



Consolidated Financial Results for the Third Quarter Ended December 31, 2021 [Japanese GAAP]

November 9, 2021

Company Vision Inc. Stock Listing TSE
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 Scheduled date of filing of quarterly securities report : November 10, 2021
 Scheduled starting date of dividend payment : —
 Quarterly supplementary financial document : Yes
 Quarterly financial results briefing : Yes (for institutional investors and analysts)

(Round down to million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2021

(January 1, 2021 through September 30, 2021)

(1) Consolidated Operating Results (Cumulative) (% change from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-----------|-------------|-------|------------------|-------|-----------------|-------|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 3Q FY2021 | 13,392 | 2.2 | 1,013 | — | 1,042 | 521.0 | 702 | — |
| 3Q FY2020 | 13,108 | -36.2 | 58 | -98.0 | 167 | -94.4 | -1,226 | — |

(Note) Comprehensive income; 3Q FY2021 : 728 million yen (—%)

3Q FY2020 : -1,205 million yen (—%)

| | Basic earnings per share | Diluted earnings per share |
|-----------|--------------------------|----------------------------|
| | Yen | Yen |
| 3Q FY2021 | 14.91 | 14.50 |
| 3Q FY2020 | -25.94 | — |

(Note) Diluted earnings per share for 3Q FY2020 is not stated because there is a net loss per share, although there are dilutive shares.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio |
|-----------|--------------|-------------|-----------------------|
| | Million yen | Million yen | % |
| 3Q FY2021 | 12,632 | 9,502 | 75.2 |
| FY 2020 | 11,313 | 8,769 | 77.3 |

(Reference) Equity; 3Q FY2021 : 9,493 million yen

FY 2020 : 8,746 million yen

2. Dividends

| | Annual dividend | | | | |
|--------------------|-----------------|-----------|-----------|----------|-------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2020 | — | 0.00 | — | 0.00 | 0.00 |
| FY 2021 | — | 0.00 | — | — | — |
| FY 2021 (Forecast) | — | — | — | 0.00 | 0.00 |

(Note) Revisions to dividend forecast during the most recent quarter: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 2021 (January 1, 2021 through December 31, 2021)

(% change from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--|-------------|-----|------------------|-------|-----------------|-------|---|---|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| | 17,468 | 4.9 | 1,007 | 869.6 | 1,028 | 351.1 | 685 | — | 14.55 |

(Note) Revisions to financial forecast during the most recent quarter: None

For further details, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward Looking Statements” on page 3 of the attached document.

* **Notes**

- (1) Changes in significant subsidiaries during the period : None
- (2) Application of accounting procedures specific to preparation of the quarterly financial statements : None
- (3) Changes in accounting policies, accounting estimates, and restatement
- ① Changes in accounting policies associated with revision of accounting standards : None
 - ② Changes in accounting policies other than ① : None
 - ③ Changes in accounting estimates : None
 - ④ Restatement : None

(4) Shares issued (common stock)

| | | | | |
|---|-----------|------------|-----------|------------|
| ① Shares issued as of term-end (incl. Treasury stock) | 3Q FY2021 | 49,053,000 | FY 2020 | 49,027,800 |
| ② Treasury stock as of term-end | 3Q FY2021 | 1,948,090 | FY 2020 | 1,948,044 |
| ③ Average number of shares outstanding | 3Q FY2021 | 47,090,561 | 3Q FY2020 | 47,270,324 |

* **Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or audit firm.**

* **Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this statements summary are based in information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons. For the assumptions on the earnings forecasts and notes on their use, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward Looking Statements” on page 3 of the attached document.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

For the current consolidated cumulative period, Japan's economy had been starting to show signs of recovery amidst a harsh economic environment due to the COVID-19 pandemic, but the pace is now slowing down.

Looking ahead, the economy is expected to pick up, partly due to the effects of various policies and improvements in overseas economies and as various countermeasures against infection are taken and vaccination rates increase. However, we need to closely monitor risks due to the effects through the supply chain, trends in infection rates in Japan and overseas, and fluctuations in financial and capital markets.

