



October 18, 2021

Company	Vision, Inc.
Representative	Kenichi Sano, Representative Director, President, and CEO First section of the Tokyo Stock Exchange: 9416
Contact	Shinichi Nakamoto, Director, Managing Executive Officer, CFO, and General Manager of Administrative Dept. (Tel. 03-5325-0344)

Notice of making adval Corp. a subsidiary through share delivery (a simple form share delivery)

Vision, Inc. Board of Directors has resolved at a meeting convened today to execute a share delivery (hereinafter referred to as the “share delivery”) through which Vision, Inc. (hereinafter referred to as the “Company”) will become the parent company and adval Corp. (hereinafter referred to as “adval”) will become a subsidiary and created the share delivery scheme. Since the share delivery will be carried out using treasury stock, it will not involve the issuance of new shares.

1. Reasons for adval to become a subsidiary of the Company through share delivery

The Group has a management philosophy of “To contribute to the global information and communications revolution,” and aims to contribute to the world with “GLOBAL WiFi business” and “Information and Communications Service business”. Through GLOBAL WiFi, the Internet can be used easily and with peace of mind all over the world (we provide a packet flat-rate overseas Wi-Fi router rental service that can be used in more than 200 countries and regions). Through “Information and Communications Service Business”, we provide communication infrastructure and office equipment necessary for corporate activities such as fixed communication services, mobile communication services, and sales of OA equipment. The economic environment of the Group continues to be severe both in Japan and overseas due to the COVID-19 pandemic, but we promptly reviewed our business portfolio (focus on Information and Communications Service Business and Wi-Fi business in Japan), and we are working to reduce the cost and minimize the impact.

On the other hand, adval was founded in 2008 and is developing a flexible office business through the space management business, sublease business, and the industry’s first monthly flat-rate conference room, “Office Ticket” that supports new working styles. As adval makes it possible to monetize buildings with constant vacancies or during a vacant period due to eviction or rebuilding by using them as conference rooms even for a limited period of time, adval aims to expand their business and maximize their corporate value.

With this stock issuance, both the Group’s Information and Communications Service business and adval’s customer base can be expanded, sales can be improved by utilizing the know-how of both companies, purchasing efficiency can be improved, and costs can be reduced. Judging that it will lead to an increase in corporate value for both companies over the medium to long term, the Company decided to make adval a subsidiary.

This case utilizes the share issuance system introduced in the revised Companies Act, which came into effect on March 1, 2021.

In the share delivery system, the share delivery parent company takes over the shares of the share delivery subsidiary in order to acquire ownerships of the subsidiary, and as consideration, shares of the parent company will be delivered to the subsidiary. However, unlike the share exchange system that makes another company a wholly owned subsidiary, the share delivery system makes another company a partially owned subsidiary.

Kunihito Nakano, Representative Director of adval, will remain in his position even after share issuance to the stockholders. When the Company decided to acquire adval, the fact that he would continue to hold shares of adval and newly hold shares of the Company would be a large incentive for him to manage adval, which in turn leads to increased corporate value of the Group. This is why we decided to use the share delivery system.

Based on the share delivery plan, the Company will allocate and deliver 4.7 shares of the common stock of the Company to one common stock of adval, and the lower limit of the number of common stock of adval to be transferred to the Company will be 94,809 shares. If the Company receives the minimum number of shares, the common stock of the Company to be allotted and delivered will be 445,603 shares, and the ratio of the total number of issued shares of the Company to 49,053,000 as of September 30, 2021 will be 0.91%.

2. Summary of the share delivery

(1) Schedule of the share delivery

Resolution of Board of Directors about the share delivery	October 18, 2021
Deadline for applications of the transfer of shares by the subsidiary	November 4, 2021 (planned)
Scheduled date of share issuance (effective date)	December 1, 2021 (planned)

(Note 1) The Company plans to execute the share delivery by a simple form share delivery that does not require shareholder approval under provisions in article 816-4, paragraph 1 of the Japanese Companies Act.

(Note 2) The schedule may be changed due to the necessity of procedural progress for the share delivery among other reasons.

(Note 3) The share delivery is subject to the validity of the securities registration statement under the Financial Instruments and Exchange Act.

(2) Share delivery method

This is a share delivery with the Company as the parent company and adval as the subsidiary. Based on the provisions of Article 816-4, Paragraph 1 of the Companies Act, the delivery is planned to be a simple share delivery and does not require the approval of the Company's general meeting of shareholders.

