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Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]

February 13, 2024

Stock Listing TSE

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Stock Code 9416
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Contact Director and CFO Shinichi Nakamoto **TEL** +81-3-5287-3110
 Scheduled date of general shareholders' meeting : March 28, 2024
 Scheduled starting date of dividend payment : —
 Scheduled date of submission of financial reports : March 29, 2024
 Supplementary financial documents : Yes
 Financial results briefing : Yes (for institutional investors and analysts)

(Round down to million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023

(January 1, 2023 through December 31, 2023)

(1) Consolidated Operating Results (% 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 | % |
| FY2023 | 31,807 | 24.8 | 4,280 | 77.3 | 4,337 | 79.1 | 3,025 | 95.4 |
| FY2022 | 25,487 | 40.8 | 2,414 | 118.5 | 2,422 | 111.8 | 1,548 | 112.4 |

(Note) Comprehensive income; FY2023 : 3,079 million yen [90.5%]

FY2022 : 1,616 million yen [120.7%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit /Total assets | Operating profit /Net sales |
|--------|--------------------------|----------------------------|------------------|-------------------------------|-----------------------------|
| | Yen | Yen | % | % | % |
| FY2023 | 61.87 | 61.21 | 22.9 | 22.1 | 13.5 |
| FY2022 | 31.96 | 31.51 | 14.0 | 14.7 | 9.5 |

(Reference) Equity in earnings (losses) of affiliates ; FY2023: (4) million yen

FY2022: (0) million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholder's equity ratio | Net assets per share |
|--------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY2023 | 21,366 | 14,607 | 67.3 | 297.72 |
| FY2022 | 17,951 | 12,039 | 67.0 | 245.75 |

(Reference) Shareholders' equity ; FY2023: 14,389 million yen

FY2022: 12,022 million yen

(3) Consolidated Cash Flow Position

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY2023 | 5,054 | (1,840) | (1,040) | 10,410 |
| FY2022 | 1,539 | (1,200) | 137 | 8,185 |

2. Dividends

| | Annual dividend | | | | | Total dividends (Annual) | Dividend payout ratio (Consolidated) | Dividends/Net assets (Consolidated) |
|-------------------|-----------------|-----------|-----------|----------|-------|--------------------------|--------------------------------------|-------------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY2022 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| FY2023 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| FY2024 (Forecast) | — | 0.00 | — | 0.00 | 0.00 | — | — | — |

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 2024 (January 1, 2024 through December 31, 2024)

(% 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 | |
| 2Q FY2024 | 17,028 | 9.0 | 2,256 | (7.1) | 2,257 | (8.3) | 1,503 | (6.8) | | 31.11 |
| FY2024 | 36,145 | 13.6 | 5,254 | 22.7 | 5,256 | 21.2 | 3,500 | 15.7 | | 72.43 |

* Notes

(1) Changes in significant subsidiaries during the period : None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
New: — (Company name) — Excluded: — (Company name) —

(2) 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

(3) Shares issued (common stock)

- ① Shares issued as of term-end (incl. Treasury stock)
② Treasury stock as of term-end
③ Average number of shares outstanding

| | | | |
|--------|------------|--------|------------|
| FY2023 | 50,505,300 | FY2022 | 50,422,200 |
| FY2023 | 2,171,681 | FY2022 | 1,501,642 |
| FY2023 | 48,910,015 | FY2022 | 48,461,177 |

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 through December 31, 2023)

(1) Non-consolidated Operating Results (% change from the previous corresponding period)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|--------|--------------------------|------|----------------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY2023 | 28,332 | 24.4 | 4,041 | 86.6 | 4,144 | 85.9 | 2,959 | 94.6 |
| FY2022 | 22,782 | 34.3 | 2,165 | 175.0 | 2,229 | 157.9 | 1,520 | 177.5 |
| | Basic earnings per share | | Diluted earnings per share | | | | | |
| | Yen | | Yen | | | | | |
| FY2023 | 60.51 | | 59.87 | | | | | |
| FY2022 | 31.39 | | 30.95 | | | | | |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Shareholder's equity ratio | Net assets per share |
|--------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY2023 | 18,387 | 13,033 | 69.7 | 265.15 |
| FY2022 | 14,814 | 10,574 | 71.3 | 215.92 |

