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Consolidated Financial Results for the Six Months Ended June 30, 2024 [Under Japanese GAAP]

August 9, 2024

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 Stock Code 9416 URL <https://www.vision-net.co.jp/en>
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 Scheduled date to file semi-annual securities report: August 9, 2024
 Scheduled date to commence dividend payments: September 10, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2024

(from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2024	17,021	9.0	2,720	12.1	2,756	12.0	1,785	10.6
June 30, 2023	15,620	34.3	2,428	163.4	2,462	166.9	1,614	185.0

Note: Comprehensive income: Six months ended June 30, 2024: 1,848 million yen [11.4%]
 Six months ended June 30, 2023: 1,658 million yen [163.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended June 30, 2024	Yen 36.94	Yen 36.75
June 30, 2023	32.98	32.66

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of June 30, 2024	Millions of yen 22,867	Millions of yen 16,608	71.2%
December 31, 2023	21,366	14,607	67.3

Reference: Equity As of June 30, 2024: 16,287 million yen
 As of December 31, 2023: 14,389 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2023	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024	—	13.00			
Fiscal year ending December 31, 2024 (Forecast)			—	14.00	27.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024

(from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	36,145	13.6	5,707	33.3	5,738	32.3	3,797	25.5	78.51

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: Yes

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	50,152,300 shares
As of December 31, 2023	50,505,300 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	1,761,711 shares
As of December 31, 2023	2,171,681 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2024	48,345,219 shares
Six months ended June 30, 2023	48,945,081 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

For the six months ended June 30, 2024, the Japanese economy had been recovering moderately, although it has recently been slowing down.

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 six months ended June 30, 2024 all exceeded the results for the same period of the previous year.

In GLOBAL WiFi business, we had received orders from the Ministry of Health, Labour and Welfare for the operations of the Tokyo Airport Quarantine Office, etc. (quarantine support operations, hereinafter referred to as the “support operations”), and recorded net sales of approximately 1.8 billion yen and operating profit of approximately 540 million yen for the six months ended June 30, 2023. However, the positioning of COVID-19 has been lowered to Category V Infectious Diseases, and the support operations, etc. are not currently provided. Based on the above, actual results after deducting the amount of support operations, etc. provided were substantially higher than in the previous year, with net sales increasing approximately 3.22 billion yen (up 23.3% year on year) and operating profit increasing approximately 830 million yen (up 44.5% year on year).

	Six months ended June 30, 2024 (Millions of yen)	Six months ended June 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	17,021	15,620 [13,799]	1,400 [3,221]	9.0 [23.3]
Operating profit	2,720	2,428 [1,883]	292 [837]	12.1 [44.5]
Ordinary profit	2,756	2,462	294	12.0
Profit attributable to owners of parent	1,785	1,614	171	10.6

* The amount in [] is the amount of support operations, etc. performed in the previous year is deducted.

Operating results by segment are as follows.

(GLOBAL WiFi Business)

For the six months ended June 30, 2024, the inbound travel market, which benefited from the weak yen, had remained brisk. The number of foreign visitors to Japan exceeded 3 million for the fourth consecutive month in June, reaching 17.77 million for the six months, a 106.9% increase compared to the same period of 2019.

The number of outbound Japanese travelers had been recovering since the end of the border measures last year. However, it had recovered moderately to 5.79 million, 60.8% of the 2019 level, due to economic factors such as the weak yen, fuel price hike, and high local prices, as well as unstable international situations. (Source: Japan National Tourism Organization)

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

As for outbound sales, the demand for the “Unlimited Data Plan (4G and 5G)” was high due to steady demand from corporate customers. Therefore, the Average Revenue Per Use remained high.

As a result, both net sales and segment profit for the six months ended June 30, 2024 exceeded those of the previous year. The actual results after deducting the amount of support operations, etc. provided were substantially higher than the results for the same period of the previous year, with net sales increasing by approximately 1.99 billion yen (up 27.7% year on year) and segment profit increasing by approximately 680 million yen (up 33.1% year on year).

GLOBAL WiFi Business	Six months ended June 30, 2024 (Millions of yen)	Six months ended June 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	9,186	9,012 [7,192]	174 [1,994]	1.9 [27.7]
Segment profit	2,753	2,613 [2,068]	140 [685]	5.4 [33.1]

* The amount in [] is the amount of support operations, etc. performed in the previous fiscal year is deducted.

