



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 (End of the term)		Total Market Cap	ROE (Act.)	Trading Unit
¥1,129	49,047,600 shares		¥55,374 million	-12.1%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR
¥0.00	-	¥14.55	77.6x	¥185.79	6.1x

* Stock price as of the close on August 24, 2021. Shares outstanding, DPS and EPS are taken from the brief financial report for the second quarter of FY December 2021. ROE and BPS are the results in the previous term.

Consolidated Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
Dec. 2017 (Actual)	17,554	1,788	1,795	1,208	24.76	0.00
Dec. 2018 (Actual)	21,503	2,484	2,499	1,529	31.40	0.00
Dec. 2019 (Actual)	27,318	3,325	3,358	2,226	46.05	0.00
Dec. 2020 (Actual)	16,654	103	227	-1,183	-25.07	0.00
Dec. 2021 (Forecast)	17,468	1,007	1,028	685	14.55	0.00

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

This Bridge Report outlines Vision's results for the second quarter of FY December 2021 and the forecast for the fiscal year ending December 2021.

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Key Points

- The sales in the second quarter of the fiscal year ending Dec. 2021 declined 10.2% year on year to 8,644 million yen. Although the company actively met various needs for use of mobile Wi-Fi routers, sales declined due to having almost no overseas travelers from January to June of 2021, while from January to February of the previous year, there were sales from outbound and inbound travelers before the spread of the novel coronavirus infection. The Information and Communications Service Business saw an increase in sales due to changes in the business structure (increase in sales of goods: mobile communication equipment, office automation equipment, etc.), as well as strong sales of mobile communication equipment (for telework applications, switching to smartphones, etc.). Operating income was 654 million yen, returning to profitability from a loss of 15 million yen in the same period in the previous term. In addition to a decrease in the cost of sales due to a decrease in overseas communication costs (pay-as-you-go contracts that charge users according to the use of communications services), depreciation of rental assets (Wi-Fi routers), and a decrease in costs for outsourcing to partners due to a decrease in the number of overseas travelers, there was a decrease in SG&A expenses such as costs that are tied directly to sales including labor costs, advertising costs including listing fees, packing and transportation costs, and travel expenses. Profit exceeded the initial forecasts because the decline in sales was not as large as expected and SG&A expenses were reduced.
- The company announced its full-year earnings forecasts for the fiscal year ending Dec. 2021, which had been undecided. Sales are expected to increase 4.9% year on year to 17,468 million yen, and operating income is projected to increase 869.6% year on year to 1,007 million yen. The situation of the novel coronavirus (including mutated strains) in various countries, the status of vaccination and its effects, the impact on the business activities of companies and stores, and the status of overseas travel with vaccine passports are expected to remain uncertain. The company plans to improve its earnings and profit margins through flexible business operations amid the novel coronavirus pandemic, while aggressively developing new businesses and services (including the improvement of convenience) in anticipation of the post-pandemic period, to achieve growth that exceeds the growth potential before the spread of the novel coronavirus.
- The Global WiFi Business seems to be firmly in the black on a quarterly basis. The number of subscriptions and usage for Global WiFi for Biz, a standby type Wi-Fi router rental service for corporations, have been increasing due to the growing use of the service for telework. Although the state of emergency has been extended again until September 12, the company has always been aware that the severe and uncertain business environment will continue this term, and it is actively working to capture demand in the wake of the novel coronavirus crisis.
- While it may take some time for the company to achieve full-fledged growth again through the recovery of travel, we will be watching the company's progress in building a stable business foundation through the expansion of its business portfolio, including the strengthening and launch of medium to long-term stable businesses such as the strengthening of its own monthly service and the new electricity service Vision Denki, and the launch of the Glamping Business, in which the company already has expertise.

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 18 consolidated subsidiaries, both inside and outside Japan. Of those, the 6 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 Revolution 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.

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)

