579	3,251	3,797	3,698	4,474	3,719	3,252	1,569
SG&A expenses	2,194	2,388	2,679	2,903	2,817	2,988	3,194	3,364	2,764	2,072
Operating income	736	499	900	348	980	710	1,280	354	488	-503
Ordinary income	745	499	900	353	980	692	1,338	346	496	-429
Net income	514	295	623	96	669	406	911	239	116	-1,468
Gross Profit Margin	59.5%	58.6%	60.0%	57.2%	58.7%	57.2%	58.8%	54.9%	54.3%	43.1%
SG&A ratio	44.6%	48.4%	44.9%	51.1%	43.6%	46.2%	42.0%	49.7%	46.2%	56.9%

*Unit: ¥mn

In the second quarter (April to June), there were almost no rental transactions with inbound and outbound travelers in the Global WiFi business, while in the Information and Communication Service business, lease inspections of OA equipment sales were temporarily suspended due to the suspension of screening operations caused by the requests for voluntary restraint, resulting in a delay in recording sales. For this reason, sales declined significantly in comparison to the same period last year and the previous quarter. The company reviewed and reduced various expenses and cut down on SG&A expenses by 25.0% on a consolidated basis compared to the first quarter, but gross profit margin declined, resulting in an operating loss of 500 million yen.

In the Global WiFi business, the cost of sales ratio rose in line with lower sales, and in the Information and Communication Service

business too, the cost of sales ratio rose as the sales of mobile communication devices (mobile phones) increased (due to a higher proportion of products that generate procurement costs).

2-2 Trends by segment

	12/18-1Q	2Q	3Q	4Q	12/19-1Q	2Q	3Q	4Q	12/20-1Q	2Q
Global WiFi	3,089	2,898	3,929	3,589	4,075	4,109	5,084	4,462	3,347	1,286
Information and Communications Service	1,818	2,009	1,977	1,970	2,302	2,207	2,330	2,115	2,515	2,004
Others	14	26	58	131	92	155	195	193	126	351
Consolidated Sales	4,922	4,933	5,965	5,691	6,470	6,471	7,611	6,772	5,989	3,641
Global WiFi	701	448	769	495	871	724	1,274	430	326	-347
Information and Communications Service	296	337	371	212	482	350	342	188	517	299
Others	-28	-38	-29	-97	-86	-70	-61	-47	-91	-214
Adjustments	-232	-247	-211	-262	-286	-293	-275	-217	-264	-240
Consolidated Operating Income	736	499	900	348	980	710	1,280	354	488	-503

*Unit: ¥mn

Global WiFi business

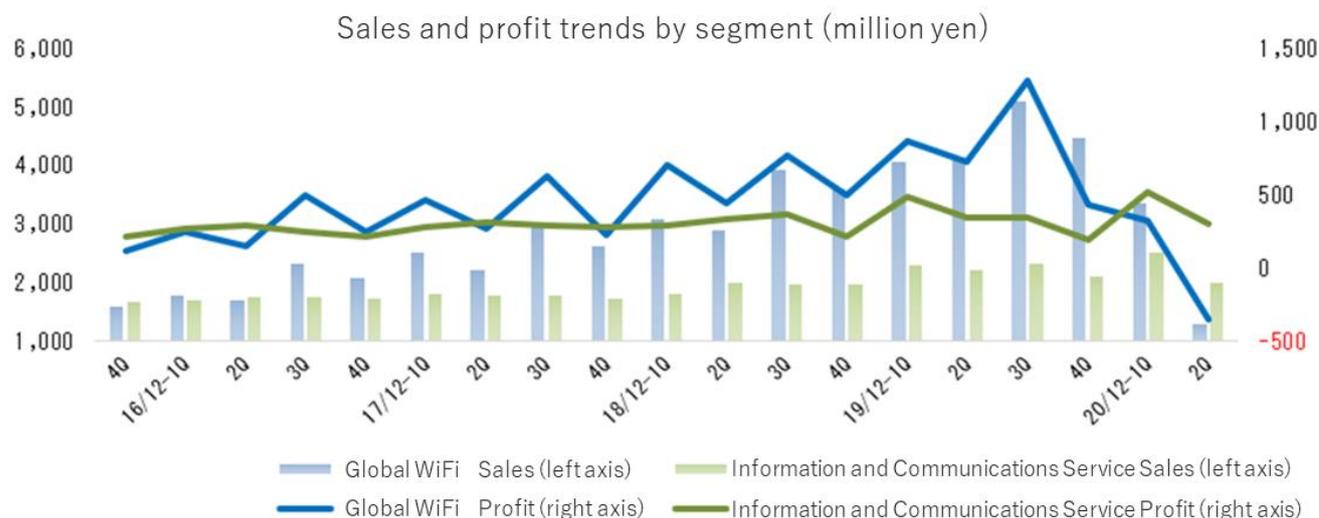
In the second quarter (April to June), the company enhanced its domestic Wi-Fi business, and successfully tapped into the demand for telework and online classes by leveraging its wide range of high-quality products and product inventory, which led to increase orders from companies, government agencies, and universities. As a result, the company posted sales of 1.28 billion yen from domestic Wi-Fi business alone.

