

2nd Quarter FY2021 Financial Results

August 10, 2021

Vision Inc.

TSE 1st Section : 9416



2Q FY2021 Financial Results (Consolidated)



(JPYmn, %)

| Item | FY2020/2Q Results | | Change | FY2021/2Q Results | |
|--|-------------------|-------------------|---------------|-------------------|-------------------|
| | Amount | Composition ratio | | Amount | Composition ratio |
| Sales | 9,630 | 100.0 | -985 | 8,644 | 100.0 |
| Gross profit | 4,822 | 50.1 | -317 | 4,505 | 52.1 |
| Operating profit or loss (-) | -15 | -0.2 | +669 | 654 | 7.6 |
| Recurring profit | 66 | 0.7 | +614 | 680 | 7.9 |
| Profit or loss (-) attributable to owners of parent | -1,352 | -14.0 | +1,808 | 455 | 5.3 |

Performance Change “GLOBAL WiFi” Business



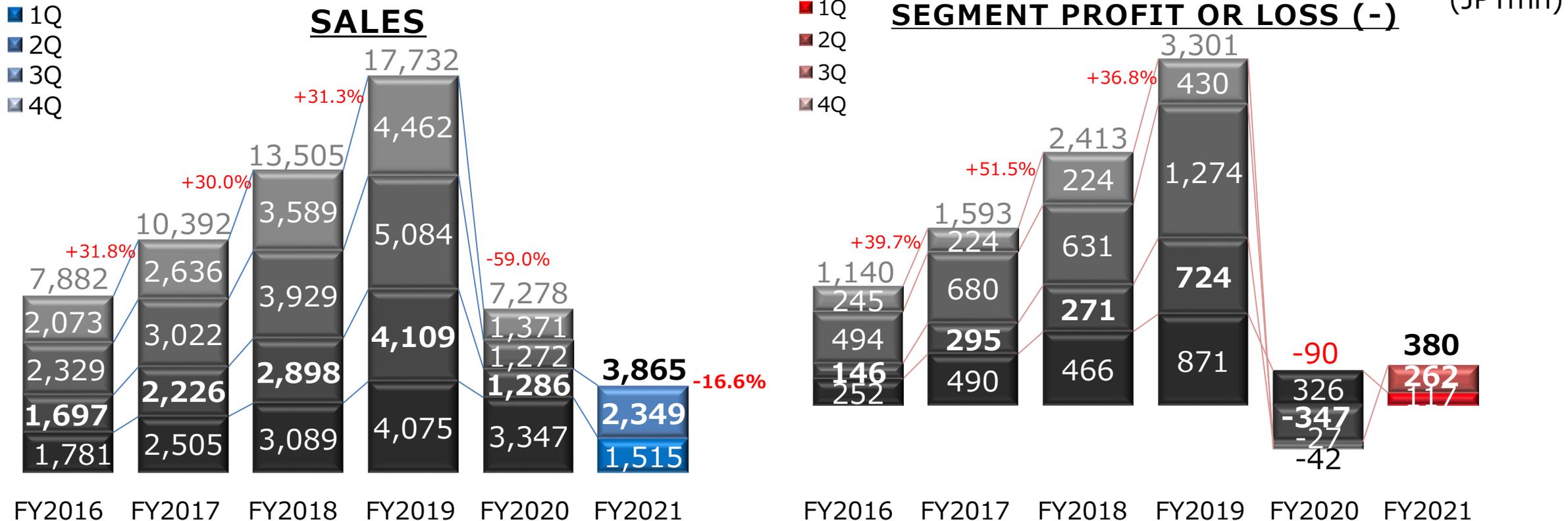
Various domestic usage needs steadily acquired. Making efforts to focus on social environment with COVID-19 and post-corona world.

Teleworking (The number of extension of the rental period is increasing because the state of emergency is newly declared, etc.).

Sales of standby type “GLOBAL WiFi for Biz” for corporate customers are favorable by making a proposal for teleworking (The number of contracts and communication usage increases).

Acquire various usage needs (teleworking, moving, hospitalization, business trip, combined use with home internet, various events, etc.).

Sales and segment profit increases by entrusting the app confirmation work, which is part of quarantine measures work carried out by the airport quarantine station.