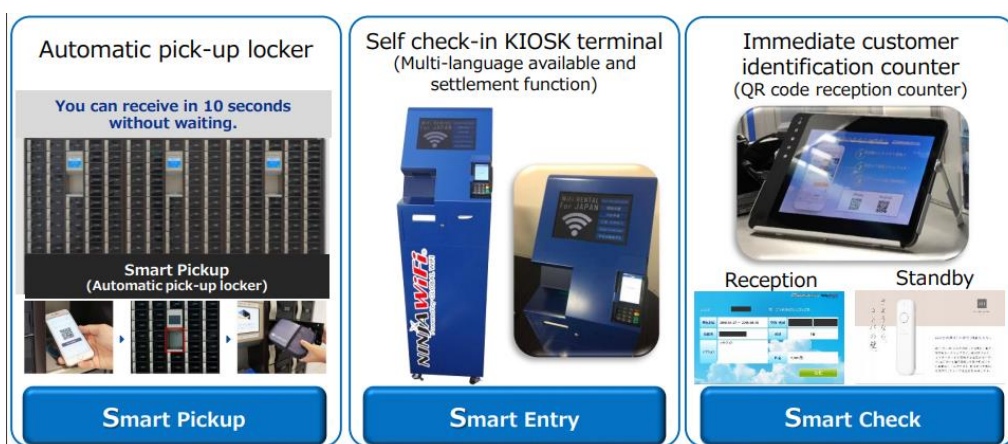
Advantages (1) Affordable fixed-rate system, (2) the most comprehensive area coverage, (3) comfort, (4) safety/security, and (5) substantial support bases and corporate sales capabilities ⇒ One of the largest customer bases in the industry

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).

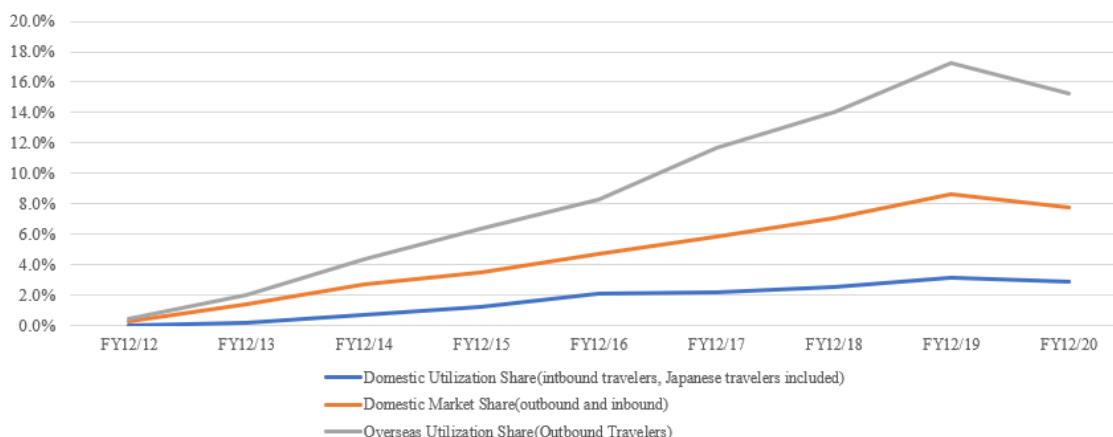


(From the reference material of the company)

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).

The Utilization rate of the Company's WIFI rental service (Japan)



Although demand for both inbound and outbound services have disappeared due to the spread of the novel coronavirus, the company is aggressively expanding sales of the domestic plan option of its standby type service for corporations, Global WiFi for Biz, to meet the growing demand for telework.

At the moment, corporate employees' overseas travel is stagnant, but the company is strengthening its relationships with corporate clients to gain a competitive advantage when travel recovers.

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 12 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 118,999 in Japan in 2020), 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. The Second Quarter of Fiscal Year Ending December 2021 Earnings Results

2-1 Consolidated Business Results

	2Q of FY 12/20	Ratio to sales	2Q of FY 12/21	Ratio to sales	YoY	Compared with revised forecast
Sales	9,630	100.0%	8,644	100.0%	-10.2%	+6.1%
Gross profit	4,822	50.1%	4,505	52.1%	-6.6%	+1.4%
SG&A expenses	4,837	50.2%	3,851	44.5%	-20.4%	-2.2%
Operating income	-15	-	654	7.6%	-	+29.1%
Ordinary income	66	0.7%	680	7.9%	+922.1%	+28.0%
Quarterly net income	-1,352	-	455	5.3%	-	+21.3%

*Unit: ¥mn The Quarterly net profit is the quarterly profit attributable to owners of the parent company. The revised forecast was announced in May 2021.

Sales declined but moved to black. Profit exceeded the revised forecasts

Sales fell 10.2% year on year to 8,644 million yen.

Although the company actively met various needs for use of mobile Wi-Fi routers, sales declined due to having almost no overseas travelers from January to June of 2021, while from January to February of the previous year, there were sales from outbound and inbound travelers before the spread of the novel coronavirus infection.

The Information and Communications Service business saw an increase in sales due to changes in the business structure (increase in sales of goods: mobile communication equipment, office automation equipment, etc.), as well as strong sales of mobile communication equipment (for telework applications, switching to smartphones, etc.).