The company also succeeded in cutting costs significantly. Specifically, the company reduced operating expenses from 3.02 billion yen in the first quarter to 1.63 billion yen through the reduction of personnel costs (including job rotation), rent, promotional expenses, advertising expenses, store closures, and suspension of operation of some stores.

Information and Communication Service business

Although sales and profit decreased in the second quarter from the first quarter due to the suspension of lease inspections of OA equipment sales and a decline in OA equipment sales due to telecommuting, the sales of cost-cutting products such as VWS (Vision Web Service) and mobile communication devices (such as devices for telework) were steady as a result of marketing efforts aimed at capturing the needs of corporations for cost reduction and telework amid the coronavirus crisis.

VWS is a service based on the SaaS model in which services developed and used by the company are deployed to users. The company offers services such as time and attendance management and workflow, and is expanding its lineup. Since it is a cloud-based system, the burden of introducing the system is low for users, and running costs can be kept down as necessary functions can be used as needed. On the other hand, it will lead to increase recurring revenue for the company.



2-3 Financial Condition

	December 2019	June 2020		December 2019	June 2020
Cash and deposits	8,485	5,738	Trade payables	1,203	661
Trade receivables	2,218	1,616	Income taxes payable	634	85
Current assets	11,792	8,580	Provision for bonuses	280	70
Property, plant and equipment	1,200	373	Current liabilities	4,222	2,304
Intangible fixed assets	666	161	Noncurrent liabilities	46	24
Investments and Other	1,514	1,779	Net assets	10,905	8,565
Noncurrent assets	3,381	2,313	Total liabilities Equity	15,173	10,894

*Unit: ¥mn

Total assets at the end of the second quarter were 10.89 billion yen, down 4,270 million yen from the end of the previous term. On the debit side, cash and deposits decreased due to lower sales in the Global WiFi business, inventory holdings in the mobile communication business, and purchases of hygiene products for sale, as well as a drop in property, plant and equipment and intangible fixed assets due to impairment losses. On the credit side, net assets declined due to a decrease in retained earnings and an increase of treasury shares. Capital-to-asset ratio is 78.4% (71.7% at the end of the previous term).

Acquisition of treasury shares

The company acquired 909,000 common shares (1.89% of the total number of shares outstanding, excluding treasury shares) between February 25, 2020 and February 28, 2020, in order to improve capital efficiency. The total acquisition price was 985,674,100 yen. As of the end of the second quarter of the fiscal year ending Dec. 2020, the total number of outstanding shares was 49,027,800, and the number of treasury shares held by the company was 1,948,044.

Setting the commitment line

The company set a commitment line of 3.0 billion yen in May. In addition, with an overdraft facility of 250 million yen, the company had actual cash in hand of around 8.98 billion yen at the end of the second quarter. It is possible to take financial measures to implement agile financial strategies, including investments and measures that respond to changes in the environment. Also, even if the company executes all of its commitment lines, its capital-to-asset ratio will remain healthy at approx. 60% (based on the consolidated balance sheet at the end of the second quarter, if the company executes the full amount of its commitment lines and overdraft facilities).