(Information and Communications Service Business)

According to the “176th Survey of Business Conditions of Small and Medium Enterprises,” the business conditions DI (Diffusion Index: Index of various estimations by companies on business conditions, facilities, excess or deficiency of employees, etc.) for all industries of small and medium-sized enterprises (SMEs), which are the main service sectors provided by our business, increased by 2.6 points in the April-June 2024 period from the previous year, and it has risen for the first time in four periods.

In this business environment, we strengthened our sales capabilities while actively promoting mid-career recruitment. As a result, sales of office automation equipment and the electricity agency business (Eco-solution business) continued to be strong.

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 six months ended June 30, 2024 exceeded those of the previous year and reached record highs.

Information and Communications Service Business	Six months ended June 30, 2024 (Millions of yen)	Six months ended June 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	7,321	6,132	1,189	19.4
Segment profit	916	655	261	39.9

(Glamping and Tourism Business)

According to the Japan Tourism Agency’s “Survey on Consumption Trends of Foreigners Visiting Japan,” inbound foreign travel spending in the April-June 2024 period is estimated to be 2,137 billion yen (up 68.6% 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 705.1 billion yen (33.0%), with the composition of lodging spending increased by 338.5 billion yen (4.1%) compared to the same period in 2019.

Glamping is a market with even higher expectations.

In this business environment, the occupancy rate improved from the same period of the previous year at “VISION GLAMPING Resort & Spa” (Yamanakako, Yamanashi Prefecture), which opened in December 2022, and “VISION GLAMPING Resort & Spa Koshikano Onsen” (Kirishima City, Kagoshima Prefecture) with the addition of “Onsen Ryokan Glamping” in September 2023, which combines customer experience elements of hot spring inn and glamping. Furthermore, the number of foreign guests has been increasing, leading to an increase in the average spend per customer.

As a result, both net sales and segment profit for the six months ended June 30, 2024 exceeded those of the previous year.

Glamping and Tourism Business	Six months ended June 30, 2024 (Millions of yen)	Six months ended June 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	505	427	77	18.1
Segment profit	37	21	16	77.1

(2) Explanation of Financial Position

(Assets)

Total assets were 22,867 million yen (1,501 million yen more than the end of the previous fiscal year).

Current assets were 16,983 million yen (1,536 million yen more than the end of the previous fiscal year). The main reason for this was a 1,296 million yen increase in accounts receivable.

Non-current assets were 5,884 million yen (35 million yen less than the end of the previous fiscal year). The main reasons were a 138 million yen increase in property, plant and equipment, while goodwill decreased in 114 million yen.

(Liabilities)

Total liabilities were 6,258 million yen (499 million yen less than the end of the previous fiscal year).

Current liabilities were 5,536 million yen (436 million yen less than the end of the previous fiscal year). The main reasons for this were a 104 million yen increase in notes and accounts payable, a 319 million yen decrease in income taxes payable, and a 221 million yen decrease in provision for bonuses.

Non-current liabilities were 722 million yen (62 million yen less than the end of the previous fiscal year). The main reason was a 73 million yen decrease in long-term borrowings.

(Net assets)

Net assets were 16,608 million yen (2,001 million yen more than the end of the previous fiscal year). The main reasons were a 1,523 million yen increase in retained earnings due to the posting of profit attributable to owners of parent, a 103 million yen increase in share acquisition rights due to stock compensation expenses, and a 223 million yen decrease in capital surplus due to retirement of treasury shares.

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

There is no change to the consolidated financial results forecast announced on June 21, 2024.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	10,221,202	10,670,707
Accounts receivable - trade	3,713,323	5,010,063
Merchandise	305,559	320,729
Supplies	5,957	18,209
Other	1,377,591	1,196,871
Allowance for doubtful accounts	(177,158)	(233,576)
Total current assets	15,446,475	16,983,006
Non-current assets		
Property, plant and equipment	3,188,305	3,326,716
Intangible assets		
Goodwill	1,248,924	1,134,605
Other	104,990	103,808
Total intangible assets	1,353,914	1,238,414
Investments and other assets		
Other	1,468,162	1,416,512
Allowance for doubtful accounts	(90,351)	(96,972)
Total investments and other assets	1,377,810	1,319,539
Total non-current assets	5,920,030	5,884,670
Total assets	21,366,505	22,867,676
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,229,622	1,334,591
Current portion of long-term borrowings	120,665	129,336
Income taxes payable	1,203,290	883,721
Provision for bonuses	439,572	217,586
Other	2,980,577	2,971,523
Total current liabilities	5,973,728	5,536,759
Non-current liabilities		
Long-term borrowings	601,451	528,376
Other	183,690	193,790
Total non-current liabilities	785,141	722,166
Total liabilities	6,758,870	6,258,925
Net assets		
Shareholders' equity		
Share capital	2,571,601	2,596,348
Capital surplus	2,637,682	2,414,347
Retained earnings	11,663,013	13,186,840
Treasury shares	(2,645,942)	(2,135,908)
Total shareholders' equity	14,226,354	16,061,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9,563)	(5,558)
Foreign currency translation adjustment	172,936	231,578
Total accumulated other comprehensive income	163,373	226,019
Share acquisition rights	217,907	321,103
Total net assets	14,607,635	16,608,750
Total liabilities and net assets	21,366,505	22,867,676