BRIDGE REPORT



Operating income was 654 million yen, returning to profitability from a loss of 15 million yen in the same period in the previous term. In addition to a decrease in the cost of sales due to a decrease in overseas communication costs (pay-as-you-go contracts that charge users according to the use of communications services), depreciation of rental assets (Wi-Fi routers), and a decrease in costs for outsourcing to partners due to a decrease in the number of overseas travelers, there was a decrease in SG&A expenses such as costs that are tied directly to sales including labor costs, advertising costs including listing fees, packing and transportation costs, and travel expenses.

Profit exceeded the initial forecasts because the decline in sales was not as large as expected and SG&A expenses were reduced.

Quarterly business results

	19/12-1Q	2Q	3Q	4Q	20/12-1Q	2Q	3Q	4Q	21/12-1Q	2Q	3Q	4Q
Sales	6,470	6,467	7,610	6,770	5,989	3,641	3,477	3,546	3,938	4,706	-	-
Gross profit	3,797	3,698	4,474	3,719	3,252	1,569	2,001	1,969	2,176	2,328	-	-
SG&A expenses	2,817	2,988	3,194	3,364	2,764	2,072	1,928	1,923	1,890	1,960	-	-
Operating income	980	710	1,280	354	488	-503	73	45	285	368	-	-
Ordinary income	980	692	1,338	346	496	-429	101	60	313	367	-	-
Quarterly net income	669	406	911	239	116	-1,468	124	42	232	223	-	-
Gross Profit Margin	58.7%	57.2%	58.8%	54.9%	54.3%	43.1%	57.6%	55.5%	55.3%	49.5%	-	-
SG&A ratio	43.6%	46.2%	42.0%	49.7%	46.2%	56.9%	55.4%	54.2%	48.0%	41.7%	-	-
Operating income ratio	15.1%	11.0%	16.8%	5.2%	8.1%	-13.8%	2.1%	1.3%	7.3%	7.8%	-	-

*Unit: ¥mn

Even on a quarterly basis, sales increased year on year and the company moved into the black. Operating income margin also increased as the Global WiFi Business turned profitable.

2-2 Trends by segment

	2Q of FY 12/20	Composition Ratio	2Q of FY 12/21	Composition Ratio • Profit Ratio	YoY	Compared with revised forecast
Global WiFi	4,634	48.1%	3,865	44.7%	-16.6%	+14.3%
Information and Communications Service	4,518	46.9%	4,654	53.8%	+3.0%	+1.0%
Others	478	5.0%	124	1.4%	-73.9%	-22.1%
Consolidated Sales	9,630	100.0%	8,644	100.0%	-10.2%	+6.1%
Global WiFi	-20	-	380	9.8%	-	-
Information and Communications Service	817	18.1%	777	16.7%	-4.8%	-
Others	-306	-	-40	-	-	-
Adjustments	-504	-	-463	-	-	-
Consolidated Operating Income	-15	-	654	7.6%	-	-

*Unit: ¥mn. Sales represents sales to external customers. The revised forecast was announced in May2021.

	19/12-1Q	2Q	3Q	4Q	20/12-1Q	2Q	3Q	4Q	21/12-1Q	2Q	3Q	4Q
Global WiFi	4,075	4,109	5,084	4,462	3,347	1,286	1,272	1,371	1,515	2,349	-	-
Information and Communications Service	2,302	2,206	2,330	2,115	2,514	2,003	2,145	2,133	2,357	2,297	-	-
Others	92	151	194	192	126	351	59	41	65	59	-	-
Consolidated Sales	6,470	6,467	7,610	6,770	5,989	3,641	3,477	3,546	3,938	4,706	-	-
Global WiFi	871	724	1,274	430	326	-347	-27	-42	117	262	-	-
Information and Communications Service	482	350	342	188	517	299	367	335	410	367	-	-
Others	-86	-70	-61	-47	-91	-214	-49	-36	-17	-22	-	-
Adjustments	-286	-293	-275	-217	-264	-240	-217	-210	-224	-239	-	-
Consolidated Operating Income	980	710	1,280	354	488	-503	73	45	285	368	-	-

*Unit: ¥mn. Sales represents sales to external customers.

Global WiFi Business

Sales decreased year on year and this business moved into the black. Sales exceeded the revised forecast.