(3) Details of allocation related to the share delivery (share delivery ratio)

The Company will allocate and deliver 4.7 shares of the Company's common stock for one share of adval common stock. In addition, we plan to allocate treasury stock 446,500 shares held by the Company to the common stock of the Company to be delivered as an allotment for the shares of adval by the Company, and will not issue new shares. The lower limit of the common stock of adval that the Company will transfer is 94,809 shares. If a fraction less than one share is generated as a result of the share delivery, the fractions will be totaled in accordance with the provisions of Article 234 of the Companies Act (if the total number has a fraction less than one, it shall be rounded down). The Company's common stock equivalent will be sold and the price will be delivered to the adval shareholders according to the fraction.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights accompanying the share delivery

The following stock acquisition rights issued by adval are not subject to acquisition through the share delivery. In addition, adval does not issue bonds with stock acquisition rights.

- 1st section stock acquisition rights: Issued on December 22, 2016
9,000 units (shares of common stock)

(5) Number of shares to be acquired, acquisition price and status of shares owned before and after acquisition

Due to the share delivery, the number of adval shares to be acquired by the Company, the acquisition price thereof, and the status of the shares owned before and after the acquisition are as follows. The number of shares to be acquired is assumed to be 94,809 shares, which is the lower limit of common stock of adval to be transferred to the Company.

(1) Shares held before the delivery	1,500 shares (Number of voting rights: 1,500) (Voting rights ratio: 0.78%)
(2) Number of shares to be acquired	94,809 shares (Number of voting rights: 94,809)
	adval common stock 650,133 thousand yen

(3)	Acquisition cost	Advisory fees (estimated)	6,500 thousand yen
		Total (estimated)	6,566.33 million yen
(4)	Shares held after the delivery	96,309 shares (Number of voting rights: 96,309) (Voting rights ratio: 50.00%)	

(Note 1) Through the share acquisition, the majority of voting rights will be owned by the Company according to calculations.

(Note 2) The acquisition price of adval's common stock is calculated based on the number of shares of adval to be acquired as consideration for the share delivery and the number of shares of the Company's common stock to be delivered based on the share delivery ratio.

3. Grounds for the content of the allotment related to the share delivery

(1) Basis and reasons for the content of the allotment

In considering the share delivery ratio to be used, the Company selected Tokyo Kyodo Accounting Office, a third party calculation agent independent of the Company and adval, to ensure the fairness and appropriateness of the share delivery ratio, and obtained the share delivery ratio calculation report for the share delivery on October 15, 2021. After comprehensive consideration and deliberation of the results of the calculation of the share delivery ratio for the shares of adval submitted by Tokyo Kyodo Accounting, and factors such as the financial conditions, asset conditions, and prospects for future business activities of both companies, the Company finally decided that the share delivery ratio described in "2. Summary of the share delivery (3) Details of allocation related to the share delivery (share delivery ratio)" above is within the range of the share delivery ratio calculated by Tokyo Kyodo Accounting Office and is appropriate and not detrimental to the interests of shareholders. This share delivery ratio is subject to change upon consultation between the Company and adval's shareholders in the event of a material change in the various conditions that form the basis of the calculation.

(2) Matters of calculation

① Name of calculation institution and relationship to partner companies

Tokyo Kyodo Accounting Office does not fall under the category of the Company or related parties of adval and has no significant interests to be stated regarding the share delivery.

② Summary of calculation

The Company has common stock listed on the First Section of the Tokyo Stock Exchange, a stock price, and high liquidity in the trading market. Therefore, when valuing the stock value, the Tokyo Kyodo Accounting Office decided that the market price method would provide a sufficiently appropriate result, so the market-based valuation method was adopted for the calculation.

Valuation method	Calculation result (per share of common stock)
Market-based	1,183 yen - 1,463 yen

Regarding adval, since it is an unlisted company, there is no market stock price, and it is judged that the amount of net assets as of the valuation record date does not indicate the stock value considering future cash flows since the profit level will fluctuate significantly depending on the progress and implementation accuracy of future business measures. Also considering that it is difficult to objectively and rationally determine which fiscal year's profit level and multiplier should be adopted for calculation, which are the calculation elements of the similarly listed companies, the discounted cash flow method (listed below as "DCF") was adopted for the calculation to reflect the status of future business activities in the evaluation.

Valuation method	Calculation result (per share of common stock)
DCF	4,930 yen - 6,931 yen

As a result, the calculation result of share delivery ratio of one adval share to one common stock is as follows, assuming that the value per share of the Company's common stock is one.

	Calculation result of share delivery ratio
Common stock	3.37 - 5.86

When it comes to the market-based valuation method, the Company's stock value is decided by using the Company's closing price on First Section of the Tokyo Stock Exchange on October 15, 2021, the designated calculation base date, to calculate the simple average of the closing price of the stock price for the previous month, three months and six months.