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

Interim Consolidated Statements of Income

(For the six months ended June 30)

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	15,620,221	17,021,149
Cost of sales	7,143,508	7,231,342
Gross profit	8,476,713	9,789,806
Selling, general and administrative expenses	6,048,607	7,068,945
Operating profit	2,428,105	2,720,860
Non-operating income		
Interest income	338	224
Dividend income	3,768	4,024
Share of profit of entities accounted for using equity method	-	12,484
Subsidy income	27,887	26,452
Surrender value of insurance policies	12,233	-
Other	7,627	7,955
Total non-operating income	51,856	51,141
Non-operating expenses		
Interest expenses	5,379	5,280
Share of loss of entities accounted for using equity method	5,647	-
Foreign exchange losses	4,473	7,774
Other	2,085	2,309
Total non-operating expenses	17,585	15,364
Ordinary profit	2,462,376	2,756,638
Extraordinary income		
Gain on sale of investment securities	-	1,249
Return profit on cancellation of contract	9,370	-
Total extraordinary income	9,370	1,249
Extraordinary losses		
Loss on retirement of non-current assets	24,034	41,715
Total extraordinary losses	24,034	41,715
Profit before income taxes	2,447,711	2,716,172
Income taxes - current	846,250	821,818
Income taxes - deferred	(13,188)	108,542
Total income taxes	833,062	930,361
Profit	1,614,649	1,785,811
Profit attributable to non-controlling interests	533	-
Profit attributable to owners of parent	1,614,116	1,785,811

Interim Consolidated Statements of Comprehensive Income
(For the six months ended June 30)

(Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Profit	1,614,649	1,785,811
Other comprehensive income		
Valuation difference on available-for-sale securities	15,993	4,004
Foreign currency translation adjustment	28,308	58,641
Total other comprehensive income	44,301	62,646
Comprehensive income	1,658,951	1,848,457
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,658,417	1,848,457
Comprehensive income attributable to non-controlling interests	533	-

(3) Notes on Interim 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 Interim Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses for consolidated subsidiaries are calculated by multiplying profit before income taxes for the interim period by the estimated effective tax rate, which is reasonably estimated by applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the current interim period.

However, if the calculation of tax expenses using such estimated effective tax rate would result in significantly irrational, tax expenses are calculated by multiplying the statutory effective tax rate after adding or subtracting material differences that do not fall under temporary differences to or from profit before income taxes.

(Segment Information, etc.)

I. Six months ended June 30, 2023 (January 1, 2023 – June 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)	Interim consolidated income statement (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and Tourism	Total				
Net sales								
Sales to external customers	9,012,677	6,124,936	418,681	15,556,294	63,927	15,620,221	—	15,620,221
Intersegment sales and transfers	—	7,539	9,133	16,672	4,011	20,684	(20,684)	—
Total	9,012,677	6,132,475	427,814	15,572,967	67,938	15,640,906	(20,684)	15,620,221
Segment profit (loss)	2,613,299	655,002	21,410	3,289,713	(71,696)	3,218,016	(789,910)	2,428,105

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 (789,910,000) 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 is adjusted to the operating profit of the interim consolidated statements of income.

2. 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. The increase in goodwill due to this business was 276,145,000 yen for the six months ended June 30, 2024.

II. Six months ended June 30, 2024 (January 1, 2024 – June 30, 2024)

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

(Thousands of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Interim consolidated income statement (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and Tourism	Total				
Net sales								
Sales to external customers	9,186,889	7,304,881	504,862	16,996,632	24,516	17,021,149	—	17,021,149
Intersegment sales and transfers	—	16,759	340	17,099	52	17,151	(17,151)	—
Total	9,186,889	7,321,640	505,202	17,013,731	24,569	17,038,300	(17,151)	17,021,149
Segment profit (loss)	2,753,850	916,240	37,924	3,708,014	(106,010)	3,602,004	(881,143)	2,720,860

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 (881,143,000) 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 is adjusted to the operating profit of the interim consolidated statements of income.

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

Not applicable.