Following the re-issuance of the state of emergency declaration, sales of Global WiFi for Biz, the standby type service for corporate clients were strong, and in addition to the needs from teleworkers, lecturers of online classes and training, and local governments (boards of education, etc.) based on the GIGA school concept, the company met various usage needs (such as a substitute for moving, hospitalization, business trip, combined usage with home line, and at various events) by making the most of its experience and knowledge in the Wi-Fi router rental business in Japan since 2010. In addition, the company was newly commissioned to perform application verification work, which is part of the waterfront counter measure conducted by the airport quarantine station.

Sales and profit increased from the previous term. Monthly operating income has been in the black since December 2020, and the recovery trend is picking up

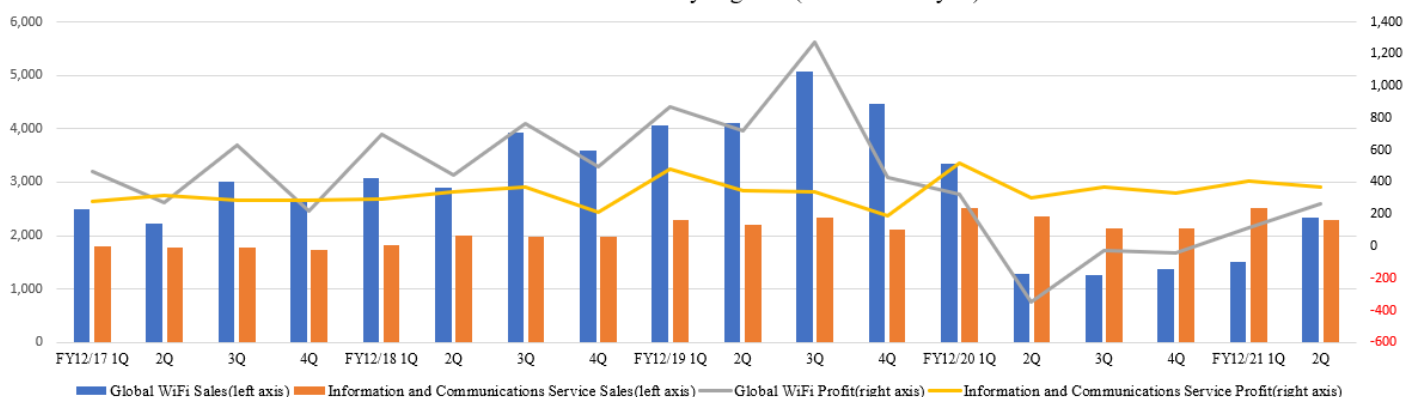
Information and Communications Service Business

Sales increased and profit decreased. Sales were almost in line with the revised forecast.

While sales increased due to changes in the business structure (increase in sales of physical products: mobile communication equipment, office automation equipment, etc.), profit decreased due to a decrease in the unit price of outsourced service commissions (agency commissions) caused by the sharp rise in electricity retail prices, as well as the strengthening of sales of in-house (monthly subscription) services.

The revenue base (recurring revenue), i.e., subscription revenue and in-house services (monthly subscription), is increasing.

Sales and Profit trends by segment(unit: million yen)



2-3 Financial Condition and Cash Flow

◎Financial Condition

	December 2020	June 2021	Increase/ decrease		December 2020	June 2021	Increase/ decrease
Current assets	8,872	9,868	+995	Current liabilities	2,507	2,918	+410
Cash and deposits	6,650	7,142	+491	Trade payables	716	846	+129
Trade receivables	1,428	2,034	+605	Provision for bonuses	159	188	+29
Noncurrent assets	2,440	2,332	-108	Noncurrent liabilities	36	28	-7
Property, plant and equipment	342	384	+41	Total liabilities	2,543	2,946	+402
Intangible fixed assets	196	210	+14	Net assets	8,769	9,253	+484
Investments and other	1,900	1,736	-164	Net retained earnings	6,359	6,815	+455
Total assets	11,313	12,200	+887	Total liabilities Equity	11,313	12,200	+887

*Unit: ¥mn

Total assets increased 887 million yen from the end of the previous term to 12.2 billion yen due to increases in cash and deposits and trade receivables.

Total liabilities increased 402 million yen from the end of the previous term to 2,946 million yen due to an increase in accounts payable. Net assets increased 484 million yen from the end of the previous term to 9,253 million yen due to an increase in retained earnings.

Capital-to-asset ratio decreased 1.5 points from the end of the previous term to 75.8%.