3. Fiscal Year December 2020 Earnings Estimates

3-1 Consolidated Earnings

	FY 12/19 (actual)	Ratio to sales	FY 12/20 (forecast)	Ratio to sales	YOY
Sales	27,318	100.0%	16,700	100.0%	-38.9%
Gross Profit	15,690	57.4%	8,883	53.2%	-43.4%
SG&A	12,365	45.3%	9,203	55.1%	-25.6%
Operating income	3,325	12.2%	-320	-	-
Ordinary income	3,358	12.3%	-213	-	-
Net income	2,226	8.1%	-1,601	-	-

*Unit: ¥mn

Sales are estimated to fall 38.9% year on year, while operating loss is expected to be 320 million yen.

While the company assumes that there will be no social restrictions, such as a renewed declaration of a state of emergency, in the second half of the term, it does not anticipate renting to foreign travelers (outbound and inbound) (there is a small amount of use by long-term overseas visitors). Also, the company will conduct its management based on the assumption that the number of people travelling overseas will continue to fall dramatically even after the end of the fiscal year ending Dec. 2020. The company expects gross profit margin to improve after bottoming out in the second quarter (April to June) due to progress in cost reduction, and the operating loss in the second half is projected to be lower than the operating loss in the second quarter (April to June) (operating loss is expected to be 300 million yen in the second half and was 500 million yen in the second quarter).

Quarterly Results

	12/20-1Q	Ratio to sales	2Q	Ratio to sales	3Q+4Q Forecast	Ratio to sales
Sales	5,989	100.0%	3,641	100.0%	7,069	100.0%
Gross Profit	3,252	54.3%	1,569	43.1%	4,060	57.4%
SG&A	2,764	46.2%	2,072	56.9%	4,365	61.7%
Operating income	488	8.1%	-503	-	-304	-

*Unit: ¥mn

Trends by segment

	FY 12/19 (actual)	Composition Ratio	FY 12/20 (forecast)	Composition Ratio	YOY
Global WiFi	17,732	64.9%	6,971	41.7%	-60.7%
Information and Communications Service	8,955	32.8%	9,079	54.4%	+1.4%
Others and Adjustments	630	2.3%	650	3.9%	+3.2%
Consolidated Sales	27,318	100.0%	16,700	100.0%	-38.9%
Global WiFi	3,301	18.6%	-234	-	-
Information and Communications Service	1,363	15.2%	1,400	15.4%	+2.7%
Others and Adjustments	-1,339	-	-1,485	-	-
Consolidated Operating Income	3,325	12.2%	-320	-	-

*Unit: ¥mn

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Quarterly Results

	12/20-1Q	Composition Ratio	2Q	Composition Ratio	3Q+4Q Forecast	Composition Ratio
Global WiFi	3,347	55.9%	1,286	35.3%	2,337	33.0%
Information and Communications Service	2,515	42.0%	2,004	55.0%	4,561	64.4%
Others and Adjustments	126	2.1%	351	9.6%	172	2.4%
Consolidated Sales	5,989	100.0%	3,641	100.0%	7,069	100.0%
Global WiFi	326	9.7%	-347	-	-214	-
Information and Communications Service	517	20.6%	299	14.9%	583	12.8%
Others and Adjustments	-355	-	-454	-	-675	-
Consolidated Operating Income	488	8.1%	-503	-	-304	-

*Unit: ¥mn

4. Growth strategy considering the post-pandemic world where people will lead their daily lives while coping with the novel coronavirus

【Growth strategy】

By the end of the second quarter, the company had largely completed its loss improvement (defensive) measures. From the third quarter onwards, the company will be on the offensive to acquire earnings, while utilizing the experience and know-how it has cultivated over the 25 years since its founding to the maximum and making various investments.

Currently, the Global WiFi business has improved its monthly loss to less than 100 million yen, while the Information and Communication Service business has remained at the same level as the same period last year despite the impact of COVID-19. As a policy, the company aims to return to profitability on a single month basis in the Global WiFi business as early as possible and will allocate all resources other than those for the domestic Wi-Fi sales and ensuring its quality and operations, (in order to maintain a competitive advantage after the recovery of the number of travelers) to the Information and Communication Service business and new business development. In the Information and Communication Service business, the company plans to develop businesses and services utilizing its advantage in reeling in newly established companies in order to accelerate growth. In addition, the company will leverage corporate culture, organizational structure, business partners, and customer assets to the fullest extent possible to cross-sell services that are highly demanded by existing customers in the Global WiFi business and the Information and Communication Service business. The company will also work on the development of new businesses, products and services.

