



Consolidated Financial Results for the Third Quarter Ended December 31, 2021 [Japanese GAAP]

November 9, 2021

Company Vision Inc. Stock Listing TSE
Stock Code 9416 URL <https://www.vision-net.co.jp/>
Representative President, Founder & CEO Kenichi Sano
Contact Director & Managing Executive Officer Shinichi Nakamoto **TEL** +81-3-5325-0344
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 Scheduled starting date of dividend payment : —
 Quarterly supplementary financial document : Yes
 Quarterly financial results briefing : Yes (for institutional investors and analysts)

(Round down to million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2021

(January 1, 2021 through September 30, 2021)

(1) Consolidated Operating Results (Cumulative) (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2021	13,392	2.2	1,013	—	1,042	521.0	702	—
3Q FY2020	13,108	-36.2	58	-98.0	167	-94.4	-1,226	—

(Note) Comprehensive income; 3Q FY2021 : 728 million yen (—%)

3Q FY2020 : -1,205 million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY2021	14.91	14.50
3Q FY2020	-25.94	—

(Note) Diluted earnings per share for 3Q FY2020 is not stated because there is a net loss per share, although there are dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
3Q FY2021	12,632	9,502	75.2
FY 2020	11,313	8,769	77.3

(Reference) Equity; 3Q FY2021 : 9,493 million yen

FY 2020 : 8,746 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2020	—	0.00	—	0.00	0.00
FY 2021	—	0.00	—	—	—
FY 2021 (Forecast)	—	—	—	0.00	0.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 2021 (January 1, 2021 through December 31, 2021)

(% 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
	17,468	4.9	1,007	869.6	1,028	351.1	685	—	14.55

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

For further details, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward Looking Statements” on page 3 of the attached document.

* **Notes**

- (1) Changes in significant subsidiaries during the period : None
- (2) Application of accounting procedures specific to preparation of the quarterly financial statements : None
- (3) Changes in accounting policies, accounting estimates, and restatement
- ① Changes in accounting policies associated with revision of accounting standards : None
 - ② Changes in accounting policies other than ① : None
 - ③ Changes in accounting estimates : None
 - ④ Restatement : None

(4) Shares issued (common stock)

① Shares issued as of term-end (incl. Treasury stock)	3Q FY2021	49,053,000	FY 2020	49,027,800
② Treasury stock as of term-end	3Q FY2021	1,948,090	FY 2020	1,948,044
③ Average number of shares outstanding	3Q FY2021	47,090,561	3Q FY2020	47,270,324

* **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 statements 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 3 of the attached document.

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.....	3
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.....	6
(3) Notes on Quarterly Consolidated Financial Statements.....	8
(Notes on Going Concern Assumption).....	8
(Notes on Significant Changes in Shareholders' Equity).....	8
(Segment Information, etc.).....	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

For the current consolidated cumulative period, Japan's economy had been starting to show signs of recovery amidst a harsh economic environment due to the COVID-19 pandemic, but the pace is now slowing down.

Looking ahead, the economy is expected to pick up, partly due to the effects of various policies and improvements in overseas economies and as various countermeasures against infection are taken and vaccination rates increase. However, we need to closely monitor risks due to the effects through the supply chain, trends in infection rates in Japan and overseas, and fluctuations in financial and capital markets.

While still in a severe economic environment where measures are being taken to restrict travel both internationally as well as domestically, the Group has continued to focus on the "GLOBAL WiFi" and Information and Communications Service businesses for the domestic market.

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

	FY2021/3Q Result (million yen)	FY2020/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	13,392	13,108	283	2.2
Operating profit or loss (-)	1,013	58	955	1,641.8
Ordinary profit	1,042	167	874	521.0
Profit or loss (-) attributable to owners of parent	702	-1,226	1,928	—

Business results by segment are as follows.

"GLOBAL WiFi" Business

During the third quarter of the consolidated cumulative period, there was domestic demand for Wi-Fi router rentals to be used in various situations such as moving, business trips, various events, etc. as the pandemic necessitates working from home and doing sales online. We have endeavored to increase sales of our services, "Global WiFi for Biz," monthly charge mobile Wi-Fi router for the office, "Vision WiMAX," an ultra-high-speed Wi-Fi router, and "World eSim", our newly released eSim service that can be used in 120 countries around the world.

Also, those entering Japan must install certain apps on their phone as part of border measures at the airport quarantine station when entering Japan and we have temporarily been given the registration and confirmation work for the app since April 2021.