For the DCF method, the corporate value of adval is discounted to their present value based on the free cash flow that they are expected to generate between May 2022 and May 2026 according to their business plan. For the continuous value after the planning period, the permanent growth rate method is adopted and is calculated as -0.5% - 0.5% based on the level of business growth after the planned period that can be assumed at the time of evaluation. When considering that adval's business stage is in the growth phase, the discounted value is calculated to be 11.60% to 12.82% based on 12.21% for the present value of free cash flow during and after the planning period. Regarding the evaluation of stock acquisition rights, the corporate value is calculated by including the cash inflow amount (strike price) assuming that the first section stock acquisition rights have been exercised in non-business assets. As a result, the share value per share of adval is calculated using 201,616 shares, which is the sum of 192,616 issued shares and 9,000 additional shares when the first section stock acquisition rights are exercised.

Based on the results, the range of the share delivery ratio based on the comparison with the evaluation result using the market price method of the Company is calculated as 3.37 - 5.86 for one share of common stock.

The Tokyo Kyodo Accounting Office certifies that they used information provided by the Company and adval as well as information released to the public when calculating the share ratio, under the assumption that all the materials and information used is accurate. It is assumed that it is complete and that there are no undisclosed facts to the Tokyo Kyodo Accounting Office that may have a significant impact on the calculation of the share delivery ratio. We have not verified the accuracy and completeness. In addition, in regards to the assets and liabilities of the Company and adval (including contingent liabilities), we did not perform our own appraisals, including analysis and appraisals of individual assets and liabilities, and we did not request appraisals from third parties. Lastly, it is assumed that the information regarding adval's business plan referred to in the calculation has been prepared by adval's management based on the best forecasts and judgments currently available. The analysis results of Tokyo Kyodo Accounting Office are the result of the information and economic situation up to October 15, 2021.

Adval's business plan, which is the basis for DCF method of calculation, includes fiscal years in which profits are expected to increase significantly due to future business expansion. Specifically, we plan to increase the number of stores in the space management business and expand business from the fiscal year ending May 2023 to the fiscal year ending May 2026 which leads us to anticipate an increase in operating income. The financial forecasts for adval from the fiscal year ending May 2022 to the fiscal year ending May 2026, which is when profits are expected to significantly increase, are as follows.

	(Thousands of yen)				
	May 2022	May 2023	May 2024	May 2025	May 2026
Operating income or loss	-29,191	101,162	240,623	370,191	505,041
Change rate	-	-	137.8%	53.8%	36.4%

The current business plan does not presuppose the implementation of the share delivery. Additionally, the calculation result of the share delivery ratio by the Tokyo Kyodo Accounting Office does not express an opinion on the fairness of the ratio for the share delivery and the Company has not obtained a statement of opinion (fairness opinion) that the share delivery ratio in the delivery is fair to the common shareholders of the Company from a financial standpoint.

③ Expected delisting and reasons

Not applicable.

④ Measures to ensure fairness

In order to ensure the fairness of the share delivery, the Company has selected the Tokyo Joint Accounting Office as a third-party calculation institution independent of the Company and adval, and will use it as the basis for the agreement on the share delivery ratio to be used for the delivery. We have received a share grant ratio calculation report but have not obtained a fairness opinion from a third-party valuation institution stating that the share rate issue is appropriate from a financial standpoint.

⑤ Measures to avoid conflicts of interest

No special measures have been taken regarding the share delivery as there is no particular conflict of interest between the Company and adval.

4. Outline of parties to the share delivery

(1) Parent company upon share delivery

(1) Name	Vision Inc.	
(2) Location	5F Shinjuku i-Land Tower, 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	
(3) Title and name of representative	Representative Director, President, and CEO Kenichi Sano	
(4) Business activities	GLOBAL WiFi business Information and Communications Service Business	
(5) Capital	2,373,469,000 yen (As of September 30, 2021)	
(6) Establishment	December 4, 2001	
(7) Number of shares issued	49,053,000 shares (As of September 30, 2021)	
(8) Fiscal year-end	December 31 st	
(9) Employees (excluding subsidiaries)	656	
(10) Major client	Member's Mobile Inc.	
(11) Major banks	Mizuho Bank Sumitomo Mitsui Bank	
(9) Major stockholders and stockholding ratio (%) (As of June 30, 2021)	Kenichi Sano	25.23%
	The Master Trust Bank of Japan, Ltd.	8.88%
	Custody Bank of Japan, Ltd.	8.14%
	CGML PB CLIENT ACCOUNT/COLLATERAL	3.80%
	STATE STREET BANK AND TRUST COMPANY 505001	3.29%
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE- AC)	3.02%
	GOVERNMENT OF NORWAY	2.98%
	INTERACTIVE BROKERS LLC	2.10%
	The Nomura Trust & Banking Co., Ltd.	2.07%
NORTHERN TRUST CO. (AVFC) RE HCR00	1.72%	
(13) Relationship between parties (As of September 30, 2021)	Capital relationship	Vision Inc. holds 1,500 shares of adval common stock which is a holding ratio of 0.78%.
	Personal relationship	Not applicable.
	Business relationship	There is a business relationship of adval subleasing real estate to Vision Inc.
	Status of related parties	Not applicable.

