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Consolidated Financial Results for the Nine Months Ended September 30, 2024 [Under Japanese GAAP]

November 13, 2024

Stock Listing: TSE

Company: Vision Inc.

Stock Code: 9416

URL: <https://www.vision-net.co.jp/en>

Representative: Kenichi Sano Chairman and CEO

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Scheduled date to commence dividend payments: —

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 Nine Months Ended September 30, 2024

(January 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(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	%
Nine months ended September 30, 2024	26,111	9.0	4,317	16.1	4,373	16.2	2,869	14.1
September 30, 2023	23,953	29.6	3,717	90.7	3,764	92.6	2,514	97.9

(Note) Comprehensive income: Nine months ended September 30, 2024: 2,901 million yen [12.1%]

Nine months ended September 30, 2023: 2,588 million yen [89.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	59.33	58.98
September 30, 2023	51.36	50.86

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	23,814	17,115	70.3
December 31, 2023	21,366	14,607	67.3

(Reference) Equity: As of September 30, 2024: 16,742 million yen

As of December 31, 2023: 14,389 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2024	—	13.00	—		
Fiscal year ending December 31, 2024 (Forecast)				14.00	27.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024

(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 year	36,145	13.6	5,707	33.3	5,738	32.3	3,797	25.5	78.51

(Note) Revision to the financial results forecast announced most recently: None

*** Notes**

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated 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 9 of the attached materials.

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

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

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024	50,191,300 shares
As of December 31, 2023	50,505,300 shares

2) Number of treasury shares at the end of the period

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

3) Average number of shares outstanding during the period

Nine months ended September 30, 2024	48,364,134 shares
Nine months ended September 30, 2023	48,958,878 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. Summary of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements” on page 4 of the attached document.

1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Nine Months Ended September 30, 2024

For the nine months ended September 30, 2024, the Japanese economy had been recovering moderately, although some standstills remain.

However, the downturn in overseas economies, including the continued high level of interest rates in Europe and the U.S. and the effects associated with the continued stagnation of the real estate market in China, 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 nine months ended September 30, 2024 all exceeded the results for the same period of the previous year.

In the 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 nine months ended September 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 3.98 billion yen (up 18.0% year on year) and operating profit increasing approximately 1.14 billion yen (up 36.3% year on year).

	Nine months ended September 30, 2024 (Millions of yen)	Nine months ended September 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	26,111	23,953 [22,129]	2,157 [3,982]	9.0 [18.0]
Operating profit	4,317	3,717 [3,168]	600 [1,149]	16.1 [36.3]
Ordinary profit	4,373	3,764	609	16.2
Profit attributable to owners of parent	2,869	2,514	354	14.1

* 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 nine months ended September 30, 2024, the inbound travel market, which benefited from the weak yen, had remained brisk. The number of foreign visitors to Japan reached a record high for the eighth consecutive month compared to the same month in 2019, reaching 26.88 million for the nine months, a 110.1% 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 9.49 million, 63.0% 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 Average Revenue Per Use remained high due to strong corporate demand and high demand for the “Unlimited Data Plan (4G and 5G).” We also focused on the sales of “World eSIM,” a next-generation communication service.

As a result, both net sales and segment profit for the nine months ended September 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 2.43 billion yen (up 20.1% year on year) and segment profit increasing by approximately 930 million yen (up 26.6% year on year).

GLOBAL WiFi Business	Nine months ended September 30, 2024 (Millions of yen)	Nine months ended September 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	14,542	13,933 [12,108]	608 [2,433]	4.4 [20.1]
Segment profit	4,439	4,056 [3,507]	382 [931]	9.4 [26.6]

* 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 “177th 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, declined 1.4 points in the July-September 2024 period from the previous year, the first decline in two 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 mobile communications equipment and the electricity agency business (Eco-solution business) performed well.

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

Information and Communications Service Business	Nine months ended September 30, 2024 (Millions of yen)	Nine months ended September 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	10,752	9,278	1,474	15.9
Segment profit	1,280	929	351	37.8

(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 July-September 2024 period is estimated to be 1,948 billion yen (up 64.6% 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 655.5 billion yen (33.7%), with the composition of lodging spending increased by 302.3 billion yen (3.8%) 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 nine months ended September 30, 2024 exceeded those of the previous year.

Glamping and Tourism Business	Nine months ended September 30, 2024 (Millions of yen)	Nine months ended September 30, 2023 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	810	689	120	17.4
Segment profit	88	76	12	16.4

(2) Summary of Financial Position for the Nine Months Ended September 30, 2024

(Assets)

Total assets were 23,814 million yen (2,447 million yen more than the end of the previous fiscal year).

Current assets were 17,849 million yen (2,403 million yen more than the end of the previous fiscal year). The main reasons for this were a 371 million yen increase in cash and deposits and a 2,175 million yen increase in accounts receivable.

Non-current assets were 5,964 million yen (44 million yen more than the end of the previous fiscal year). The main reasons were a 248 million yen increase in property, plant and equipment, while goodwill amortization and other decreased by 167 million yen.

(Liabilities)

Total liabilities were 6,698 million yen (60 million yen less than the end of the previous fiscal year).

Current liabilities were 5,982 million yen (9 million yen more than the end of the previous fiscal year). The main reasons for this were a 469 million yen increase in notes and accounts payable, while income taxes payable decreased by 498 million yen.

Non-current liabilities were 715 million yen (69 million yen less than the end of the previous fiscal year). The main reason was an 88 million yen decrease in long-term borrowings.