While still in a severe economic environment where measures are being taken to restrict travel both internationally as well as domestically, the Group has continued to focus on the "GLOBAL WiFi" and Information and Communications Service businesses for the domestic market.

As a result, net sales, operating profit, ordinary profit, and profit attributable owners of parent for the third quarter of the current fiscal year all exceeded the results of the third quarter of the previous fiscal year.

| | FY2021/3Q Result (million yen) | FY2020/3Q Result (million yen) | Change (million yen) | YoY (%) |
|---|-----------------------------------|-----------------------------------|-------------------------|------------|
| Net sales | 13,392 | 13,108 | 283 | 2.2 |
| Operating profit or loss (-) | 1,013 | 58 | 955 | 1,641.8 |
| Ordinary profit | 1,042 | 167 | 874 | 521.0 |
| Profit or loss (-) attributable to owners of parent | 702 | -1,226 | 1,928 | — |

Business results by segment are as follows.

"GLOBAL WiFi" Business

During the third quarter of the consolidated cumulative period, there was domestic demand for Wi-Fi router rentals to be used in various situations such as moving, business trips, various events, etc. as the pandemic necessitates working from home and doing sales online. We have endeavored to increase sales of our services, "Global WiFi for Biz," monthly charge mobile Wi-Fi router for the office, "Vision WiMAX," an ultra-high-speed Wi-Fi router, and "World eSim", our newly released eSim service that can be used in 120 countries around the world.

Also, those entering Japan must install certain apps on their phone as part of border measures at the airport quarantine station when entering Japan and we have temporarily been given the registration and confirmation work for the app since April 2021.

As a result of these efforts, both sales and segment profit for the third quarter of the current consolidated cumulative period exceeded the results for the same period of the previous year and these are the highest quarterly results since the previous third quarter consolidated accounting period when the effects of COVID-19 became apparent.

| GLOBAL WiFi Business | FY2021/3Q Result (million yen) | FY2020/3Q Result (million yen) | Change (million yen) | YoY (%) |
|----------------------------|-----------------------------------|-----------------------------------|-------------------------|------------|
| Net sales | 6,493 | 5,906 | 586 | 9.9 |
| Segment profit or loss (-) | 749 | -48 | 797 | — |

Information and Communications Service Business

For this segment, we are developing services that can contribute to cost reduction, operational efficiency improvement, and remote work support, which are able to be operational during and after the pandemic and where demand can be expected regardless of the economy.

We are also working on improving stability and profitability by increasing stock and promoting efficient sales activities, using the strategies of targeting new corporations and venture companies and upselling or cross-selling according to the growth stage of the company.

During the third quarter of the current consolidated cumulative period, there was large demand for mobile telecommunications equipment that support remote environments and we focused on sales. Additionally, in the future, operating costs will temporarily increase however continuous monthly profits can be expected with our new power service “Vision Denki” mainly aimed at small and medium-sized enterprises and start-up companies.

As a result, sales were higher than in the same period of the previous year, but segment profit was lower than in the same period of the previous year.

| Information and Communications Service | FY2021/3Q Result (million yen) | FY2020/3Q Result (million yen) | Change (million yen) | YoY (%) |
|--|-----------------------------------|-----------------------------------|-------------------------|------------|
| Net sales | 6,724 | 6,666 | 57 | 0.9 |
| Segment profit | 1,024 | 1,184 | -160 | -13.5 |

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the third quarter consolidated accounting period are 12,632 million yen (1,319 million yen more than the end of the previous consolidated fiscal term).

Current assets are 10,384 million yen (1,511 million yen more than the end of the previous consolidated fiscal term). The main reasons for this are that cash and deposits increased by 957 million yen and notes and accounts receivable increased by 673 million yen.

Fixed assets are 2,247 million yen (192 million yen less than the end of the previous consolidated fiscal term) because investment and other assets decreased by 231 million yen.