Performance Change

Information and Communications Service Business



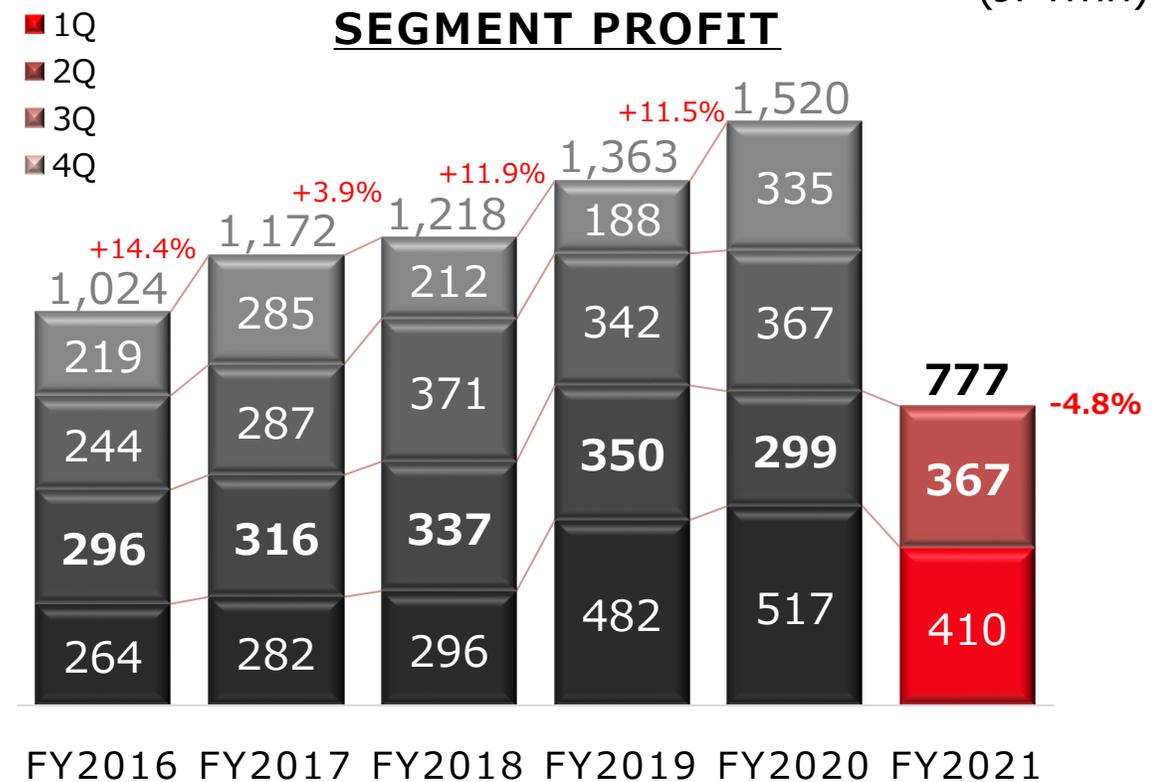
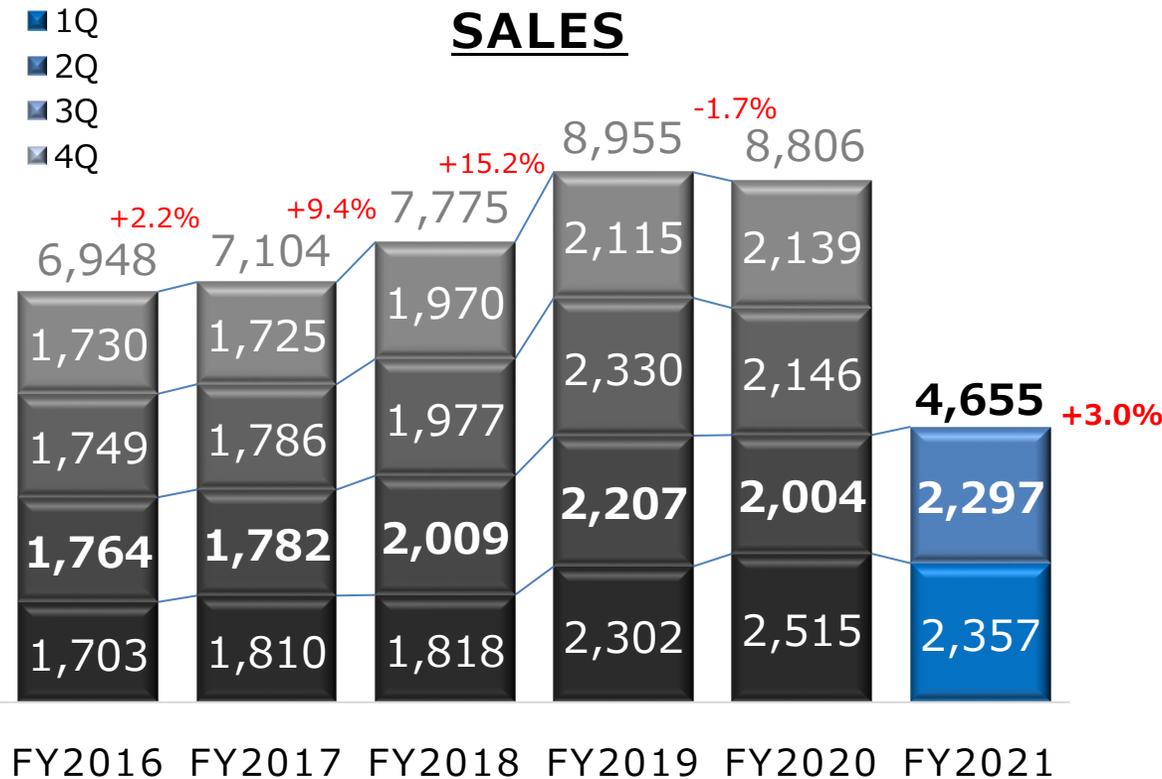
Utilizing the strength of having multiple businesses (products/services) and sales channels, the business has been favorable by responding flexibly to changes in the external environment.

