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Consolidated Financial Results for the Third Quarter Ended December 31, 2023 [Japanese GAAP]

November 13, 2023

Stock Listing TSE

Company Vision Inc.
Stock Code 9416 URL <https://www.vision-net.co.jp/en>
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Scheduled date of filing of quarterly securities report : November 14, 2023
 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, 2023

(January 1, 2023 through September 30, 2023)

(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 FY2023	23,953	29.6	3,717	90.7	3,764	92.6	2,514	97.9
3Q FY2022	18,478	38.0	1,949	92.4	1,954	87.5	1,270	81.0

(Note) Comprehensive income: 3Q FY2023 : 2,588 million yen (89.4%)

3Q FY2022 : 1,366 million yen (87.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY2023	51.36	50.86
3Q FY2022	26.29	25.88

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
3Q FY2023	21,585	14,842	68.0
FY2022	17,951	12,039	67.0

(Reference) Equity; 3Q FY2023 : 14,676 million yen

FY2022 : 12,022 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	0.00	0.00
FY2023	—	0.00	—	—	—
FY2023 (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 2023

(January 1, 2023 through December 31, 2023)

(% 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
Full fiscal year	30,095	18.1	4,019	66.5	4,053	67.3	2,673	72.7	54.60

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

For 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 4 of the attached materials.

*** Notes**

(1) Changes in significant subsidiaries during the period : None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

(2) Application of accounting procedures specific to preparation of the quarterly financial statements : Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes on Quarterly Consolidated Financial Statements (Special Accountment Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)” on page 8 of the attached materials.

(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 FY2023	50,499,900	FY2022	50,422,200
② Treasury stock as of term-end	3Q FY2023	1,501,681	FY2022	1,501,642
③ Average number of shares outstanding (quarterly total)	3Q FY2023	48,958,878	3Q FY2022	48,319,316

* 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 statement’s 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 4 of the attached document.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the third quarter of the current consolidated cumulative period, the Japanese economy has been slowly recovering, with customer spending and capital investing gradually picking up.

However, the downturn in overseas economies, including the impact of global monetary tightening and concerns about the outlook of the Chinese economy, poses downward pressure risks to the economy. It is important that we pay close attention to the effects of rising prices, and fluctuations in financial and capital markets, etc.

Within this economic environment, the Group has focused on its core business, the GLOBAL WiFi business, the Information and Communications service business, and the Glamping/Tourism business, and strived to respond flexibly to consumer needs.

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

	FY2023/3Q Result (million yen)	FY2022/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	23,953	18,478	5,475	29.6
Operating profit	3,717	1,949	1,767	90.7
Ordinary profit	3,764	1,954	1,810	92.6
Profit attributable to owners of parent	2,514	1,270	1,243	97.9

Business results by segment are as follows.

(GLOBAL WiFi Business)

During the third quarter of the current consolidated cumulative period, the number of regular international flights has approximately recovered by 60% of its pre-COVID-19 level and the extent of recovery in travel demand tended to be high.

The number of foreign visitors to Japan from January to September reached 17.37 million, a 71.2% recovery compared to 2019, with visitors from East Asia, Europe, the United States, Australia, and the Middle East. For the single month of September, the number of visitors was 2.18 million, or 96.1% of the 2019 level.

The number of outbound Japanese travelers also increased steadily, reaching a combined total of 6.71 million between January to September, recovering by a total of 44.6% compared to 2019. Although still recovering the number of outbound travelers has reached a total of 1.2 million in the month of August alone and over 1 million in the month of September alone, showing a steady increase. (Source: Japan National Tourism Organization (JNTO))

In this environment, the inbound demand for “NINJA WiFi,” a Wi-Fi rental service for foreign visitors to Japan, together with the sales of SIM cards from vending machines at airport counters have been steadily increasing as well.

As for outbound sales, the demand for the “Unlimited Data Plan” and the high-speed data communication plan “5G Plan” was high, and we were able to achieve a high number of sales per customer.