4-1 Global WiFi business

According to data released by the Japan National Tourism Organization (JNTO), the number of people who traveled overseas in each month from April to June was close to zero, down 99% year on year for both outbound and inbound travelers. Assuming that the number of people traveling overseas will not recover this year and even after the next year, the company aims to secure profits by operating at a minimal cost. The company also strives to build an organization that can withstand operations with a minimum number of staff by improving the efficiency of operations and productivity, etc., to maximize profit margins and increase the usage rate after the recovery of international travelers.

Specific initiatives include “strengthening domestic Wi-Fi,” “personnel,” “shipping centers,” “airport counters,” “cost reduction,” and “new services.”

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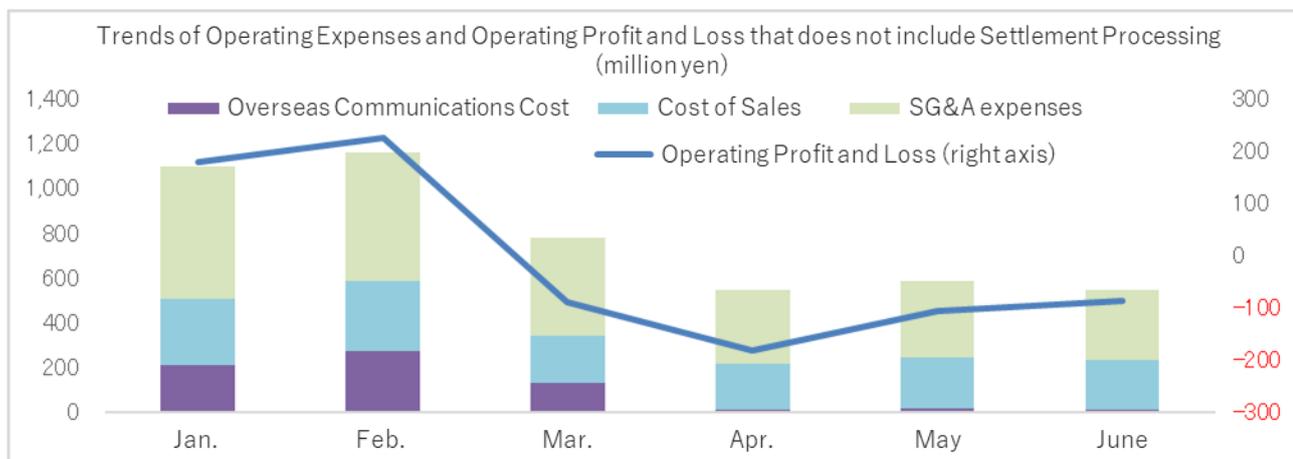


Strengthening domestic Wi-Fi	In addition to strengthening sales of Wi-Fi for telework to businesses, the company is also working to expand sales to educational institutions and municipalities. For businesses, the company will raise recognition of the “Global WiFi for Biz” domestic plan option, which would be always available within the company, to expand sales.
Personnel	The company will enhance its sales promotion system for domestic Wi-Fi by transferring personnel not involved in the development of new technologies to the Information and Communication Service business, etc. In addition, it will use employment adjustment subsidies (special subsidies provided amid COVID-19) to adjust the employment (absence from work) of some of the personnel.
Shipping centers	The company will utilize them as shipping centers for the Information and Communication Service business to reduce outsourcing costs for the entire Group.
Airport counters	While the company has suspended operation or shortened business hours of some stores, it will move the store digitalization strategy forward (increase the number of unmanned stores for smart pickups + SIM vending machines, etc.) in order to reduce store operating costs. It will also add a new delivery method (convenience store) and significantly streamline the system (reduce fixed costs).
Cost reduction	In addition to suspending or cancelling SIMs that generate fixed costs (approx. 80% of SIMs are currently on a pay-as-you-go system), the company will cut advertising costs and reduce business travel expenses and travel time by switching to Zoom negotiations.
New services	The company is developing new services for corporate and individual clients travelling overseas. Also, it will pursue business partnerships outside the Global WiFi business with domestic and international partners.