(Liabilities)

Total liabilities at the end of the third quarter consolidated accounting period are 3,129 million yen (586 million more than the end of the previous consolidated fiscal term).

Current liabilities are 3,105 million yen (597 million yen more than the end of the previous consolidated fiscal term). This was due to the increase of bills and accounts payable by 103 million yen, payable income taxes and the like by 60 million yen, and reserve for bonuses by 95 million yen.

Fixed liabilities are 24 million yen (11 million yen less than the end of the previous consolidated fiscal term).

(Net assets)

Total net assets at the end of the third quarter consolidated accounting period are 9,502 million yen (733 million yen more than the end of the previous consolidated fiscal term).

The main reason for this was the recording of a net income of 702 million yen attributable to owners of the parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward Looking Statements

Although there is great uncertainty about the economic impact of COVID-19 and predicting the future is difficult, the full-year consolidated financial results forecast for the fiscal year ending December 2021, announced on August 10, 2021, will remain unchanged.

When calculating the full-year consolidated financial results forecast, we predicted that demand in the “GLOBAL WiFi” business would partially recover from the fourth quarter, but now we have revised the forecast to delay that period by about six months. On

the other hand, we are steadily generating profits by continuing to capture domestic demand for Wi-Fi device rentals. Also, there are no significant changes in the Information and Communications Service business.

In the third quarter of the current consolidated cumulative period, operating profit exceeded the full-year consolidated financial results forecast, but during the fourth quarter of the consolidated fiscal period, we plan to make various business investments for the fiscal year ending December 2022. Taking these investments into comprehensive consideration, we have left the forecast unchanged.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

| | As of December 31, 2020 | As of September 30, 2021 |
|---|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,650,318 | 7,608,099 |
| Notes and accounts receivable - trade | 1,428,842 | 2,102,102 |
| Products | 125,303 | 166,970 |
| Supplies | 4,748 | 9,154 |
| Other | 724,808 | 572,132 |
| Allowance for doubtful accounts | -61,666 | -74,132 |
| Total current assets | 8,872,354 | 10,384,327 |
| Fixed assets | | |
| Tangible fixed assets | 342,989 | 382,164 |
| Intangible fixed assets | 196,721 | 195,852 |
| Investments and other assets | | |
| Other | 1,949,361 | 1,724,294 |
| Allowance for doubtful accounts | -48,393 | -54,344 |
| Total investments and other assets | 1,900,967 | 1,669,949 |
| Total fixed assets | 2,440,679 | 2,247,966 |
| Total assets | 11,313,034 | 12,632,294 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 716,837 | 820,478 |
| Income taxes payable | 55,918 | 116,644 |
| Provision for bonuses | 159,001 | 254,999 |
| Short-term surrender fees reserve | 49,271 | 51,563 |
| Other | 1,526,752 | 1,862,088 |
| Total current liabilities | 2,507,781 | 3,105,773 |
| Fixed liabilities | | |
| Other | 36,080 | 24,207 |
| Total fixed liabilities | 36,080 | 24,207 |
| Total liabilities | 2,543,862 | 3,129,981 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,363,785 | 2,373,469 |
| Capital surplus | 2,396,243 | 2,405,927 |
| Retained earnings | 6,359,377 | 7,061,387 |
| Treasury stock | -2,416,784 | -2,416,841 |
| Total shareholders' equity | 8,702,621 | 9,423,942 |
| Other accumulated comprehensive income | | |
| Valuation difference on available-for-sale securities | 47,618 | 39,315 |
| Deferred gains or losses on hedges | -721 | — |
| Foreign currency translation adjustment | -2,549 | 30,227 |
| Total other accumulated comprehensive income | 44,347 | 69,542 |
| Subscription rights to shares | 21,344 | 6,288 |
| Non-controlling interests | 859 | 2,538 |
| Total net assets | 8,769,171 | 9,502,312 |
| Total liabilities and net assets | 11,313,034 | 12,632,294 |