Additionally, we took different measures against the rise in costs of overseas telecommunication services due to the weak yen by reviewing contracts and improving the efficiency of data operations.

As a result, both net sales and segment profit for the third quarter of the current consolidated cumulative period significantly exceeded those of the previous year.

GLOBAL WiFi Business	FY2023/3Q Result (million yen)	FY2022/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	13,933	9,918	4,015	40.5
Segment profit	4,056	2,109	1,946	92.3

(Information and Communications Service Business)

According to the “173rd Survey of Business Conditions of Small and Medium Enterprises” (Source: Japan Finance Corporation Research Institute), during the third quarter of the current consolidated cumulative period, the Diffusion Index (Diffusion Index: Index of various estimations by companies on business conditions, facilities, excess or deficiency of employees, etc.) of business conditions for all industries for small and medium-sized enterprises (SMEs), which are the main service sectors provided by our business, decreased by 2.0 points in the July-September 2023 period compared to the previous period.

In this business environment, we enjoyed brisk sales due to the ease of product shortages caused by factors such as the shortage of semiconductors for the office automation equipment, which had continued since the previous fiscal year, and the strengthening of sales personnel hiring.

In addition, we strived to expand sales of monthly subscription-based in-house services by maximizing lifetime value (customer lifetime value), such as future up-selling and cross-selling, reducing long-term churn rates, and generating continuous income through stock products.

As a result, both net sales and segment profit for the third quarter of the current consolidated cumulative period have exceeded those of the same period of the previous year.

Information and Communications Service Business	FY2023/3Q Result (million yen)	FY2022/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	9,278	8,213	1,064	13.0
Segment profit	929	804	124	15.5

(Glamping/Tourism Business)

This is a new business segment that launched the previous fiscal year.

Glamping is an outdoor activity that allows you to get away from crowds, and its demand has been continuously growing, with a record number of facilities opening in 2022. (Source: Japan Glamping Association)

As domestic travel demand increases, more and more customers are choosing glamping as their accommodation, seeking extraordinary experiences not found in existing hotels and inns.

In this business environment, the Group opened “VISION GLAMPING Resort & Spa Koshikano Onsen” (Kirishima City, Kagoshima Prefecture) in April 2022, which is a renovation of “Koshikano Onsen,” and opened “VISION GLAMPING Resort & Spa Yamanakako” (Yamanakako, Yamanashi Prefecture) in December 2022.

As a result, both net sales and segment profit for the third quarter of the current consolidated cumulative period have exceeded those of the same period of the previous year.

Glamping/Tourism Business	FY2023/3Q Result (million yen)	FY2022/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	689	225	464	206.0
Segment profit or loss (-)	76	-43	119	—

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the third quarter consolidated fiscal period were 21,585 million yen (3,634 million yen more than at the end of the previous consolidated fiscal year).

Current assets totaled 15,707 million yen (2,854 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 2,388 million yen increase in cash and deposits and a 124 million yen increase in accounts receivable-trade.

Fixed assets totaled 5,878 million yen (779 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 648 million yen increase in property, plant, and equipment and a 155 million yen increase in goodwill.

(Liabilities)

Total liabilities at the end of the third quarter consolidated fiscal period were 6,742 million yen (831 million yen more than at the

end of the previous consolidated fiscal year).

Current liabilities totaled 5,745 million yen (872 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 460 million yen increase in notes and accounts payable-trade and a 663 million yen increase in income taxes payable, while accounts payable decreased in 465 million yen.

Fixed liabilities amounted to 997 million yen (41 million yen less than at the end of the previous consolidated fiscal year), due to a 38 million yen decrease in long-term loans payable.

(Net assets)

Net assets at the end of the third quarter consolidated fiscal period were 14,842 million yen (2,802 million yen more than at the end of the previous consolidated fiscal year). This was mainly due to 2,514 million yen in quarterly profit attributable to owners of the parent company for the period.