Cost reduction

While the past effects of making costs more variable are becoming apparent, the company is working on further cost reduction. To be specific, cost of sales has been reduced through a communication purchase contract based on the pay-as-you-go system that does not incur communication costs unless the communication is generated. The majority of SIMs that incur fixed costs (for overseas use) do not incur communication costs due to their suspension, and the communication costs of SIMs that incur fixed costs (for overseas use) are compressed to around 4 million yen per month (with a small amount of use by long-term overseas residents).

Costs that vary depending on the number of rentals include communication costs, shipping and delivery costs, and credit card transaction fee.



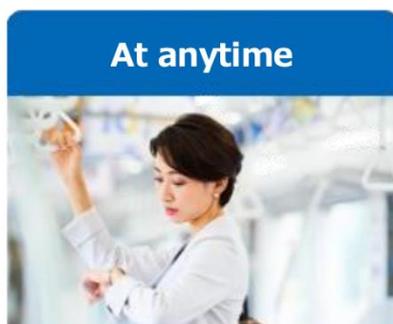
A New delivery method: commencement of pickup services at convenience stores

Considering the convenience, the company has begun offering pickup services at Seven-Eleven stores nationwide (excluding Okinawa) near workplaces and homes. If the store is open, goods can be picked up even late at night, which can serve as an alternative to avoid crowded places such as airport counters.



At Seven-Eleven near you

You can pick it up at Seven-Eleven near you.



At anytime

You can pick it up even at midnight if the store is open.



Ready-to-go in advance

You don't need to wait at the airport counter.

(From the reference material of the company)

4-2 Information and Communication Service business

Despite the delay caused by the temporary suspension in lease inspections due to the coronavirus crisis, the situation returned to normal after the state of emergency was lifted. Also, in response to the rapid changes in work styles in the wake of the coronavirus crisis, the company worked to improve its infrastructure to facilitate telework and operation efficiency, and to reduce costs. In the future, the company will focus on providing products and services in response to the changes in work styles (by planning and selling products supporting telework) and establish a sales style that is not restricted by location in order to maximize per capita productivity and generate recurring revenue to support stable growth.

Specific efforts include “planning and selling products supporting telework,” “sales style not restricted by location,” “maximizing per capita productivity,” “expanding sales of cost-cutting products,” “hybrid synergy model,” and “expanding recurring revenues.”

<p>Planning and selling products supporting telework</p>	<p>The company will plan and sell the VWS (Vision Web Service) series, “JANDI” (social networking service for business), “Meet in” (web conferencing and online business meeting system), “tele receptionist (Telere)” (telephone answering service), and other services that are operated and improved within the company, as needed.</p>
<p>Sales style that is not restricted by location</p>	<p>The company will actively promote teleworking and enhance online and inside sales. Also, it will expand sales areas while minimizing the number of sales visits to customers to reduce sales costs (such as transportation and overtime costs).</p>
<p>Maximizing per capita productivity</p>	<p>The company aims to improve productivity by maximizing the number of business meetings (with zero travel time) and standardizing training through the acquisition of business meeting appointments based on its 15 years of experience in web marketing, and strengthen retention CRM by thoroughly analyzing customer attributes.</p>
<p>Expanding sales of cost-cutting products</p>	<p>The company will promote sales by offering various discounted communication services and enhance orders for low-cost website production/maintenance services. It will also work on providing products and services that reduce initial installation costs.</p>
<p>Hybrid synergy model</p>	<p>The company’s unique hybrid synergy model of “WEB marketing + CLT (customer center) + sales” and cross-functional organizational structure will allow it to maximize the use of customer assets and promote escalation (inter-division collaboration and customer referrals).</p>

Expanding recurring revenues	In addition to existing recurring revenues, the company will strengthen sales of online products, corporate mobile phones maintenance services (Gala Support), website maintenance services, LED sales, etc. Furthermore, it will increase the number of customers through business alliances.
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Commencement of sales of a web conferencing and online business meeting system, “meet in.”

The system enables online business negotiations as long as there is an Internet connection. It has functions such as document and screen sharing, contract stamping, business cards exchange with multiple people, recording, and questionnaires. Online business negotiations and meetings can reduce travel time as well as travel expenses.