(2) Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Quarterly Consolidated Statement of Profit or Loss

Consolidated Cumulative Third Quarter

(Thousands of yen)

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2021 |
|--|---|---|
| Net sales | 13,108,091 | 13,392,003 |
| Cost of sales | 6,284,066 | 6,573,667 |
| Gross profit | 6,824,025 | 6,818,335 |
| Selling, general, and administrative expenses | 6,765,844 | 5,804,960 |
| Operating profit | 58,180 | 1,013,375 |
| Non-operating income | | |
| Interest income | 732 | 607 |
| Dividends earned | 1,500 | 1,500 |
| Currency exchange gain | 8,320 | 24,206 |
| Subsidy income | 106,456 | 3,804 |
| Other | 7,674 | 6,397 |
| Total non-operating income | 124,684 | 36,516 |
| Non-operating expenses | | |
| Interest expenses | 5,249 | 5 |
| Payment fees | 8,643 | 4,151 |
| Other | 1,158 | 3,600 |
| Total non-operating expenses | 15,051 | 7,756 |
| Ordinary profit | 167,813 | 1,042,134 |
| Extraordinary income | | |
| Gain on reversal of stock acquisition rights | — | 14,940 |
| Gain on sale of fixed assets | 4,793 | 649 |
| Gain on sale of investments in securities | 3,402 | — |
| Gain on sale of shares of subsidiary | 62,867 | — |
| Total extraordinary income | 71,063 | 15,590 |
| Extraordinary losses | | |
| Losses on retirement of fixed assets | 1,176 | 2,039 |
| Losses on lease cancellations | 6,469 | — |
| Losses on revaluation of investments in securities | 187,658 | 17,335 |
| Office relocation costs | 7,070 | — |
| Impairment losses | 1,395,072 | — |
| Total extraordinary losses | 1,597,447 | 19,375 |
| Profit or loss (-) before tax adjustment | -1,358,570 | 1,038,349 |
| Corporate, resident, and business taxes | 113,945 | 138,190 |
| Deferred income tax | -244,616 | 196,469 |
| Total income taxes | -130,671 | 334,659 |
| Quarterly profit or loss (-) | -1,227,898 | 703,690 |
| Quarterly profit or loss (-) attributable to non-controlling interests | -1,564 | 1,679 |
| Quarterly profit or loss (-) attributable to owners of parent | -1,226,334 | 702,010 |

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Third Quarter

(Thousands of yen)

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2021 |
|---|---|---|
| Quarterly comprehensive income or loss (-) | -1,227,898 | 703,690 |
| Other comprehensive income | | |
| Other valuation difference on hedges | 47,040 | -8,302 |
| Deferred gains or losses on hedges | -19,251 | 721 |
| Foreign currency translation reserve | -5,258 | 32,777 |
| Total other comprehensive income | 22,530 | 25,195 |
| Quarterly comprehensive income | -1,205,368 | 728,885 |
| (Breakdown) | | |
| Quarterly comprehensive income related to owners of the parent | -1,203,803 | 727,205 |
| Quarterly comprehensive income related to non-controlling interests | -1,564 | 1,679 |

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

FY2020/3Q Cumulative period (January 1, 2020 – September 30, 2020)

1. Dividends paid

Not applicable.

2. Of the dividends whose recorded date belongs to the third quarter consolidated cumulative period, the effective date of the dividend is after the last day of the third quarter consolidated accounting period.

Not applicable.

3. Significant fluctuations in shareholders' equity

Based on the resolution of the Board of Directors' meeting held on February 21, 2020, the Company repurchased 909,000 shares of treasury stock through market purchase. As a result, treasury stock increased by 985,674 thousand yen in the third quarter of the fiscal year and treasury stock amounted to 2,416,784 thousand yen at the end of the third quarter of the fiscal year.

FY2021/3Q Cumulative period (January 1, 2021 - September 30, 2021)

1. Dividends paid

Not applicable.