(Reference) Shareholders' equity ; FY2023: 12,815 million yen
FY2022: 10,562 million yen

* This report is not subject to audit 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 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. Please refer to "1. Summary of Business Results, (4) Future Outlook" on page 7 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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1. Summary of Business Results

(1) Summary of Operating Results

During the consolidated fiscal year, the Japanese economy has been slowly recovering, although there are some signs of a standstill. 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, the situation in the Middle East, 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 and 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 consolidated fiscal year all exceeded the results of the previous year.

| | FY2023 (Million yen) | FY2022 (Million yen) | Change (Million yen) | YoY (%) |
|---|-------------------------|-------------------------|-------------------------|------------|
| Net sales | 31,807 | 25,487 | 6,320 | 24.8 |
| Operating profit | 4,280 | 2,414 | 1,866 | 77.3 |
| Ordinary profit | 4,337 | 2,422 | 1,915 | 79.1 |
| Profit attributable to owners of parent | 3,025 | 1,548 | 1,477 | 95.4 |

Business results by segment are as follows.

(GLOBAL WiFi Business)

During the consolidated fiscal year, the extent of recovery in travel demand tended to be high since the removal of waterfront measures in April, particularly inbound travel.

The number of foreign visitors to Japan exceeded 100% of the same month in 2019 for the first time in October as a single month, and cumulative annual total has recovered to 78.6% of the 2019 level.

As for the number of outbound Japanese travelers, the cumulative annual total reached 9.62 million, 47.9% of the total for 2019, and is still on the way to recovery, but the number exceeded 1 million in August, September and November alone. (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 consolidated fiscal year significantly have exceeded those of the previous year.

| GLOBAL WiFi Business | FY2023 (Million yen) | FY2022 (Million yen) | Change (Million yen) | YoY (%) |
|----------------------|-------------------------|-------------------------|-------------------------|------------|
| Net sales | 18,728 | 14,389 | 4,338 | 30.1 |
| Segment profit | 5,032 | 3,078 | 1,954 | 63.5 |

(Information and Communications Service Business)

According to the “174th 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 6.1 points in the October-December 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 in-house developed recurring-revenue 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 consolidated fiscal year have exceeded those of the previous year.

| Information and Communications Service Business | FY2023 (Million yen) | FY2022 (Million yen) | Change (Million yen) | YoY (%) |
|---|-------------------------|-------------------------|-------------------------|------------|
| Net sales | 12,108 | 10,615 | 1,492 | 14.1 |
| Segment profit | 1,040 | 765 | 275 | 35.9 |

(Glamping and Tourism Business)

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

According to the Japan Tourism Agency's "Survey on Consumption Trends of Foreigners Visiting Japan," inbound foreign travel spending in 2023 is estimated to be 5,292.3 billion yen (up 9.9% from the same period in 2019).

Looking at the composition of inbound travel spending by expense category, lodging spending accounted for the largest share at 34.6%, with the composition of lodging spending increasing compared to the same period in 2019.

Glamping is a market with even higher expectations.

In this business environment, more and more guests are choosing "VISION GLAMPING Resort & Spa Koshikano Onsen" (Kirishima City, Kagoshima Prefecture) and "VISION GLAMPING Resort & Spa Yamanakako" (Yamanakako, Yamanashi Prefecture) opened in December 2022 as their lodging destination, seeking extraordinary experiences not found in existing hotels and inns.