◎Cash Flow

	2Q of FY 12/20	2Q of FY 12/21	Increase/ decrease
Operating Cash Flow (A)	-1,150	590	+1,740
Investing Cash Flow (B)	-476	-134	+342
Free Cash Flow (A+B)	-1,627	455	+2,082
Financing Cash Flow	-1,006	6	+1,012
Balance of cash and cash equivalents	5,846	7,171	+1,324

*Unit: ¥mn

Operating CF and free CF turned positive due to the posting of quarterly net income before taxes.

The cash position improved.

2-4 Topics

(1) Launch of the new electric power service, Vision Denki

In August 2021, the company launched Vision Denki, a new electricity service that helps reduce electricity costs.

(Background of the launch)

Since the deregulation of the power industry, the company has been working with retail electricity providers to help customers reduce their electricity bills by offering a subscription service in response to their comments that the tariff system is difficult to understand and remains expensive in the end.

Under such circumstances, the company considered that it would be able to provide more affordable and stable low-voltage electricity by becoming a direct retail electricity provider and offering its own rate plans. In addition, the company started providing this service because it is expected to be a stable source of revenues.

(Future prospects)

The impact on the company's business performance in the fiscal year ending Dec. 2021 was reflected in the August forecast: "Sales: -26 million yen, Operating income: -166 million yen" as the difference in sales and operating income assuming the same number of subscriptions are obtained with Vision Denki and the conventional subscription agency model.

The company will shift from a revenue model based on subscription agency services (number of contracts × agency fee unit price) to a revenue model based on in-house services (directly acting as a retail electricity provider and providing electricity) (number of contracts × end-user electricity bills - electricity cost). During this shifting period, earnings will temporarily decrease compared to the current earnings from subscription agency services, but the company will work to build a stable earnings base over the long term that is not easily affected by the external environment.

The following table shows the trend of sales of Vision Denki, business profit, ARR (annual recurring revenue), and the number of contracts in force at the end of the term (estimated).

In addition to being a service that can be offered to all existing customers from the perspective of electricity use, the company believes that it will be a stable business over the medium to long term because it is not a service that requires frequent switching.

In addition, sales of peripheral products such as air conditioners, which the company has been handling for some time, are expected to increase.

	2021	2022	2023	2024	2025
Sales	63	1,156	2,998	5,298	7,605
Business profit	-144	-179	19	420	949
ARR	85	451	977	1,572	2,105
Number of contracts held at the term end	1,841	9,717	20,473	32,516	43,543

*Unit: ¥mn, contracts

*ARR (Annual Recurring Revenue) is gross profit. Calculated by multiplying the MRR (Monthly Recurring Revenue) as of the end of each term by 12. MRR is an indicator of the stable revenue that a company can earn repeatedly each month.

(2) Confirmation of compliance with the listing maintenance standards of the Prime Market

The company received the "Results of Primary Screening Regarding Compliance with Listing Maintenance Standards under the New Market Category" from Tokyo Stock Exchange, Inc. with June 30, 2021 as the transition record date, and confirmed that it complies with the listing maintenance standards for the Prime Market in terms of "number of tradable shares," "total market capitalization of tradable shares," "tradable share ratio," and "trading value."

The Board of Directors will carefully discuss and decide on the procedures for selection to the new market segment scheduled to start in September 2021, and will proceed with the prescribed procedures for application for selection to the new market segment.

3. Fiscal Year Ending December 2021 Earnings Estimates

3-1 Consolidated Earnings Forecast

	FY 12/20	Ratio to sales	FY 12/21 (forecast)	Ratio to sales	YoY
Sales	16,654	100.0%	17,468	100.0%	+4.9%
Gross Profit	8,793	52.8%	9,207	52.7%	+4.7%
SG&A	8,689	52.2%	8,200	46.9%	-5.6%
Operating income	103	0.6%	1,007	5.8%	+869.6%
Ordinary income	227	1.4%	1,028	5.9%	+351.1%
Net income	-1,183	-	685	3.9%	-