Sales increase due to changes in business structure (Product sales: Increase in mobile communication equipment, OA equipment, etc.).

Segment profit is on the decrease due to a decrease in the unit price of business consignment fee (agency fee) because of the rise in electricity retail prices and strengthened sales of in-house services (monthly fee).

Stock earnings and in-house services (monthly fee) as the revenue base (recurring revenues) are on the increase.

(JPYmn)



FY2021 Financial Forecast Revision



(JPYmn, %)

| Items | Forecast after revision | FY2020 Result | Change | Ratio of change |
|--|-------------------------|---------------|---------------|-----------------|
| Sales | 17,468 | 16,654 | +814 | +4.9 |
| Cost of sales | 8,260 | 7,860 | +399 | +5.1 |
| Gross profit | 9,207 | 8,793 | +414 | +4.7 |
| Gross profit margin | 52.7 | 52.8 | -0.1 | - |
| SG&A expenses | 8,200 | 8,689 | -489 | -5.6 |
| SG&A-to-sales ratio | 46.9 | 52.2 | -5.2 | - |
| Operating profit | 1,007 | 103 | +903 | +869.6 |
| Operating profit margin | 5.8 | 0.6 | +5.1 | - |
| Recurring profit | 1,028 | 227 | +800 | +351.1 |
| Profit or loss (-) attributable to owners of parent | 685 | -1,183 | +1,869 | - |

Full FY2021 Financial Forecast Revision



Assumptions of FY2021 forecast and business policies

External environment and business policy (overall)

Spread of COVID-19 (including variants) in each country, vaccination status and its effects, impact on business activities of companies and shops, and overseas travel with a vaccination certificate, and other uncertainties are expected to be continued.

While aiming to improve profitability and profit margin through flexible business operations with COVID-19, we will aggressively develop new businesses and new services (including those for improved convenience) in the post-corona world, and carry out business activities to achieve growth that exceeds the growth potential before the spread of COVID-19.

“GLOBAL WiFi” Business

Reflect steady domestic demand and increased demand for “GLOBAL WiFi for Biz.”

Reflects the assumption of FY2021 forecast as announced on February 15, 2021, “Overseas travelers (outbound, inbound): After October 2021, it is expected to recover by about 25% compared to that in 2019.” On the other hand, the continuation of temporary contract work during the COVID-19 pandemic is still uncertain, and has been excluded from the 4Q forecast.

Information and Communications Service Business

Reflect the current strong situation and the increase in in-house services (monthly fee).

Reflect the impact on FY2021 business performance following the start offering “Vision Denki” (sales: -JPY26mn, operating profit: -JPY166mn).

Initial Assessment Result in Conformity of Continued Listing Standards for New Market Segments

Result

Vision Inc. received “the Initial Assessment Result in Conformity of Continued Listing Standards for New Market Segments,” specified June 30, 2021 as the transition reference date. We confirmed that each of the “number of shares outstanding,” “market capitalization of shares outstanding,” “ratio of shares outstanding,” and “trading value” **complies with the listing standards of the prime market.**

Future

Selection procedure to be listed on a new market segment, which is scheduled to begin in this September, will be decided after careful discussions at the Board of Directors’ meeting. We will proceed with the prescribed procedures for applying to select a new market segment.

To receive your support also in the future, we will continue to strive to disclose information in a timely and appropriate manner, and pursue sincere IR to improve corporate value over the medium to long term.