As a result, both net sales and segment profit for the consolidated fiscal year have exceeded those of the previous year.

| Glamping and Tourism Business | FY2023 (Million yen) | FY2022 (Million yen) | Change (Million yen) | YoY (%) |
|-------------------------------|-------------------------|-------------------------|-------------------------|------------|
| Net sales | 913 | 340 | 572 | 168.4 |
| Segment profit (loss) | 88 | (122) | 211 | — |

(2) Summary of Financial Position

(Assets)

Total assets were 21,366 million yen (3,414 million yen more than the end of the previous consolidated fiscal year).

Current assets were 15,446 million yen (2,593 million yen more than the end of the previous consolidated fiscal year). The main reason for this was that cash and deposits increased by 2,064 million yen.

Fixed assets were 5,920 million yen (821 million yen more than the end of the previous consolidated fiscal year). The main reasons were increases of 172 million yen in buildings and structures, 268 million yen in rental assets, and 449 million yen in land.

(Liabilities)

Total liabilities were 6,758 million yen (847 million more than the end of the previous consolidated fiscal year).

Current liabilities were 5,973 million yen (1,100 million yen more than the end of the previous consolidated fiscal year). The main reasons for this were due to increases in notes and accounts payable - trade by 408 million yen and income taxes payable by 704 million yen.

Fixed liabilities were 785 million yen (253 million yen less than the end of the previous fiscal year), mainly due to a 245 million yen decrease in long-term loans payable.

(Net assets)

Total net assets were 14,607 million yen (2,567 million yen more than the end of the previous consolidated fiscal year). The main factors were a 3,025 million yen increase in retained earnings and a 206 million yen increase in stock acquisition rights due to the

posting of profit attributable to owners of the parent company, and a 782 million yen decrease due to the purchase of treasury stock.

(3) Summary of Cash Flow Position

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the consolidated fiscal year was 10,410 million yen which was 2,224 million yen more than the end of the previous consolidated fiscal year.

(Cash flows from operating activities)

Net cash increased as a result of operating activities amounted to 5,054 million yen (net cash increase of 1,539 million yen in the previous fiscal year). This was mainly due to net income before tax adjustment of 4,387 million yen, depreciation of 544 million yen, and an increase in trade payables of 397 million yen, while corporate taxes paid totaled 727 million yen.

(Cash flows from investing activities)

Net cash decreased as a result of investing activities amounted to 1,840 million yen (net cash decrease of 1,200 million yen in the previous fiscal year). This was mainly due to outflows of 1,766 million yen for payments for purchase of property, plant, and equipment.

(Cash flows from financing activities)

Net cash decreased as a result of financing activities amounted to 1,040 million yen (net cash increase of 137 million yen in the previous fiscal year). This was mainly due to the repayment of long-term loans payable in the amount of 308 million yen and the purchase of treasury stock in the amount of 782 million yen.

(Reference) Change in cash flow-related indicators

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|-----------|--------|--------|
| Shareholder's equity ratio (%) | 71.7 | 77.3 | 67.7 | 67.0 | 67.3 |
| Shareholder's equity ratio based on the market value (%) | 585.5 | 406.2 | 381.4 | 394.1 | 290.7 |
| Interest-bearing debt to cash flow ratio (years) | 0.0 | — | 0.6 | 0.6 | 0.1 |
| Interest coverage ratio (times) | 271.8 | — | 275,281.9 | 127.0 | 407.6 |

Shareholder's equity ratio: Shareholders' equity/Total assets

Shareholder's equity ratio based on the market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio : Interest-bearing debt/Cash flow

Interest coverage ratio : Cash flow/Interest payment

(Note) 1. All calculations are based on consolidated financial results.

2. Operating cash flow is used as Cash flow.

3. Interest-bearing debts cover all debts recorded in the consolidated balance sheets on which interest is paid.

4. For FY2020, the interest-bearing debt to cash flow ratio and the interest coverage ratio are not listed because operating cash flow was negative.

(4) Future Outlook

Looking forward, in Japan, although there is a need to pay close attention to the effects of downside risks in overseas economies, uncertainties regarding price trends, and fluctuations in financial and capital markets, it is expected that private demand-led economic growth will be achieved through a combination of improved income conditions, including wage increases in collaboration with the public and private sectors, and a boost to companies' appetite for capital investment.