Launched “tele receptionist <Telere>,” a telephone answering service.

This is a telephone answering service that was started in response to client companies’ demands such as “I’m worried about setting up an answering machine for companies that have introduced telework” and “I want to avoid missing calls when I’m not in the office for sales activities.” The service is available free of charge for 10 days.

Began offering a new website production service, “Vision Crafts!” full scale.

The company began offering a website production service that is easy to use and “visually communicated!” utilizing its experience of producing more than 100 websites per month (available from 3,980 yen/month).

5. Conclusions

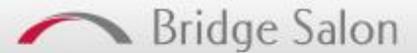
A report released in July by the United Nations Conference on Trade and Development (UNCTAD) said that the global tourism revenue is expected to decline by up to \$3.3 trillion due to restrictions on movement caused by the spread of COVID-19. The company’s results for the first half of the term were also significantly affected, but it succeeded in reducing costs substantially in a short period of time. In the second half, the Global WiFi business was able to break even on domestic Wi-Fi alone while maintaining the same structure as when demand was recovering, thanks to constant efforts to reduce costs and a company-wide cost-cutting mindset that had been in place since earnings were strong. Further, the Information and Communication Service business, which has been steadily building its stock, has also demonstrated the diversity and stability of its earnings.

The government positioned Vietnam, Thailand, Australia, and New Zealand as the first round of countries to negotiate the easing of entry and exit from the country in June, and in July, it included Taiwan, China, South Korea, Singapore, Malaysia, Brunei, Myanmar, Cambodia, Laos and Mongolia as the second round of countries. In June, the development Bank of Japan, a government-affiliated financial institution, conducted a survey online jointly with the Nippon Kotsu Public Corporation (more than 6,200 people in 12 countries and regions, including the U.S., France, China, and South Korea, responded to the survey) and asked the respondents whether they would like to travel abroad after the coronavirus pandemic has ended. Many foreigners said they would like to travel again once the pandemic was over, and Japan was the most popular destination. While the company plans to operate under conservative assumptions, the business environment has been slowly improving. As the company is increasingly cutting down on its costs, profit will surge if revenue increases. We are looking forward to opportunities after the crisis.

<For reference: Initiatives for ESG・SDGs>

In a desire to contribute to “the future of telecommunication will be for the betterment of everyone’s future,” the company aims to increase its corporate value and for continuous growth through management and business strategies giving consideration to ESG (“Environment, Social, and Governance.”) Further, it will contribute to the revolution in telecommunications technology and sustainable development of the society by taking measure to solve major social issues included in the SDGs provided by the United Nations. The SDGs are global goals intended to be achieved between 2016 and 2030, specified in the “2030 Agenda for Sustainable Development” adopted in the United Nations Summit held in September 2015.

BRIDGE REPORT



Environmental



The company has acquired “Green Site License” that offsets carbon emissions via websites and an environmental certification for prevention of global warming by “Green Power” as part of CO₂ reduction activities of website. Additionally, the company carries out information transmission, support activities in affected areas, and cooperates with and provides support for “Shinsai Regain,” a specified NPO supporting various activities, to achieve “realize a society where people can support each other in times of earthquake disasters.” Furthermore, the company is promoting affordable rental of energy-saving LED lighting and paperless operation within the company.

Social



With health and well-being, the balance between job satisfaction and economic growth, and equality in mind, the company is promoting measures such as the use of various recruitment channels (fair hiring, referral hiring, employment of female workers (32%), multinational workers (15.3%), and disabled people), the introduction of a personnel system and its own benefit system in line with the environment of the times (shorter working hours, shift-work system, flextime system, hydration allowance in summer, flu shots subsidy, etc.), and continued increases in average annual income. Also, the company is making efforts to ensure an environment where employees can focus on their work by running “Vision Kinds Nursery,” a company-led nursery and hire human resources with childcare responsibilities and motivation to work, in addition to making work rules flexible and enhancing the leave system for employees at the time of childbirth or with small children, in order to support their child care and create a working environment with comfort. (established a childcare facility on CLT’s premises, where more than 90% of the employees are women.) In addition to the above, the company supports the activities of Japan Heart, which works based on the idea of “delivering medical care to where it does not reach” to realize a society where everyone can receive medical care equally regardless of their countries, regions, race, politics, religion or circumstances and feel “grateful to have been born,” as one of the corporate members.