* Unit: ¥mn

Announced its full-year earnings forecast, expecting sales and profit increase

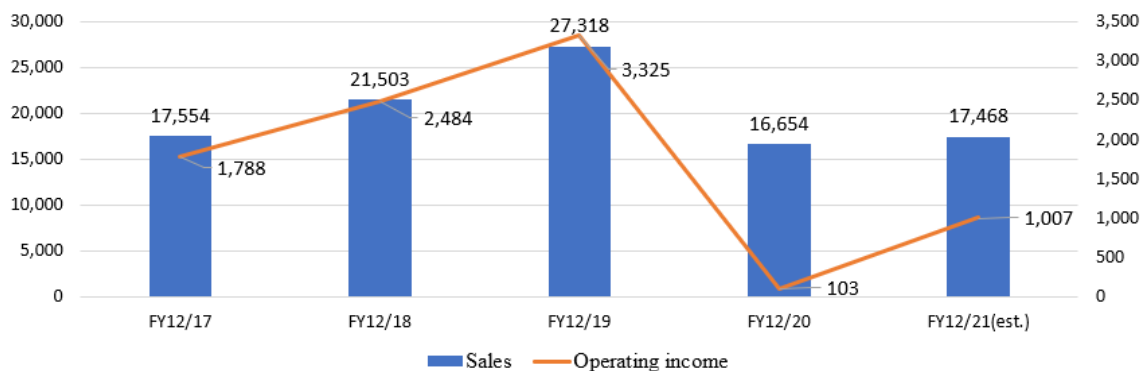
The company announced its full-year earnings forecasts for the fiscal year ending Dec. 2021, which had been undecided. Sales are expected to increase 4.9% year on year to 17,468 million yen, and operating income is projected to increase 869.6% year on year to 1,007 million yen.

The situation of the novel coronavirus (including mutated strains) in various countries, the status of vaccination and its effects, the impact on the business activities of companies and stores, and the status of overseas travel with vaccine passports are expected to remain

uncertain.

The company plans to improve its earnings and profit margins through flexible business operations amid the novel coronavirus pandemic, while aggressively developing new businesses and services (including the improvement of convenience) in anticipation of the post-pandemic period, to achieve growth that exceeds the growth potential before the spread of the novel coronavirus.

Trends of Sales and Operating income (unit: million yen)



3-2 Forecast by Segment

	FY 12/20	Composition Ratio	FY 12/21 (forecast)	Composition Ratio • Profit Ratio	YoY
Global WiFi	7,278	43.7%	8,319	47.6%	+14.3%
Information and Communications Service	8,796	52.8%	8,882	50.8%	+0.9%
Others	579	3.5%	271	1.6%	-53.2%
Consolidated net sales	16,654	100.0%	17,468	100.0%	+4.9%
Global WiFi	-90	-	803	9.7%	-
Information and Communications Service	1,520	17.3%	1,242	14.0%	-18.2%
Others	-392	-	-50	-	-
Adjustments	-933	-	-988	-	-
Consolidated operating income	103	0.6%	1,007	5.8%	+869.6%

* Unit: ¥mn

Global WiFi Business

It is forecasted that sales will increase and the business will move into the black.

The forecasts reflect steady domestic demand and the increase of subscriptions to Global WiFi for Biz, a standby type Wi-Fi router rental service for corporate customers.

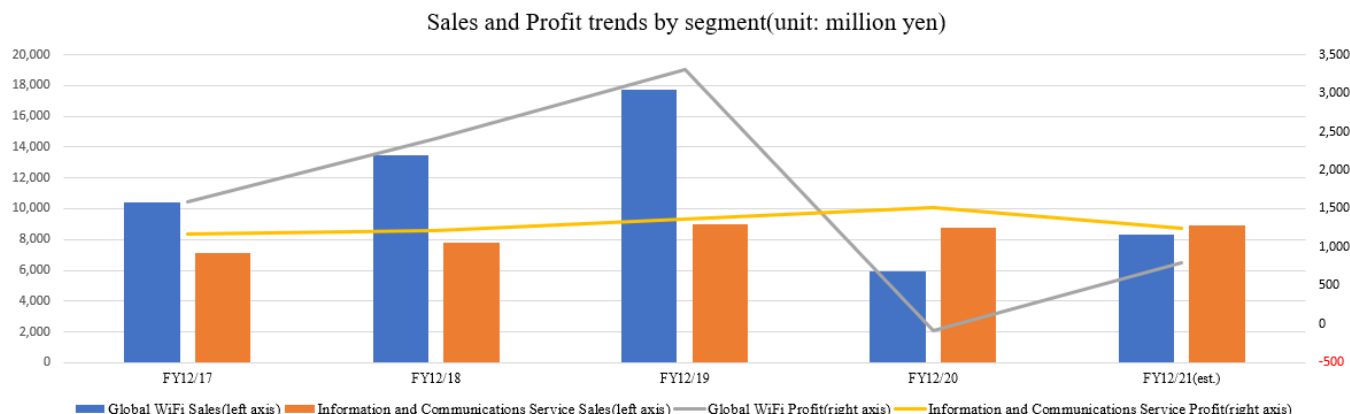
In addition, the forecasts reflect the assumption made in the February 15, 2021 announcement that "in the fourth quarter, the number of overseas travelers (outbound and inbound) will recover 25% from the same period in 2019," while the continuation of temporary contracted work during the pandemic is uncertain and has been excluded from the fourth quarter.