And, with reference to surveys conducted by the UN World Tourism Organization (UNWTO) and others on the timing of the recovery of travel demand, we expect that demand for overseas travel will begin to recover in stages.

Under these economic conditions, the Group plans to strengthen promotions to raise awareness of its service brands, strengthen its human resources through mid-career recruitment, and strengthen in-house developed recurring-revenue services. As a result of these measures, we expect overseas travel demand to gradually recover in the mainstay GLOBAL WiFi business. For the next fiscal year, we forecast net sales of 36,145 million yen (13.6% increase year-on-year), operating profit of 5,254 million yen (22.7% increase year-on-year), and profit attributable to owners of parent of 3,500 million yen (15.7% increase year-on-year).

However, if the aforementioned risk factors cause the Group's business environment to deteriorate, the consolidated forecasts may be revised.

2. Basic Approach to the Choice of Accounting Standards

The Group's policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and from company to company.

Regarding the adoption of IFRS, the Group intends to respond appropriately in consideration of various domestic and international situations.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,156,512 | 10,221,202 |
| Accounts receivable - trade | 3,658,679 | 3,713,323 |
| Lease investment assets | 12,977 | 1,317 |
| Products | 224,171 | 305,559 |
| Supplies | 15,939 | 5,957 |
| Other | 903,594 | 1,376,274 |
| Allowance for doubtful accounts | (119,196) | (177,158) |
| Total current assets | 12,852,677 | 15,446,475 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures | 1,564,322 | 1,811,511 |
| Accumulated depreciation | (187,473) | (262,621) |
| Buildings and structures (net) | 1,376,849 | 1,548,890 |
| Machinery and delivery equipment | 130,826 | 131,490 |
| Accumulated depreciation | (17,740) | (41,460) |
| Machinery and delivery equipment (net) | 113,086 | 90,029 |
| Tools, equipment, and fixtures | 333,911 | 456,325 |
| Accumulated depreciation | (213,769) | (250,126) |
| Tools, equipment, and fixtures (net) | 120,141 | 206,198 |
| Rental assets | 1,579,160 | 1,791,887 |
| Accumulated depreciation | (1,405,463) | (1,349,908) |
| Rental assets (net) | 173,697 | 441,979 |
| Leased assets | 12,782 | 7,629 |
| Accumulated depreciation | (11,002) | (7,375) |
| Leased assets (net) | 1,780 | 254 |
| Land | 335,007 | 784,041 |
| Construction in progress | 63,439 | 116,766 |
| Other | 3,343 | 318 |
| Accumulated depreciation | (2,079) | (174) |
| Other (net) | 1,264 | 144 |
| Total tangible fixed assets | 2,185,266 | 3,188,305 |
| Intangible fixed assets | | |
| Software | 172,754 | 104,969 |
| Goodwill | 1,159,147 | 1,248,924 |
| Others | 21 | 21 |
| Total intangible fixed assets | 1,331,922 | 1,353,914 |
| Investments and other assets | | |
| Investment securities | 199,492 | 127,259 |
| Long-term loan | 3,915 | — |
| Deferred tax asset | 363,985 | 406,975 |
| Lease investment assets | 1,317 | — |
| Other | 1,080,269 | 933,927 |
| Allowance for doubtful accounts | (67,295) | (90,351) |
| Total investments and other assets | 1,581,684 | 1,377,810 |
| Total fixed assets | 5,098,873 | 5,920,030 |

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|--------------|-------------------------|-------------------------|
| Total assets | 17,951,550 | 21,366,505 |