(14) Financial condition and operating results in the three most recent fiscal years			
Fiscal term	December 2018	December 2019	December 2020
Consolidated net assets (thousands of yen)	9,803,086	10,905,176	8,769,171
Consolidated total assets (thousands of yen)	13,552,015	15,173,575	11,313,034
Net assets per share (yen)	200.95	226.80	185.79
Consolidated net sales (thousands of yen)	21,503,668	27,318,168	16,654,475
Consolidated operating profit (thousands of yen)	2,484,308	3,325,066	103,897
Consolidated ordinary profit (thousands of yen)	2,499,685	3,358,939	227,947
Net income or loss attributable to owners of parent (thousands of yen)	1,529,476	2,226,322	-1,183,960
Net income or loss per share (yen)	31.40	46.05	-25.07
Dividend per share (yen)	0.00	0.00	0.00

(2) Subsidiary upon share delivery

(1) Name	adval Corp.		
(2) Location	33-7 Udagawacho, Shibuya-ku, Tokyo		
(3) Title and name of representative	CEO Kunihito Nakano		
(4) Business activities	Space management business		
(5) Capital	10,000,000 yen (As of September 30, 2021)		
(6) Establishment	June 1, 2016		
(7) Number of shares issued	192,616 shares (As of September 30, 2021)		
(8) Fiscal year-end	May 31 st		
(9) Employees	35		
(10) Major client	No client accounts for more than 10% of sales and purchases.		
(11) Major bank	Sumitomo Mitsui Bank		
(12) Major stockholders and stockholding ratio (%) (As of September 30, 2021)	Kunihito Nakano		48.33%
	Yoshiteru Akita		20.71%
	AirTrip Corp.		8.37%
	KUMA Asset Management Corp.		5.19%
	Kohei Terada		5.19%
(13) Relationship between parties (September 30, 2021)	Capital relationship	Vision Inc. holds 1,500 shares of adval common stock which is a holding ratio of 0.78%.	
	Personal relationship	Not applicable.	
	Business relationship	There is a business relationship of adval subleasing real estate to Vision Inc.	
	Status of related parties	Not applicable.	
(14) Financial condition and operating results in the three most recent fiscal years			
Fiscal term	May 2019	May 2020	May 2021
Net assets (Thousands of yen)	26,607	49,009	-342,073

Total assets (Thousands of yen)	1,069,644	1,304,958	953,436
Net assets per share (yen)	138.14	254.44	-1,775.94
Net sales (Thousands of yen)	554,596	1,884,101	1,186,310
Operating profit or loss (Thousands of yen)	-108,154	76,580	-354,273
Ordinary profit or loss (Thousands of yen)	-127,551	72,224	-211,931
Net income or loss (Thousands of yen)	-239,562	22,401	-391,083
Net income or loss per share (yen)	-1,290.17	116.30	-2,030.38
Dividend per share (yen)	0.00	0.00	0.00

5. Status after the share delivery

- (1) There will be no change in the company name, address, executive roles, business operations, or capital of Vision Inc. as a result of the share delivery.
- (2) There will be no change in the company name, address, executive roles, business operations, or capital of adval as a result of the share delivery.

6. Accounting overview

The accounting treatment associated with the share delivery is expected to be as an acquisition under the accounting standards for business mergers and acquisitions. In addition, the amount of goodwill (or loss of goodwill) generated by the share delivery is undecided at this time.

7. Future outlook

The share delivery is expected to have minimal impact on the consolidated results of the Company, but we will notify you promptly in the event that the share delivery will have a significant impact in the future.

(Reference)

(Unit: Millions of yen)

	Sales	Operating profit	Ordinary profit	Net income attributable owners of parent	Earnings per share (yen)
Current results (Ending December 2021)	17,468	1,007	1,028	685	14.55
Previous results (Ending December 2020)	16,654	103	227	-1,183	-25.07