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

There is no change to the consolidated financial results forecast announced on August 10, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,156,512	10,545,039
Accounts receivable-trade	3,658,679	3,783,258
Products	224,171	202,349
Supplies	15,939	7,426
Other	916,571	1,333,961
Allowance for doubtful accounts	-119,196	-164,573
Total current assets	12,852,677	15,707,462
Fixed assets		
Tangible fixed assets	2,185,266	2,834,145
Intangible fixed assets		
Goodwill	1,159,147	1,315,120
Other	172,775	128,212
Total intangible fixed assets	1,331,922	1,443,333
Investments and other assets		
Other	1,648,980	1,683,096
Allowance for doubtful accounts	-67,295	-82,255
Total investments and other assets	1,581,684	1,600,840
Total fixed assets	5,098,873	5,878,319
Total assets	17,951,550	21,585,781
Liabilities		
Current liabilities		
Notes and accounts payable-trade	820,701	1,281,524
Current portion of long-term debt	120,097	130,612
Accounts payable	2,180,363	1,714,773
Income taxes payable	499,182	1,163,013
Provision for bonuses	366,769	464,450
Other	885,824	991,062
Total current liabilities	4,872,939	5,745,437
Fixed liabilities		
Long-term debt	847,078	808,213
Other	191,536	189,163
Total fixed liabilities	1,038,615	997,376
Total liabilities	5,911,554	6,742,814
Net assets		
Shareholders' equity		
Share capital	2,535,941	2,569,256
Capital surplus	2,602,056	2,635,337
Retained earnings	8,637,117	11,151,505
Treasury stock	-1,862,967	-1,863,040
Total shareholders' equity	11,912,147	14,493,059
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	-14,198	-4,556
Foreign currency translation adjustment	124,419	188,277
Total other accumulated comprehensive income	110,220	183,721
Subscription rights to shares	11,344	166,186
Non-controlling interests	6,284	—
Total net assets	12,039,996	14,842,966
Total liabilities and net assets	17,951,550	21,585,781

(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)

	FY2022/3Q Cumulative period (January 1, 2022 – September 30, 2022)	FY2023/3Q Cumulative period (January 1, 2023 – September 30, 2023)
Net sales	18,478,002	23,953,947
Cost of sales	9,498,157	10,610,151
Gross profit	8,979,845	13,343,796
Selling, general, and administrative expenses	7,030,041	9,626,282
Operating profit	1,949,804	3,717,513
Non-operating income		
Interest income	1,890	522
Dividends earned	4,615	6,883
Subsidy income	6,321	30,444
Other	11,725	30,536
Total non-operating income	24,554	68,387
Non-operating expenses		
Interest expense	7,958	8,809
Equity in losses of affiliates	1,410	6,222
Other	10,760	6,294
Total non-operating expenses	20,129	21,326
Ordinary profit	1,954,228	3,764,574
Extraordinary income		
Gain on sales of fixed assets	81	—
Gain on sales of investment securities	1,230	84,282
Return profit on cancellation of contract	—	9,370
Total extraordinary income	1,311	93,652
Extraordinary loss		
Loss on retirement of fixed assets	4,563	24,034
Head office relocation expenses	9,284	—
Total extraordinary loss	13,848	24,034
Income before tax adjustment	1,941,691	3,834,192
Corporate, resident, and business taxes	400,909	1,378,889
Income tax adjustment	266,574	-59,584
Total income taxes	667,483	1,319,305
Quarterly profit	1,274,208	2,514,886
Quarterly profit attributable to non-controlling interests	3,664	499
Quarterly profit attributable to owners of parent	1,270,543	2,514,387

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Third Quarter

(Thousands of yen)

	FY2022/3Q Cumulative period (January 1, 2022 – September 30, 2022)	FY2023/3Q Cumulative period (January 1, 2023 – September 30, 2023)
Quarterly profit	1,274,208	2,514,886
Other comprehensive income		
Valuation difference on available-for-sale securities	-14,208	9,642
Foreign currency translation adjustment	106,705	63,858
Total other comprehensive income	92,497	73,500
Quarterly comprehensive income	1,366,705	2,588,387
(Breakdown)		
Quarterly comprehensive income related to owners of the parent	1,363,040	2,587,888
Quarterly comprehensive income related to non- controlling interests	3,664	499

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Special Accountment Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses for certain consolidated subsidiaries are calculated by multiplying income before income taxes with an effective tax rate which is reasonably estimated by applying tax effect accounting to an estimated income before income taxes for the consolidated fiscal year including this third quarter.