Policy on Growth Strategy

| | Existing business | New business / Service building |
|----------------------------------|---|--|
| Policy | <p>Increase productivity. Adapt to online environment, so-called the New Normal. Strengthen up-selling and cross-selling (including online negotiations).</p> | <p>Develop a new business as a third pillar. Three-pillar business structure that responds to changes in the times.</p> |
| Key phrase | <ul style="list-style-type: none"> ✓ Provide products and services meeting the needs of customers and the times. ✓ Build and strengthen sales system (online). ✓ Strengthen up-selling and cross-selling (including online negotiations). ✓ Brush up the revenue structure. ✓ Strengthen and expand in-house services. | <ul style="list-style-type: none"> ✓ Adapt to environment with COVID-19, so-called New Normal. ✓ Utilize sales channels and business structure. ✓ Utilize the customer base. ✓ Service that responds to customer feedback. ✓ Regional revitalization. |
| Sales channel Business structure | <p>WEB marketing</p> <p>Shops Airport counters etc.</p> | <p>CLT Customer Loyalty Team</p> <p>Shipping center</p> <p>Sales Online / Offline</p> <p>Partner including travel agencies and OTA</p> <p>Global affiliated companies</p> |
| Customer base | <p>Startups, growing corporate customers</p> <p>Corporate customers working with overseas companies</p> <p>Individual users by corporate customers</p> | <p>Governments / local governments, Schools, etc.</p> <p>Individual customers who like traveling *including inbound</p> |

Glamping Business

- Develop a New Business as a Third Pillar -

Launch a “Glamping Business” as a business that will grow into the third pillar next to the Information and Communications Service Business and the “GLOBAL WiFi” Business.

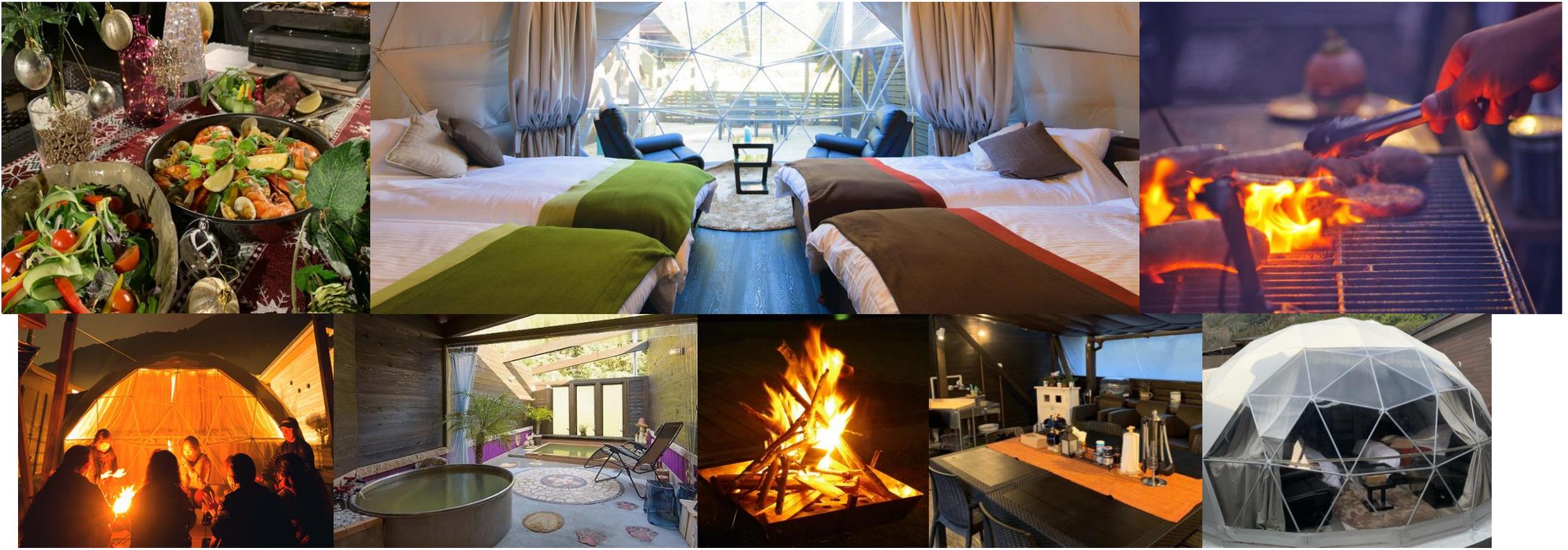
Launch the business in the first half of 2022 (planned).

Costs and expenses for acquisition of land for business use (including leasing) and the acquisition and installation of equipment such as dome-shaped tents: approx. JPY1,200mn

Selection of land, equipment, and service, etc. is progressing smoothly toward the launch of the business.