Information and Communications Service Business

Sales are expected to be unchanged from the previous term, with a decrease in profit.

The current robust situation and the increase in the number of in-house services (monthly subscriptions) are reflected in the forecast figures.

In addition, the aforementioned figures for the impact of the launch of Vision Denki on this term's financial results (sales: -26 million yen, operating income: -166 million yen) have been reflected.



4. Growth strategy considering the post-pandemic world

4-1 Growth strategy

For existing businesses, the company will focus on improving productivity by adapting to an online environment, so-called the New Normal.

It has set the following key topics: (1) providing products and services that meet the needs of customers and the times, (2) building and strengthening online sales systems, (3) strengthening up/cross-selling via online business negotiations, etc., (4) brushing up the revenue structure, and (5) enhancing and expanding in-house services.

As for the creation of new businesses and services, Vision aims to foster businesses that will become a third pillar that utilizes its customer base that includes corporate customers in the startup growth phase, corporate customers that undergo business with overseas companies, government offices, local governments and schools, and individual customers that like traveling.

4-2 Specific initiatives

The main initiatives are outlined below.

<p>To actively expand sales of Global WiFi for Biz</p>	<p>The company will aggressively expand sales of the domestic plan option of Global WiFi for Biz, which is a standby type service for corporations. With the re-issuance of the emergency state declaration, the demand for this service for telework is on the rise.</p> <p>In terms of overseas telecommunication achievements (long-term use by local expatriates, etc.), utilization rate is gradually recovering in China, the U.S., Vietnam, South Korea, Thailand, etc.</p> <p>The company has started to offer a super-high-speed 5G plan, the first of its kind in the overseas Wi-Fi router rental industry. The service will start in Hawaii and the U.S. mainland and will be expanded to South Korea, China, Hong Kong, Taiwan, and such, as soon as it is ready. The company will continue its efforts to improve service quality, network quality, and expand the area of connectivity to provide comfortable mobile Internet access around the world for both tourism and business during and after the pandemic is controlled.</p> <p>Although corporate overseas travel is currently stagnant, in order to demonstrate its competitive edge when travel does recover, the company plans to strengthen its relationships with corporate customers.</p>
<p>To strengthen domestic Wi-Fi sales</p>	<p>In addition to strengthening sales of Wi-Fi for telework, the company will focus on expanding sales of Wi-Fi for educational institutions and local governments. Due to the convenience of renting in one-day units, the use of this service is increasing as a substitute for moving or hospitalization.</p>

BRIDGE REPORT



	<p>The company has advantages in marketing, brand strength (Global WiFi), price, the various communication plans that meet the needs, remote support in case of failure, and customer base.</p>
Online learning through the GIGA School Concept	<p>To contribute to the promotion of online learning as outlined in the GIGA School Concept by providing a wider range of options, such as Wi-Fi router rental, telecommunication device sales & data communication contracts.</p> <p>Local governments purchase Wi-Fi routers and distribute them to homes that do not have a Wi-Fi connection.</p>
Vision WiMAX	<p>A sales model service geared toward customers considering the purchase of a Wi-Fi router, created to meet the needs of people that want to be able to try using a Wi-Fi router before buying it (the most common answer in a questionnaire targeted at customers after renting a Wi-Fi router).</p> <p>Customers will first try out the router by renting it (with a special limited discount), check the communication environment, and then purchase the Wi-Fi router that meets their needs. Vision trades in the device when the contract is canceled.</p>
tsuyaku-fukikae.com (Interpreter-Dubbing.com)	<p>The company has launched interpretation services for online and offline business meeting and conference, as well as video translation and dubbing services under the slogan, "Overcoming the language barrier, make your business more global." It provides interpretation, translation, and dubbing services that can be used in a variety of business situations at reasonable prices.</p> <p>The company provides simultaneous and consecutive interpretation for business meetings and conferences with overseas companies and investors via web and telephone conferences, and creates dubbed videos, etc.</p>
To strengthen in-house services	<p>Sales of the VWS series, which provides only necessary functions in the cloud for a monthly fee, and Vision Crafts!, which is also a monthly home page building service, have been strong.</p>
Vision Denki, a new electricity service	<p>As mentioned above, even after the deregulation of electricity, the company has been supporting customers in reducing their electricity bills by partnering with retail electricity providers and acting as a subscription agency in response to their comments that the rate system is difficult to understand and remains expensive in the end. However, by becoming a direct retail electricity provider and offering its own rate plans, the company believes it will be able to provide more affordable and stable low-voltage electricity. In addition, the company started providing this service because it is expected to be a stable source of revenues.</p> <p>The company will contribute to the decarbonization (carbon neutrality) of customers. In terms of electricity use, this is a service that could be offered to all existing customers.</p>
Glamping Business	<p>The Glamping Business is scheduled to begin operations in the first half of 2022 as the third pillar of growth following the Information and Communications Service Business and the Global WiFi Business.</p> <p>The cost for acquisition of land for the operation (including lease), acquisition and installation of equipment such as dome-shaped tents, etc. is approximately 1.2 billion yen. The selection of sites, facilities, and services is progressing smoothly in preparation for the launch of the business.</p> <p>Air conditioning and heating, private toilet and outdoor bath, all-weather support, completely private space glamping.</p> <p>A major advantage is that President Sano's family already has the experience and knowledge in running the business.</p>