However, in cases where calculating tax expenses using such an estimated effective tax rate would significantly lack rationality, tax expenses are calculated by multiplying the quarterly income before income taxes by the statutory effective tax rate, after adjusting significant differences that do not fall under temporary differences.

(Change in Accounting Policies)

(Change in Tax Expense Calculation Method)

However, to further improve the efficiency of quarterly closing operations of certain consolidated subsidiaries, effective from the first quarter of the current fiscal year, the calculation method to rationally estimate the effective tax rate after applying tax effect accounting to profits and multiply the quarterly net income before tax by the estimated effective tax rate has been changed.

As the impact of this change is minor, it has not been applied retroactively.

(Segment Information, etc.)

I. FY2022/3Q Cumulative period (January 1, 2022 – September 30, 2022)

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	Glamping /Tourism	Total				
Net sales								
Sales to external customers	9,918,084	8,201,877	223,733	18,343,695	134,307	18,478,002	—	18,478,002
Intersegment sales and transfers	—	11,684	1,672	13,356	8,885	22,241	-22,241	—
Total	9,918,084	8,213,561	225,405	18,357,052	143,192	18,500,244	-22,241	18,478,002
Segment profit or loss (-)	2,109,823	804,060	-43,047	2,870,835	-68,929	2,801,906	-852,102	1,949,804

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

Note 2: Adjustments in the segment profit or loss -852,102 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

Note 3: Segment profit or loss 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.

II. FY2023/3Q Cumulative period (January 1, 2023 – September 30, 2023)

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	Glamping /Tourism	Total				
Net sales								
Sales to external customers	13,933,702	9,263,180	680,623	23,877,506	76,441	23,953,947	—	23,953,947
Intersegment sales and transfers	—	14,936	9,133	24,070	4,411	28,482	-28,482	—
Total	13,933,702	9,278,117	689,757	23,901,577	80,852	23,982,430	-28,482	23,953,947
Segment profit or loss (-)	4,056,800	929,016	76,050	5,061,866	-113,220	4,948,646	-1,231,132	3,717,513

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

Note 2: Adjustments in the segment profit or loss -1,231,132 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

Note 3: Segment profit or loss is adjusted to the operating profit of the quarterly consolidated income statement.

2. Matters related to changes in reportable segments, etc.

Effective from the end of the previous consolidated fiscal year, the “Glamping/Tourism business,” which was included in the “Other” segment, has been changed to a reportable segment due to its increased importance.

The segment information for the previous third quarter consolidated cumulative period is disclosed based on the reportable segment classifications after the change.

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

(Significant Changes in the Amount of Goodwill)

Within the Information and Communications Service business segment, the Company acquired shares of ZORSE Co., Ltd., which was included in the scope of consolidation from the second quarter of the current consolidated fiscal year. The increase in goodwill due to this business was 276,145 thousand yen.

(Important Subsequent Events)

(Acquisition of Treasury Shares)

At the Board of Directors meeting held on November 13, 2023, the Company resolved matters related to the acquisition of treasury shares under the provisions of Article 156 of the Companies Act as applied by replacing terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of said Act.

1. Reason for the acquisition of treasury shares

Comprehensively taking into consideration cash on hand, share price, and other factors, the Company has determined to conduct an acquisition of treasury shares with the aim of improving capital efficiency through increased flexibility.

2. Details regarding the acquisition of treasury shares

(1) Class of shares subject to acquisition	Common stock of the Company
(2) Total number of shares acquirable	Up to 670,000 shares (Percentage of outstanding shares [excluding treasury shares]: 1.37%)
(3) Share acquisition price	Up to ¥1.0 billion
(4) Acquisition period	November 15, 2023 to March 31, 2024
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange