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

May 12, 2023

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 Scheduled date of filing of quarterly securities report : May 12, 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 First Quarter Ended December 31, 2023 (January 1, 2023 through March 31, 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	%
1Q FY2023	8,347	48.8	1,382	242.3	1,423	250.4	940	282.4
1Q FY2022	5,609	42.4	403	41.3	406	29.4	245	5.9

(Note) Comprehensive income: 1Q FY2023 : 933 million yen (248.5%)
 1Q FY2022 : 267 million yen (7.1%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY2023	19.22	19.04
1Q FY2022	5.16	5.03

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
1Q FY2023	19,077	12,995	68.0
FY 2022	17,951	12,039	67.0

(Reference) Equity: 1Q FY2023 : 12,977 million yen
 FY 2022 : 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
FY 2022	—	0.00	—	0.00	0.00
FY 2023	—	—	—	—	—
FY 2023 (Forecast)	—	0.00	—	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
2Q FY2023 (Cumulative)	13,279	14.2	1,512	64.0	1,510	63.7	1,002	77.1	20.50
FY 2023	26,553	4.2	3,000	24.3	2,998	23.8	1,990	28.6	40.69

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

* **Notes**

(1) Changes in significant subsidiaries during the period : None
(Changes in specified subsidiaries resulting in changes in 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 Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for 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)	1Q FY2023	50,448,600	FY 2022	50,422,200
② Treasury stock as of term-end	1Q FY2023	1,501,642	FY 2022	1,501,642
③ Average number of shares outstanding	1Q FY2023	48,932,561	1Q FY2022	47,618,272

* **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 materials.

Contents of Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements ...	4
2. Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income	7
(3) Notes on Quarterly Consolidated Financial Statements	9
(Notes on Going Concern Assumption)	9
(Notes on Significant Changes in Shareholders' Equity)	9
(Special Accountment Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)	9
(Changes in Accounting Policies)	9
(Segment Information, etc.)	10

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the first quarter of the current fiscal year, the economy has been recovering moderately, with a gradual increase in personal consumption, although some weakness can be seen in some sectors.

However, amid ongoing global monetary tightening and other factors, a downturn in global economies poses a downside risk to the economy. In addition to the effects of rising prices, supply-side constraints, and fluctuations in financial and capital markets, we also need to pay close attention to the spread of COVID-19.

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

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

	FY2023/1Q Result (million yen)	FY2022/1Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	8,347	5,609	2,738	48.8
Operating profit	1,382	403	978	242.3
Ordinary profit	1,423	406	1,016	250.4
Profit attributable to owners of parent	940	245	694	282.4

Business results by segment are as follows.

(GLOBAL WiFi Business)

During the first quarter of the current consolidated period, the recovery in travel demand tended to be high, mainly due to the easing of restrictions on activities in Japan and the relaxation of entry restrictions in various countries for inbound travel to Japan.

In January, the number of foreign visitors to Japan from East Asian markets exceeded 1 million due to the Chinese New Year, and in February, markets outside of East Asia showed a steady recovery. In March, the number of foreign visitors from the U.S., Europe, Australia, and the Middle East increased significantly.

Although still in the process of recovery compared to before the spread of COVID-19, the number of foreign visitors to Japan from January to March reached 4.79 million, a 59.5% recovery compared to 2019, and for the month of March alone, the number reached 1.81 million, a 65.8% recovery compared to 2019. The number of outbound Japanese also increased steadily, reaching 440,000 in January, 530,000 in February, and 690,000 in March. (Source: Japan National Tourism Organization)

In this environment, in addition to meeting various communication demands for outbound, inbound, and domestic use, we continued to provide PCR inspection services and services related to quarantine procedures at airport quarantine stations upon entry into Japan.

As a result, both net sales and segment income for first quarter of the current consolidated period increased from the same period of the previous year.

GLOBAL WiFi Business	FY2023/1Q Result (million yen)	FY2022/1Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	5,108	2,618	2,489	95.1
Segment profit	1,443	359	1,083	301.5

(Information and Communications Service Business)

According to the "Survey of Business Conditions of Small and Medium Enterprises (February 2023) Summary" (Source: Japan Finance Corporation Research Institute), during the first quarter of the current consolidated fiscal year, the Diffusion Index of sales and of profits of small and medium-sized enterprises (SMEs), which are the main service sectors provided by our business, showed signs of improvement, with the negative range of both D.I. of sales and of profits decreasing.

In this business environment, sales of mobile communications equipment and office automation equipment remained strong.

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.

On the other hand, the Company incurred expenses associated with the strengthening of sales activities as well as costs associated with the provision of new commercial products.

As a result, net sales for the first quarter of the current fiscal year exceeded those of the same period of the previous year, but segment income fell below the level of the same period of the previous year.

Information and Communications Service Business	FY2023/1Q Result (million yen)	FY2022/1Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	2,984	2,875	109	3.8
Segment profit	302	347	-45	-13.0

(Glamping/Tourism Business)

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

Glamping is an outdoor activity that gets away from crowds, so the number of facility openings in 2022 will be the highest ever, and demand continues to grow. (Source: Japan Glamping Association)

Also, as domestic travel demand recovers, an increasing number of 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, Yamanashi Prefecture) in December 2022.

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

Glamping/Tourism Business	FY2023/1Q Result (million yen)	FY2022/1Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	215	67	147	218.5
Segment profit	6	2	4	192.2

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter consolidated accounting period are 19,077 million yen (1,126 million yen more than the end of the previous consolidated fiscal term).

Current assets are 13,977 million yen (1,124 million yen more than the end of the previous consolidated fiscal term). The main reasons for this are 524 million yen increase in cash and deposits and a 557 million yen increase in accounts receivable.

Fixed assets are 5,100 million yen (1 million yen more than the end of the previous consolidated fiscal year), mainly due to a 53 million yen increase in property, plant and equipment and a 55 million yen decrease in goodwill.

(Liabilities)

Total liabilities at the end of the first quarter consolidated accounting period are 6,082 million yen (170 million more than the end of the previous consolidated fiscal term).

Current liabilities are 5,063 million yen (191 million yen more than the end of the previous fiscal year). The main reasons for this are due to a 298 million yen increase in notes and accounts payable-trade and a 107 million yen decrease in accounts payable-other.

Fixed liabilities amounted to 1,018 million yen (20 million less than the end of the previous fiscal year), mainly due to a 30 million yen increase in long-term loans payable.

(Net assets)

Net assets at the end of the first quarter consolidated accounting period were 12,955 million yen (955 million yen more than the end of the previous fiscal year). The main reason was a 940 million yen increase in retained earnings due to the posting of net income attributable to parent company shareholders.

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

There is no change to the consolidated earnings forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended December 31, 2022" on February 14, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,156,512	8,680,933
Notes and accounts receivable - trade	3,658,679	4,216,388
Products	224,171	241,012
Supplies	15,939	13,035
Other	916,571	971,407
Allowance for doubtful accounts	-119,196	-145,105
Total current assets	12,852,677	13,977,671
Fixed assets		
Tangible fixed assets	2,185,266	2,238,979
Intangible fixed assets		
Goodwill	1,159,147	1,104,003
Other	172,775	168,421
Total intangible fixed assets	1,331,922	1,272,425
Investments and other assets		
Other	1,648,980	1,654,088
Allowance for doubtful accounts	-67,295	-65,191
Total investments and other assets	1,581,684	1,588,896
Total fixed assets	5,098,873	5,100,301
Total assets	17,951,550	19,077,972
Liabilities		
Current liabilities		
Notes and accounts payable – trade	820,701	1,119,475
Current portion of long-term debt	120,097	121,766
Accounts payable	2,180,363	2,073,005
Income taxes payable	499,182	462,748
Provision for bonuses	366,769	310,107
Other	885,824	976,857
Total current liabilities	4,872,939	5,063,960
Fixed liabilities		
Long-term debt	847,078	817,029
Other	191,536	201,443
Total fixed liabilities	1,038,615	1,018,473
Total liabilities	5,911,554	6,082,433
Net assets		
Shareholders' equity		
Share capital	2,535,941	2,546,984
Capital surplus	2,602,056	2,613,099
Retained earnings	8,637,117	9,577,408
Treasury stock	-1,862,967	-1,862,967
Total shareholders' equity	11,912,147	12,874,523
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	-14,198	-9,886
Foreign currency translation adjustment	124,419	112,639
Total other accumulated comprehensive income	110,220	102,753
Subscription rights to shares	11,344	11,209
Non-controlling interests	6,284	7,052

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Total net assets	12,039,996	12,995,538
Total liabilities and net assets	17,951,550	19,077,972

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

(Thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2022 – March 31, 2022)	Current Consolidated Fiscal Year (January 1, 2023 – March 31, 2023)
Net sales	5,609,090	8,347,500
Cost of sales	3,064,517	4,094,688
Gross profit	2,544,573	4,252,811
Selling, general, and administrative expenses	2,140,631	2,870,307
Operating profit	403,942	1,382,503
Non-operating income		
Interest income	766	191
Dividends earned	1,500	3,000
Subsidy income	1,750	25,837
Insurance surrender value	—	12,233
Other	2,780	3,149
Total non-operating income	6,797	44,410
Non-operating expenses		
Interest expenses	2,788	2,684
Equity in losses of affiliates	950	918
Other	846	252
Total non-operating expense	4,585	3,855
Ordinary profit	406,154	1,423,059
Extraordinary loss		
Loss on disposal of fixed assets	—	7,596
Total extraordinary loss	—	7,596
Profit before tax adjustment	406,154	1,415,463
Corporate, resident, and business taxes	78,003	439,231
Deferred income tax	80,795	35,174
Total income taxes	158,799	474,405
Quarterly profit	247,354	941,057
Quarterly profit attributable to non-controlling interests	1,446	767
Quarterly profit attributable to owners of parent	245,908	940,290

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative First Quarter

(Thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2022 – March 31, 2022)	Current Consolidated Fiscal Year (January 1, 2023 – March 31, 2023)
Quarterly comprehensive income	247,354	941,057
Other comprehensive income		
Valuation difference on available-for-sale securities	-6,940	4,312
Foreign currency translation reserve	27,478	-11,779
Total other comprehensive income	20,537	-7,467
Quarterly comprehensive income	267,892	933,590
(Breakdown)		
Quarterly comprehensive income related to owners of the parent	266,446	932,823
Quarterly comprehensive income related to non-controlling interests	1,446	767

(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 are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year, including the first quarter under review, and multiplying quarterly income before income taxes and minority interests by such estimated effective tax rate.

However, in cases where calculating tax expenses using such 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.

(Changes in Accounting Policies)

(Changes in Tax Expense Calculation Method)

In the past, tax expenses were calculated using the principle method. We have changed 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.

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

(Segment Information, etc.)

Segment Information

I. FY2022/1Q Cumulative period (January 1, 2022 - March 31, 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	2,618,747	2,871,377	67,556	5,557,681	51,409	5,609,090	—	5,609,090
Intersegment sales and transfers	—	3,853	—	3,853	1,749	5,603	-5,603	—
Total	2,618,747	2,875,231	67,556	5,561,534	53,159	5,614,694	-5,603	5,609,090
Segment profit or loss (-)	359,495	347,373	2,226	709,095	-36,340	672,755	-268,812	403,942

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

- The segment profit of -268,812 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.
- 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
Not applicable.

II. FY2023/1Q Cumulative period (January 1, 2023 - March 31, 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	5,108,488	2,981,325	212,144	8,301,958	45,541	8,347,500	—	8,347,500
Intersegment sales and transfers	—	3,274	3,002	6,277	2,532	8,809	-8,809	—
Total	5,108,488	2,984,599	215,147	8,308,235	48,074	8,356,310	-8,809	8,347,500
Segment profit or loss (-)	1,443,484	302,214	6,505	1,752,203	-29,611	1,722,592	-340,088	1,382,503

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

- The segment profit of -340,088 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.
- Segment profit is adjusted to the operating profit of the quarterly consolidated income statement.

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

The Glamping/Tourism Business which was included in “Other” from the end of the previous consolidated fiscal year, following the opening of the VISION GLAMPING Resort & Spa Yamanakako in the previous consolidated fiscal year and the acquisition of all shares of Koshikano Onsen Inc., and included it as a consolidated subsidiary, the Company changed its business segment reporting method.

The segment information for the first quarter of the previous fiscal year is disclosed based on the reporting segment classification after the change.

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

Not applicable.