Completely private space glamping fully equipped with air-conditioning, private toilet, and open-air bath for all weather.

Images of glamping facilities, etc.



The Launch of an Ultra-High-Speed 5G Plan

- Competitive Advantage When Travel Market Recovered -



The launch of an ultra-high-speed 5G plan, a first in the Wi-Fi router rental industry.

The country and region where the service is offered first are Hawaii and the mainland USA, the most popular destinations ever.

We will expand the service area to South Korea, China and other countries and regions when we are fully prepared.

Striving to provide quality services and networks and expand service areas continuously, we offer easy-to-use mobile Internet connectivity around the world in order to contribute to business and sightseeing in the post-corona/with-corona world.



The Launch of Our New Power Service “Vision Denki”

- Provide Products/Services Meeting the Customers Needs and the Times -



The launch of “Vision Denki,” a new power service that contributes to the reduction of electricity bills for all business partners.

Electricity is the lifeline for businesses. To use stable electricity with peace of mind because it is such an era. Make their wishes of such business partners a reality, not a fantasy.

“Energize Japanese companies.” “And energize all over Japan.”

Even after the electricity liberalization, we have cooperated with Power Producer and Suppliers (PPS) to support the reduction of electricity rate as a subscription agency, responding to the voices that “the rate system is difficult to understand and the rate remains high after all.”

We can expect that our Group will grow significantly in the future in asking for requests of many companies, shops and stores. So, **we become a new Power Producer and Supplier (PPS) and launch “Vision Denki” as a retailer.**

From the perspective of SDGs, we contribute to decarbonization (carbon neutral) with Vision Denki + power saving by replacing the air conditioner + LED cross-selling.

Revenue model will change from **shot earnings (sales commission) through a subscription agency to stock earnings (monthly electricity charge) associated with the use of electricity by end users. We make efforts to increase future profits while covering these temporary negative impact on our Group’s profits with those of other businesses.**



**“Vision Denki”
covers all over Japan.**

* Excluding Okinawa and remote islands.



Impact on Earnings due to the launch of Our New Power Service



“Vision Denki”

The earnings of the business will decrease compared to the current shot earnings (sales commission) through the subscription agency until the number of “Vision Denki” contracts are accumulated.

Expand the business in order to build a stable earnings base in the future, while covering the impact of this business on the entire Vision Group.

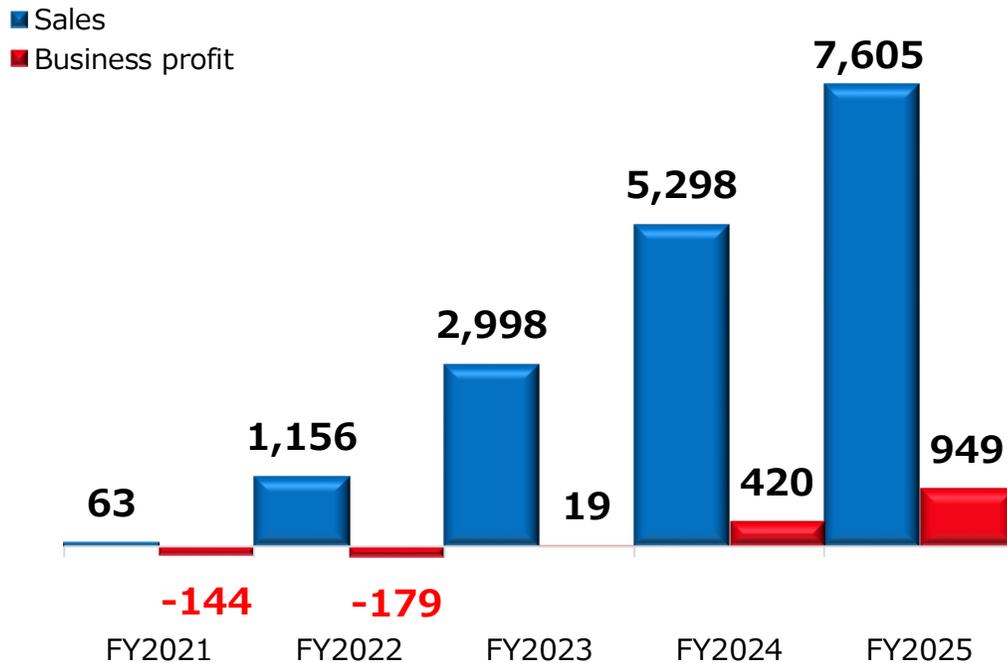
Assuming that the sales/business profit change and the number of contracts (acquisitions) of “Vision Denki” are the same, see the table below for comparison of business profits between the current subscription agency and “Vision Denki” and cumulative profit or loss (difference) change.