(Net assets)

Net assets were 17,115 million yen (2,507 million yen more than the end of the previous fiscal year). The main reasons were a 1,975 million yen increase in retained earnings due to the posting of profit attributable to owners of parent and a 154 million yen increase in share acquisition rights due to stock compensation expenses.

(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. Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	10,221,202	10,592,340
Accounts receivable - trade	3,713,323	5,888,989
Merchandise	305,559	313,601
Supplies	5,957	20,619
Other	1,377,591	1,283,433
Allowance for doubtful accounts	(177,158)	(249,255)
Total current assets	15,446,475	17,849,728
Non-current assets		
Property, plant and equipment	3,188,305	3,436,647
Intangible assets		
Goodwill	1,248,924	1,081,920
Other	104,990	104,466
Total intangible assets	1,353,914	1,186,386
Investments and other assets		
Other	1,468,162	1,446,983
Allowance for doubtful accounts	(90,351)	(105,574)
Total investments and other assets	1,377,810	1,341,409
Total non-current assets	5,920,030	5,964,443
Total assets	21,366,505	23,814,172
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,229,622	1,698,945
Current portion of long-term borrowings	120,665	138,530
Income taxes payable	1,203,290	705,063
Provision for bonuses	439,572	242,429
Other	2,980,577	3,197,922
Total current liabilities	5,973,728	5,982,892
Non-current liabilities		
Long-term borrowings	601,451	512,860
Other	183,690	203,032
Total non-current liabilities	785,141	715,893
Total liabilities	6,758,870	6,698,785
Net assets		
Shareholders' equity		
Share capital	2,571,601	2,613,281
Capital surplus	2,637,682	2,431,279
Retained earnings	11,663,013	13,638,777
Treasury shares	(2,645,942)	(2,135,908)
Total shareholders' equity	14,226,354	16,547,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9,563)	(8,770)
Deferred gains or losses on hedges	-	(698)
Foreign currency translation adjustment	172,936	204,781
Total accumulated other comprehensive income	163,373	195,312
Share acquisition rights	217,907	372,645

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Total net assets	14,607,635	17,115,387
Total liabilities and net assets	21,366,505	23,814,172

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(For the nine months ended September 30)

(Thousands of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Net sales	23,953,947	26,111,617
Cost of sales	10,610,151	10,929,811
Gross profit	13,343,796	15,181,805
Selling, general and administrative expenses	9,626,282	10,864,011
Operating profit	3,717,513	4,317,793
Non-operating income		
Interest income	522	594
Dividend income	6,883	4,024
Share of profit of entities accounted for using equity method	-	15,939
Subsidy income	30,444	26,452
Other	30,536	21,953
Total non-operating income	68,387	68,964
Non-operating expenses		
Interest expenses	8,809	8,189
Share of loss of entities accounted for using equity method	6,222	-
Other	6,294	4,946
Total non-operating expenses	21,326	13,135
Ordinary profit	3,764,574	4,373,622
Extraordinary income		
Gain on sale of investment securities	84,282	11,525
Return profit on cancellation of contract	9,370	-
Total extraordinary income	93,652	11,525
Extraordinary losses		
Loss on sale of non-current assets	-	698
Loss on retirement of non-current assets	24,034	43,460
Total extraordinary losses	24,034	44,158
Profit before income taxes	3,834,192	4,340,988
Income taxes - current	1,378,889	1,360,876
Income taxes - deferred	(59,584)	110,900
Total income taxes	1,319,305	1,471,776
Profit	2,514,886	2,869,211
Profit attributable to non-controlling interests	499	-
Profit attributable to owners of parent	2,514,387	2,869,211

Quarterly Consolidated Statements of Comprehensive Income
(For the nine months ended September 30)

(Thousands of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	2,514,886	2,869,211
Other comprehensive income		
Valuation difference on available-for-sale securities	9,642	792
Deferred gains or losses on hedges	-	(698)
Foreign currency translation adjustment	63,858	31,845
Total other comprehensive income	73,500	31,939
Comprehensive income	2,588,387	2,901,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,587,888	2,901,150
Comprehensive income attributable to non-controlling interests	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 profit before income taxes for the quarterly 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 quarterly 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 for the quarterly period.

(Notes on Segment Information, etc.)

I. Nine months ended September 30, 2023 (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 Statements of Income (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and 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 (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 (1,231,132,000) 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 Quarterly 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 have been included in the scope of consolidation from the second quarter of the consolidated fiscal year. The increase in goodwill due to this event was 276,145,000 yen.

II. Nine months ended September 30, 2024 (January 1, 2024 – September 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)	Quarterly Consolidated Statements of Income (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and Tourism	Total				
Net sales								
Sales to external customers	14,542,247	10,730,561	809,677	26,082,486	29,131	26,111,617	—	26,111,617
Intersegment sales and transfers	—	21,878	342	22,221	52	22,273	(22,273)	—
Total	14,542,247	10,752,439	810,020	26,104,707	29,183	26,133,890	(22,273)	26,111,617
Segment profit (loss)	4,439,307	1,280,250	88,502	5,808,061	(144,390)	5,663,670	(1,345,877)	4,317,793

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 (1,345,877,000) 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 Quarterly Consolidated Statements of Income.

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

Not applicable.

(Notes on Statements of Cash Flows)

The Company has not prepared the Quarterly Consolidated Statements of Cash Flows for the nine months ended September 30, 2024. The depreciation costs (including depreciation costs for intangible fixed assets excluding goodwill) and goodwill depreciation for the nine months ended September 30 are as follows.

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Depreciation	376,679 thousand yen	508,089 thousand yen
Goodwill depreciation	153,495 thousand yen	173,039 thousand yen

(Important Subsequent Events)

Not applicable.