2. Of the dividends whose recorded date belongs to the third quarter consolidated cumulative period, the effective date of the dividend is after the last day of the third quarter consolidated accounting period.

Not applicable.

3. Significant fluctuations in shareholders' equity

Not applicable.

(Segment Information, etc.)

Segment Information

I. FY2020/3Q Cumulative period (January 1, 2020 - September 30, 2020)

1. Information on net sales and profit or loss by reporting segment

(Thousands of yen)

| | Reporting segment | | | Other (Note 1) | Total | Adjustments (Note 2) | Quarterly consolidated income statement (Note 3) |
|-------------------------------------|-------------------|--|------------|-------------------|------------|-------------------------|--|
| | “GLOBAL WiFi” | Information and Communications Service | Total | | | | |
| Net sales | | | | | | | |
| Sales to external customers | 5,906,654 | 6,663,529 | 12,570,183 | 537,908 | 13,108,091 | — | 13,108,091 |
| Intersegment sales and transfers | — | 2,999 | 2,999 | 555 | 3,555 | -3,555 | — |
| Total | 5,906,654 | 6,666,528 | 12,573,183 | 538,463 | 13,111,646 | -3,555 | 13,108,091 |
| Segment profit or loss (-) | -48,462 | 1,184,885 | 1,136,422 | -355,926 | 780,496 | -722,316 | 58,180 |

(Note) 1. The “Other” category is for businesses that are not included in the reporting segment such as ProDrivers, media and catalog sales businesses.

2. The segment loss adjustment of -722,316 thousand yen is a company-wide expense that is not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.
3. Segment profit is adjusted to the operating profit of the quarterly consolidated income statement.

2. Information on impairment loss of fixed assets by reporting segment as it relates to matters such as goodwill

(Major impairment losses that relate to fixed assets)

The profitability of the “GLOBAL WiFi” and ProDrivers businesses included in the “Other” category have declined and recovery of the investment amount is no longer expected, therefore the book value of assets (including goodwill) has been reduced to the recoverable amount.

The amount of impairment losses for the consolidated cumulative third quarter is 1,395,072 thousand yen. The recorded segment losses are 1,209,144 thousand yen for “GLOBAL WiFi” and 185,928 thousand yen for ProDrivers.

(Significant fluctuations in the financial value of goodwill)

The ProDrivers business included in the “Other” category has had its goodwill value decrease by 119,924 thousand yen in the third quarter of the fiscal year due to the recording of a goodwill impairment loss.

II. FY2021/3Q Cumulative period (January 1, 2021 - September 30, 2021)

1. Information on net sales and profit or loss by reporting segment

(Thousands of yen)

| | Reporting segment | | | Other (Note 1) | Total | Adjustments (Note 2) | Quarterly consolidated income statement (Note 3) |
|-------------------------------------|-------------------|--|------------|-------------------|------------|-------------------------|--|
| | “GLOBAL WiFi” | Information and Communications Service | Total | | | | |
| Net sales | | | | | | | |
| Sales to external customers | 6,493,547 | 6,723,650 | 13,217,198 | 174,805 | 13,392,003 | — | 13,392,003 |
| Intersegment sales and transfers | — | 478 | 478 | 6,915 | 7,393 | -7,393 | — |
| Total | 6,493,547 | 6,724,128 | 13,217,676 | 181,720 | 13,399,397 | -7,393 | 13,392,003 |
| Segment profit or loss (-) | 749,348 | 1,024,461 | 1,773,809 | -62,307 | 1,711,501 | -698,126 | 1,013,375 |

(Note) 1. The “Other” category is for businesses that are not included in the reporting segment such as ProDrivers, media and catalog sales businesses.

2. The segment loss adjustment of -698,126 thousand yen is a company-wide expense that is not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

3. Segment profit is adjusted to the operating profit of the quarterly consolidated income statement.

2. Information on impairment loss on fixed assets or goodwill by reporting segment

Not applicable.