Governance



The company has obtained “ISO/IEC 27001,” the ISMS international standard, and is taking measures for information assets’ correct and safe handling, operation, monitoring, revision, maintenance, and continuous improvement, in order to protect them within the applicable range from the threats related to information security.

Furthermore, the company promotes risk management in business activities and thorough compliance to strengthen governance considering the importance to win continuous trust from the stakeholders, and also appoints 3 out of 6 directors from outside(including one woman) who are enterprise managers, and all 4 auditors too from outside who are accountants or lawyers to ensure transparency and soundness in management.

<Reference: Regarding corporate governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with an audit and supervisory board
Directors	6 directors, including 3 outside one
Auditors	4 auditors, including 4 outside ones

◎ Corporate Governance Report : Updated on April 1, 2020

Basic policy

Our corporate group improves ourselves to change clients' expectations into impression, pursues innovation without hesitation to actualize the ideal, always feels grateful about the support of many people (stakeholders), and operates its business activities with a humble mindset. Under this code of conduct, Vision observes laws, in-company regulations, and policies, carries out business in good faith, and strives to realize optimal corporate governance.

<Main Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts) >

【Principle 4-1-3 Roles and responsibilities of the board of directors (1) (To oversee the planning by a successor to the chief executive officer and others)】

Under a business environment that will change from time to time, our company will have thorough discussion before appointing top executives. For instance, in our company the board of directors will designate top executives from candidates who are considered appropriate for the position in terms of their personality, knowledge, business performance, and other factors, in accordance with our management philosophy and business strategies. We will hold discussion on supervision of succession planning.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

【Principle 4-8 Effective utilization of independent outside directors】

In the company, three of the six directors are independent outside directors. We believe that the three independent outside directors will contribute to strengthening our corporate governance by utilizing their extensive experience in web marketing, inbound business, the financial industry, global business, and other areas, as well as their experience as corporate managers, to monitor the company's management and provide advice on the company's overall management.

【Principle 4-9 Criteria for judging the independence of independent outside directors and their qualifications】

The company selects its directors with reference to the Companies Act and the standards established by the Tokyo Stock Exchange. In addition, the company has selected individuals who can provide advice on all aspects of the company's management based on their extensive experience and knowledge.

【Supplementary Principle 4-11-1 Preconditions for ensuring the effectiveness of the board of directors and board of corporate auditors (policies and procedures for the composition and selection of the board of directors)】

The company's board of directors consists of internal directors who are well versed in the company's business and operations, and external directors who have a wealth of experience and a broad range of knowledge to ensure a balance and diversity of knowledge, experience, and abilities across the board.

【Supplementary principle 4-11-2 Preconditions for ensuring the effectiveness of the board of directors and board of corporate auditors (concurrent positions of directors and corporate auditors)】

Directors and corporate auditors allocate the time and efforts necessary to properly perform their roles and responsibilities to their duties as directors and corporate auditors, and their concurrent positions are within a reasonable range. The status of their concurrent positions is disclosed in the reference document of the notice of the general meeting of shareholders, the business report, and the annual securities report.

【Supplementary Principle 4-11-3 Preconditions for ensuring the effectiveness of the board of directors and board of corporate auditors (analysis and evaluation related to the effectiveness of the board of directors)】

Based on the current status of comments and discussions on the board including the outside directors and outside corporate auditors, we believe that the effectiveness of the company's board of directors is maintained. In addition, each director is asked to complete a self-evaluation questionnaire, the results of which are confirmed by the external auditors, in an effort to further improve the effectiveness and functions of the system.

【Principle 5-1 Policy for constructive dialogue with shareholders】

If shareholders or others want to have a dialogue with Vision, the company will respond positively within a reasonable range, to contribute to the sustainable growth of the company and the medium to long-term improvement in corporate value. As of now, Vision holds a briefing session attended by the president or a director in charge of IR two or more times per year, meetings with institutional investors domestic and foreign, briefing sessions for individual investors several times a year, and so on. The information on their results is properly shared through meetings of the board of directors, etc. In addition, Vision takes thoroughgoing measures for preventing the leakage of insider information.

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