It is expected to be profitable in a single month in February 2023 and to be completely profitable from FY2024.

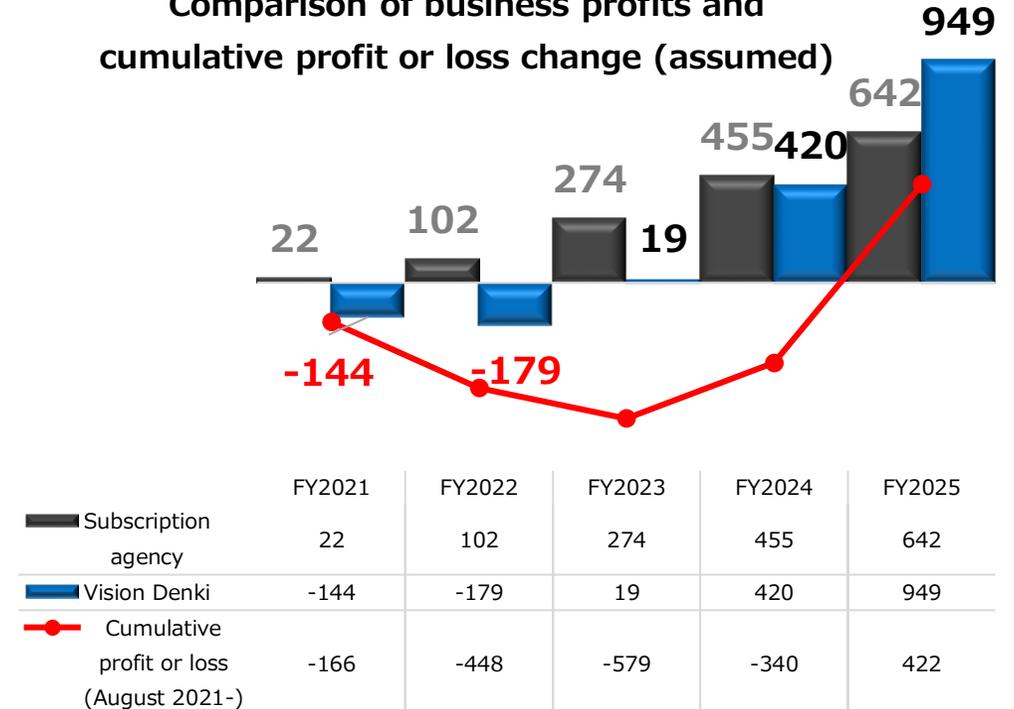
When electricity demand increases, such as in the summer, electricity charges (purchase costs) are expected to increase, and the business profit fluctuates seasonally.

(JPYmn)

Sales/business profit change (assumed)



Comparison of business profits and cumulative profit or loss change (assumed)



New Power Service "Vision Denki"