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 820,701 | 1,229,622 |
| Current portion of long-term loans payable | 120,097 | 120,665 |
| Lease obligations | 12,977 | 1,317 |
| Accounts payable - other | 2,180,363 | 2,052,298 |
| Income taxes payable | 499,182 | 1,203,290 |
| Provision for bonuses | 366,769 | 439,572 |
| Allowance for shareholder benefit | — | 18,081 |
| Other | 872,847 | 908,881 |
| Total current liabilities | 4,872,939 | 5,973,728 |
| Fixed liabilities | | |
| Long-term loans payable | 847,078 | 601,451 |
| Lease obligations | 1,317 | — |
| Deferred tax liabilities | 7,749 | 17,454 |
| Other | 182,469 | 166,236 |
| Total fixed liabilities | 1,038,615 | 785,141 |
| Total liabilities | 5,911,554 | 6,758,870 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,535,941 | 2,571,601 |
| Capital surplus | 2,602,056 | 2,637,682 |
| Retained earnings | 8,637,117 | 11,663,013 |
| Treasury stock | (1,862,967) | (2,645,942) |
| Total shareholders' equity | 11,912,147 | 14,226,354 |
| Other accumulated comprehensive income | | |
| Valuation difference on available-for-sale securities | (14,198) | (9,563) |
| Foreign currency translation adjustment | 124,419 | 172,936 |
| Total other accumulated comprehensive income | 110,220 | 163,373 |
| Stock acquisition rights | 11,344 | 217,907 |
| Non-controlling interests | 6,284 | — |
| Total net assets | 12,039,996 | 14,607,635 |
| Total liabilities and net assets | 17,951,550 | 21,366,505 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
|--|--|--|
| Sales | 25,487,727 | 31,807,789 |
| Cost of sales | 13,157,134 | 14,005,098 |
| Gross profit | 12,330,593 | 17,802,691 |
| Selling, general, and administrative expenses | 9,916,027 | 13,521,925 |
| Operating profit | 2,414,565 | 4,280,765 |
| Non-operating income | | |
| Interest income | 2,058 | 647 |
| Dividend income | 4,615 | 6,883 |
| Foreign exchange profit | 1,908 | 9,789 |
| Subsidy income | 1,458 | 31,562 |
| Insurance surrender value | — | 12,233 |
| Other | 12,337 | 22,239 |
| Total non-operating income | 22,378 | 83,355 |
| Non-operating expenses | | |
| Interest expenses | 11,632 | 12,373 |
| Equity in losses of affiliates | 57 | 4,462 |
| Commissions expenses | 413 | 3,370 |
| Other | 2,340 | 5,924 |
| Total non-operating expenses | 14,444 | 26,130 |
| Ordinary profit | 2,422,500 | 4,337,990 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 274 | — |
| Gain on sale of investments in securities | 1,230 | 84,282 |
| Return profit on cancellation of contract | — | 9,370 |
| Total extraordinary income | 1,504 | 93,652 |
| Extraordinary losses | | |
| Losses on retirement of fixed assets | 19,812 | 44,303 |
| Losses on revaluation of investments in securities | 17,405 | — |
| Head office relocation costs | 19,718 | — |
| Cancellation penalty fees | 9,753 | — |
| Total extraordinary losses | 66,689 | 44,303 |
| Net income before tax adjustment | 2,357,315 | 4,387,340 |
| Corporate, resident, and business taxes | 537,940 | 1,396,690 |
| Income tax adjustment | 266,927 | (35,744) |
| Total income taxes | 804,867 | 1,360,945 |
| Net income | 1,552,447 | 3,026,394 |
| Net income attributable to non-controlling interests | 3,836 | 499 |
| Net income attributable to owners of parent | 1,548,610 | 3,025,895 |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
|---|--|--|
| Net income | 1,552,447 | 3,026,394 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (19,308) | 4,635 |
| Foreign currency translation adjustment | 83,427 | 48,517 |
| Total other comprehensive income | 64,119 | 53,152 |
| Comprehensive income | 1,616,566 | 3,079,547 |
| (Breakdown) | | |
| Comprehensive income related to owners of the parent | 1,612,729 | 3,079,048 |
| Comprehensive income related to non-controlling interests | 3,836 | 499 |