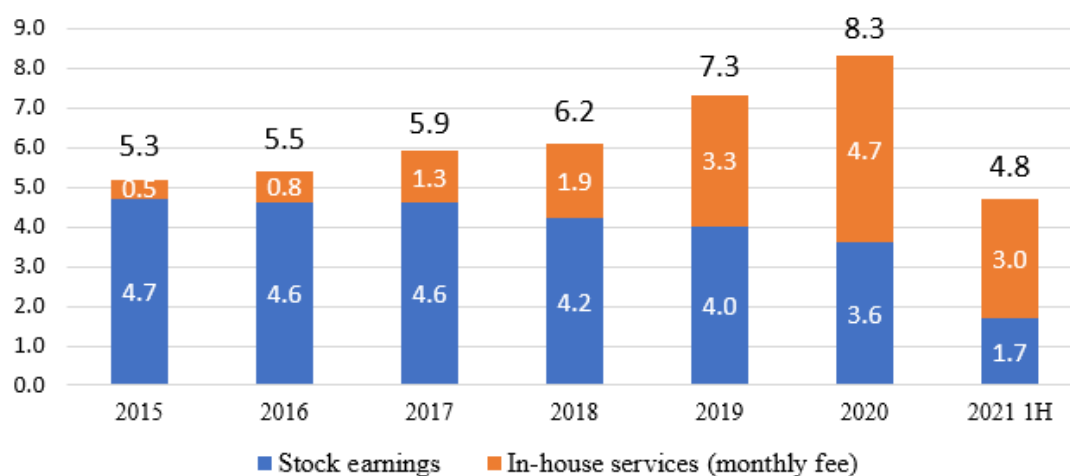
4-3 Expansion of Recurring Revenue and In-house Services

The company is working to strengthen its recurring revenue and in-house services (monthly subscription), which will provide a stable revenue base over the long term.

Since the fiscal year ended Dec. 2019, the company has been focusing on increasing subscriptions to in-house services (monthly subscription) and is strengthening sales and expanding services to achieve a gross profit of 1 billion yen. Gross profit for the first half of 2021 was made with good progress of 480 million yen.

(Recurring revenue includes the recurring fees associated with subscription agency contracts in the Information and Communications Service business and maintenance fees in the office automation equipment sales business.)

Stocks earnings and In-house services gross profit trends (100 million yen)



5. Conclusions

The Global WiFi Business seems to be firmly in the black on a quarterly basis. The number of subscriptions and usage for Global WiFi for Biz, a standby type service plan for corporations, have been increasing due to the growing use of the service for telework. Although the state of emergency has been extended again until September 12, the company has always been aware that the severe and uncertain business environment will continue this term, and it is actively working to capture demand in the wake of the novel coronavirus crisis.

While it may take some time for the company to achieve full-fledged growth again through the recovery of travel, we will be watching the company's progress in building a stable business foundation through the expansion of its business portfolio, including the strengthening and launch of medium to long-term stable businesses such as the strengthening of its own monthly service and the new electricity service Vision Denki, and the launch of the Glamping Business, in which the company already has expertise.

<Reference1: 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.

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. 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. The company is also operating its business with the minimum necessary amount of property, plant and equipment necessary. At the end of the fiscal year ended December 2020, property, plant and equipment accounted for 3% of total assets, with the company adapting to various changes in the environment.

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 (33%), multinational workers (16.9%), 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.). 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.

<Reference2: 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 August 12, 2021

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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