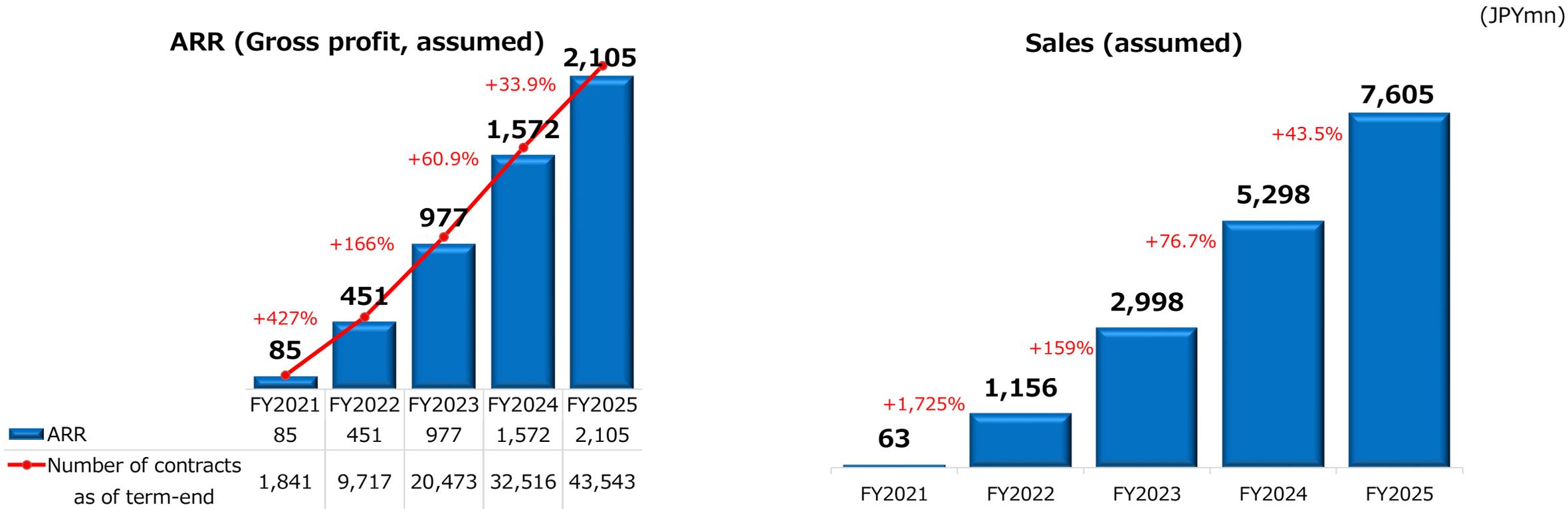
ARR (Annual Recurring Revenue) Change



Build a stable revenue base that is resistant to the effects of the external environment.

Build a long-term stable revenue base (number of contracts x end-user electricity bills – electricity cost) by changing the revenue model from a subscription agency (number of contracts x agency fee unit price) to an in-house service (become a PPS and offer electricity).

ARR: Annual Recurring Revenue. Calculated by multiplying MRR (Monthly Recurring Revenue) as of each term-end by 12. MRR shows stable profits that a company can repeatedly earn every month, and the table below (left) shows the gross profit change.



Changes in Monthly Cost and Segment Profit

“GLOBAL WiFi” Business

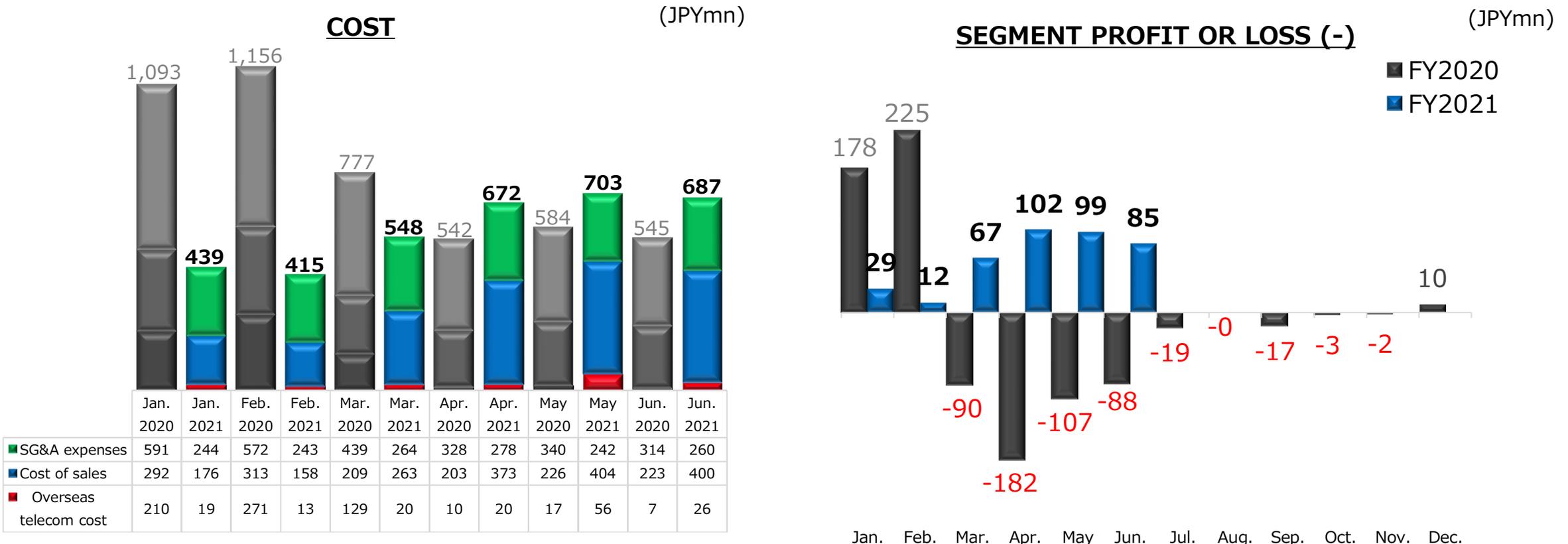


Profits are gradually recovered by continuing low-cost operation and acquiring various usage needs.

Acquires actively various needs for using mobile Wi-Fi router (“GLOBAL WiFi for Biz”, etc.).