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2022 (January 1, 2022 – December 31, 2022)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the period | 2,387,915 | 2,454,031 | 7,088,507 | (1,862,904) | 10,067,549 |
| Changes during the period | | | | | |
| Issuance of new shares (Exercise of stock acquisition rights) | 148,025 | 148,025 | | | 296,050 |
| Profit attributable to owners of the parent company | | | 1,548,610 | | 1,548,610 |
| Acquisition of treasury stock | | | | (63) | (63) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the period | 148,025 | 148,025 | 1,548,610 | (63) | 1,844,597 |
| Balance at the end of the period | 2,535,941 | 2,602,056 | 8,637,117 | (1,862,967) | 11,912,147 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total other accumulated comprehensive income | | | |
| Balance at the beginning of the period | 5,109 | 40,991 | 46,101 | 6,116 | 2,447 | 10,122,215 |
| Changes during the period | | | | | | |
| Issuance of new shares (Exercise of stock acquisition rights) | | | | | | 296,050 |
| Profit attributable to owners of the parent company | | | | | | 1,548,610 |
| Acquisition of treasury stock | | | | | | (63) |
| Net changes of items other than shareholders' equity | (19,308) | 83,427 | 64,119 | 5,227 | 3,836 | 73,183 |
| Total changes during the period | (19,308) | 83,427 | 64,119 | 5,227 | 3,836 | 1,917,781 |
| Balance at the end of the period | (14,198) | 124,419 | 110,220 | 11,344 | 6,284 | 12,039,996 |

FY2023 (January 1, 2023 – December 31, 2023)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the period | 2,535,941 | 2,602,056 | 8,637,117 | (1,862,967) | 11,912,147 |
| Changes during the period | | | | | |
| Issuance of new shares (Exercise of stock acquisition rights) | 35,660 | 35,660 | | | 71,320 |
| Profit attributable to owners of the parent company | | | 3,025,895 | | 3,025,895 |
| Acquisition of treasury stock | | | | (782,974) | (782,974) |
| Purchase of shares of consolidated subsidiaries | | (34) | | | (34) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the period | 35,660 | 35,626 | 3,025,895 | (782,974) | 2,314,207 |
| Balance at the end of the period | 2,571,601 | 2,637,682 | 11,663,013 | (2,645,942) | 14,226,354 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total other accumulated comprehensive income | | | |
| Balance at the beginning of the period | (14,198) | 124,419 | 110,220 | 11,344 | 6,284 | 12,039,996 |
| Changes during the period | | | | | | |
| Issuance of new shares (Exercise of stock acquisition rights) | | | | | | 71,320 |
| Profit attributable to owners of the parent company | | | | | | 3,025,895 |
| Acquisition of treasury stock | | | | | | (782,974) |
| Purchase of shares of consolidated subsidiaries | | | | | | (34) |
| Net changes of items other than shareholders' equity | 4,635 | 48,517 | 53,152 | 206,563 | (6,284) | 253,431 |
| Total changes during the period | 4,635 | 48,517 | 53,152 | 206,563 | (6,284) | 2,567,639 |
| Balance at the end of the period | (9,563) | 172,936 | 163,373 | 217,907 | — | 14,607,635 |

(4) Consolidated Statements of Cash Flow

(Thousands of yen)

| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
|---|--|--|
| Cash flow from operating activities | | |
| Net income before tax adjustment | 2,357,315 | 4,387,340 |
| Depreciation | 241,790 | 544,740 |
| Goodwill amortization | 184,160 | 210,385 |
| Stock compensation expenses | — | 207,000 |
| Increase (decrease) of allowance for doubtful accounts | 37,789 | 81,007 |
| Increase (decrease) of allowance for bonuses | 57,724 | 71,239 |
| Interest and dividend income | (6,674) | (7,531) |
| Subsidy income | (1,458) | (31,562) |
| Interest expense | 11,632 | 12,373 |
| Equity in (earnings) losses of affiliated companies | 57 | 4,462 |
| (Gain) loss on sale of fixed assets | (274) | — |
| Loss on retirement of fixed assets | 19,812 | 44,303 |
| (Gain) loss on sale of investment securities | (1,230) | (84,282) |
| (Gain) loss on valuation of investment securities | 17,405 | — |
| (Increase) decrease in trade receivables | (1,433,942) | (94,810) |
| (Increase) decrease in inventories | (28,706) | (70,940) |
| Increase (decrease) in trade payables | (105,443) | 397,923 |
| Increase (decrease) in accounts payable-other | 559,956 | (90,002) |
| Other | (141,853) | 174,001 |
| Subtotal | 1,768,061 | 5,755,645 |
| Received interest and dividends | 6,609 | 7,467 |
| Subsidy received | 1,458 | 31,562 |
| Interest payment | (12,120) | (12,401) |
| Corporate tax payment | (224,363) | (727,654) |
| Cash flow from operating activities | 1,539,646 | 5,054,619 |
| Cash flow from investing activities | | |
| Payments for purchase of property, plant, and equipment | (1,217,562) | (1,766,502) |
| Payments for purchase of intangible fixed assets | (67,637) | (48,387) |
| Income from sale of fixed assets | 4,858 | — |
| Income from sales of investment securities | 8,610 | 160,148 |
| Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation | 96,753 | — |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | — | (211,738) |
| Payments for acquisition of business | — | (33,958) |
| Payments for lease and guarantee deposits | (94,008) | (158,837) |
| Proceeds from collection of lease and guarantee deposits | 35,309 | 140,600 |
| Payments for loans receivable | (500,000) | — |
| Proceeds from collection of loans receivable | 500,000 | — |
| Other | 32,701 | 78,488 |
| Cash flow from investing activities | (1,200,976) | (1,840,186) |
| Cash flow from financing activities | | |
| Repayment of short-term loans payable | (50,000) | — |
| Repayment of long-term loans payable | (98,798) | (308,668) |
| Income from exercising stock options | 295,517 | 70,883 |
| Income from issuance of stock acquisition rights | 5,760 | — |
| Expenditure on the acquisition of treasury stock | (63) | (782,974) |
| Expenditure for repayment of lease obligations | (15,368) | (12,977) |
| Other | — | (6,783) |

| | (Thousands of yen) | |
|---|--|--|
| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
| Cash flow from financing activities | 137,047 | (1,040,520) |
| Conversion difference for cash and cash equivalents | 78,368 | 50,926 |
| Increase (decrease) in cash and cash equivalents | 554,085 | 2,224,838 |
| Initial balance of cash and cash equivalents | 7,631,688 | 8,185,773 |
| Term-end balance of cash and cash equivalents | 8,185,773 | 10,410,612 |

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment Information, etc.)

Segment Information

FY2022 (January 1, 2022 – December 31, 2022)

(Thousands of yen)

| | Reporting segment | | | | Other (Note 1) | Total | Adjustments (Note 2) | Consolidated income statement (Note 3) |
|--|-------------------|--|-------------------------|------------|-------------------|------------|-------------------------|---|
| | GLOBAL WiFi | Information and Communications Service | Glamping and Tourism | Total | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 14,389,950 | 10,572,729 | 338,295 | 25,300,976 | 186,750 | 25,487,727 | — | 25,487,727 |
| Intersegment sales and transfers | — | 42,343 | 1,885 | 44,228 | 10,902 | 55,131 | (55,131) | — |
| Total | 14,389,950 | 10,615,073 | 340,181 | 25,345,205 | 197,652 | 25,542,858 | (55,131) | 25,487,727 |
| Segment profit (loss) | 3,078,378 | 765,747 | (122,953) | 3,721,172 | (119,844) | 3,601,327 | (1,186,761) | 2,414,565 |
| Segment assets | 3,538,859 | 4,645,863 | 1,627,283 | 9,812,007 | 403,012 | 10,215,019 | 7,736,531 | 17,951,550 |
| Other items | | | | | | | | |
| Depreciation | 117,169 | 63,598 | 38,291 | 219,060 | 3,695 | 222,755 | 19,034 | 241,790 |
| Goodwill amortization | 4,542 | 179,617 | — | 184,160 | — | 184,160 | — | 184,160 |
| Increase in tangible and intangible fixed assets | 221,819 | 66,146 | 1,086,647 | 1,374,614 | — | 1,374,614 | 85,775 | 1,460,390 |

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: The details of adjustments are as follows.

(1) Adjustments in the segment profit (1,186,761) 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.

(2) Adjustments in the segment assets 7,736,531 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly cash and cash equivalents that do not belong to the reporting segment.

Note 3: Segment profit is adjusted to the operating profit of the consolidated financial statements.

FY2023 (January 1, 2023 – December 31, 2023)

(Thousands of yen)

| | Reporting segment | | | | Other (Note 1) | Total | Adjustments (Note 2) | Consolidated income statement (Note 3) |
|--|-------------------|--|-------------------------|------------|-------------------|------------|-------------------------|---|
| | GLOBAL WiFi | Information and Communications Service | Glamping and Tourism | Total | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 18,728,403 | 12,086,342 | 902,863 | 31,717,609 | 90,180 | 31,807,789 | — | 31,807,789 |
| Intersegment sales and transfers | — | 21,717 | 10,224 | 31,942 | 4,561 | 36,504 | (36,504) | — |
| Total | 18,728,403 | 12,108,059 | 913,088 | 31,749,551 | 94,742 | 31,844,294 | (36,504) | 31,807,789 |
| Segment profit (loss) | 5,032,760 | 1,040,957 | 88,801 | 6,162,520 | (176,682) | 5,985,837 | (1,705,071) | 4,280,765 |
| Segment assets | 3,516,083 | 5,560,367 | 2,159,408 | 11,235,859 | 301,449 | 11,537,309 | 9,829,196 | 21,366,505 |
| Other items | | | | | | | | |
| Depreciation | 321,244 | 91,504 | 110,571 | 523,320 | 2,748 | 526,069 | 18,671 | 544,740 |
| Goodwill amortization | 4,748 | 205,636 | — | 210,385 | — | 210,385 | — | 210,385 |
| Increase in tangible and intangible fixed assets | 583,522 | 217,219 | 692,128 | 1,492,871 | — | 1,492,871 | 17,630 | 1,510,501 |

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: The details of adjustments are as follows.

(1) Adjustments in the segment profit (1,705,071) 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.

(2) Adjustments in the segment assets 9,829,196 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly cash and cash equivalents that do not belong to the reporting segment.

Note 3: Segment profit is adjusted to the operating profit of the consolidated financial statements.

(Per Share Information)

| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
|----------------------------|--|--|
| Net assets per share | 245.75 yen | 297.72 yen |
| Basic earnings per share | 31.96 yen | 61.87 yen |
| Diluted earnings per share | 31.51 yen | 61.21 yen |

(Note) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

| | FY2022 (January 1, 2022 – December 31, 2022) | FY2023 (January 1, 2023 – December 31, 2023) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (thousand yen) | 1,548,610 | 3,025,895 |
| Amount not attributable to common shareholders (thousand yen) | — | — |
| Profit attributable to owners of parent related to common stock (thousand yen) | 1,548,610 | 3,025,895 |
| Average number of shares of common stock during the period (shares) | 48,461,177 | 48,910,015 |
| Diluted earnings per share | | |
| Adjustment of profit attributable to owners of parent (thousand yen) | — | — |
| Increase in common stock (shares) | 681,047 | 526,816 |
| [Of which stock acquisition rights (shares)] | [681,047] | [526,816] |
| Summary of potential stock not included in the calculation of diluted earnings per share due to lack of dilutive effect | Stock acquisition rights (720,000 shares of common stock) pursuant to a resolution of the Board of Directors on March 1, 2022 | Stock acquisition rights (360,000 shares of common stock) pursuant to a resolution of the Board of Directors on March 1, 2022 |