Build a business structure that will generate higher profits and profit margins after overseas travel recovery than those before the spread of COVID-19 (FY2019) by reviewing various costs and expenses, and improving operational efficiency.

Although various domestic usage needs are expected to decrease in the post-corona world, a certain number of needs seems to remain thanks to the work style reform such as the introduction of teleworking, etc. (by combining office work and teleworking, etc.). It will be a factor for increasing profits compared to those in the period before the spread of COVID-19.



(Note) The figures are different from those of the segment results because they are monthly changes in profit and loss which do not include closing.

Stock Earnings and In-house Services (Monthly)

Gross Profit Change

Information and Communications Service Business



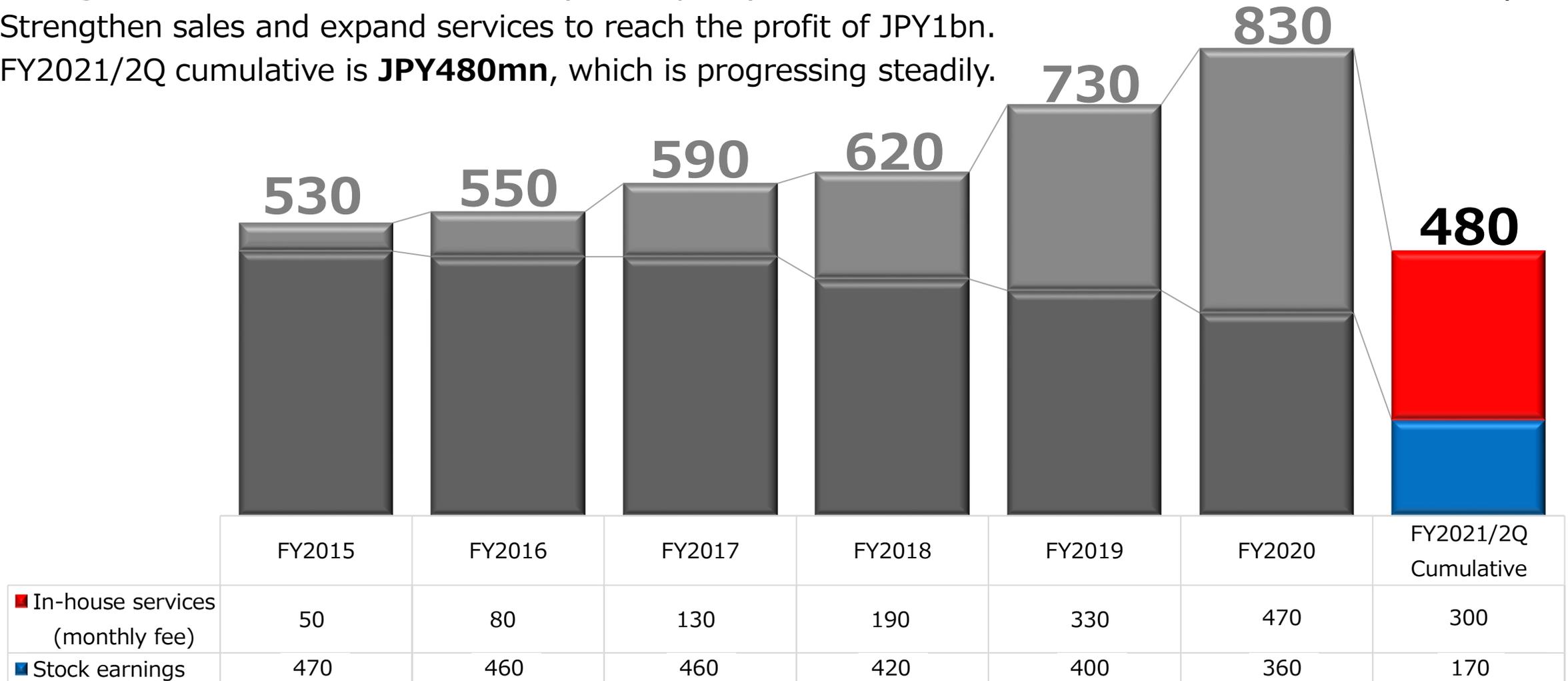
Strengthen stock earnings and in-house services (monthly fee), which will become a stable earnings base in the long run.

Strengthen sales of in-house services (monthly fee) since FY2019.

(JPYmn)

Strengthen sales and expand services to reach the profit of JPY1bn.

FY2021/2Q cumulative is **JPY480mn**, which is progressing steadily.



Stock earnings: Revenue from continuation fee associated with subscription agency contract in Information and Communications Service Business and maintenance fee in OA equipment sales business



To Contribute to the Global Information
and Communications Revolution