As a result of these efforts, both sales and segment profit for the third quarter of the current consolidated cumulative period exceeded the results for the same period of the previous year and these are the highest quarterly results since the previous third quarter consolidated accounting period when the effects of COVID-19 became apparent.

GLOBAL WiFi Business	FY2021/3Q Result (million yen)	FY2020/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	6,493	5,906	586	9.9
Segment profit or loss (-)	749	-48	797	—

Information and Communications Service Business

For this segment, we are developing services that can contribute to cost reduction, operational efficiency improvement, and remote work support, which are able to be operational during and after the pandemic and where demand can be expected regardless of the economy.

We are also working on improving stability and profitability by increasing stock and promoting efficient sales activities, using the strategies of targeting new corporations and venture companies and upselling or cross-selling according to the growth stage of the company.

During the third quarter of the current consolidated cumulative period, there was large demand for mobile telecommunications equipment that support remote environments and we focused on sales. Additionally, in the future, operating costs will temporarily increase however continuous monthly profits can be expected with our new power service “Vision Denki” mainly aimed at small and medium-sized enterprises and start-up companies.

As a result, sales were higher than in the same period of the previous year, but segment profit was lower than in the same period of the previous year.

Information and Communications Service	FY2021/3Q Result (million yen)	FY2020/3Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	6,724	6,666	57	0.9
Segment profit	1,024	1,184	-160	-13.5

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the third quarter consolidated accounting period are 12,632 million yen (1,319 million yen more than the end of the previous consolidated fiscal term).

Current assets are 10,384 million yen (1,511 million yen more than the end of the previous consolidated fiscal term). The main reasons for this are that cash and deposits increased by 957 million yen and notes and accounts receivable increased by 673 million yen.

Fixed assets are 2,247 million yen (192 million yen less than the end of the previous consolidated fiscal term) because investment and other assets decreased by 231 million yen.

(Liabilities)

Total liabilities at the end of the third quarter consolidated accounting period are 3,129 million yen (586 million more than the end of the previous consolidated fiscal term).

Current liabilities are 3,105 million yen (597 million yen more than the end of the previous consolidated fiscal term). This was due to the increase of bills and accounts payable by 103 million yen, payable income taxes and the like by 60 million yen, and reserve for bonuses by 95 million yen.

Fixed liabilities are 24 million yen (11 million yen less than the end of the previous consolidated fiscal term).

(Net assets)

Total net assets at the end of the third quarter consolidated accounting period are 9,502 million yen (733 million yen more than the end of the previous consolidated fiscal term).

The main reason for this was the recording of a net income of 702 million yen attributable to owners of the parent.

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

Although there is great uncertainty about the economic impact of COVID-19 and predicting the future is difficult, the full-year consolidated financial results forecast for the fiscal year ending December 2021, announced on August 10, 2021, will remain unchanged.

When calculating the full-year consolidated financial results forecast, we predicted that demand in the “GLOBAL WiFi” business would partially recover from the fourth quarter, but now we have revised the forecast to delay that period by about six months. On

the other hand, we are steadily generating profits by continuing to capture domestic demand for Wi-Fi device rentals. Also, there are no significant changes in the Information and Communications Service business.

In the third quarter of the current consolidated cumulative period, operating profit exceeded the full-year consolidated financial results forecast, but during the fourth quarter of the consolidated fiscal period, we plan to make various business investments for the fiscal year ending December 2022. Taking these investments into comprehensive consideration, we have left the forecast unchanged.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	6,650,318	7,608,099
Notes and accounts receivable - trade	1,428,842	2,102,102
Products	125,303	166,970
Supplies	4,748	9,154
Other	724,808	572,132
Allowance for doubtful accounts	-61,666	-74,132
Total current assets	8,872,354	10,384,327
Fixed assets		
Tangible fixed assets	342,989	382,164
Intangible fixed assets	196,721	195,852
Investments and other assets		
Other	1,949,361	1,724,294
Allowance for doubtful accounts	-48,393	-54,344
Total investments and other assets	1,900,967	1,669,949
Total fixed assets	2,440,679	2,247,966
Total assets	11,313,034	12,632,294
Liabilities		
Current liabilities		
Notes and accounts payable – trade	716,837	820,478
Income taxes payable	55,918	116,644
Provision for bonuses	159,001	254,999
Short-term surrender fees reserve	49,271	51,563
Other	1,526,752	1,862,088
Total current liabilities	2,507,781	3,105,773
Fixed liabilities		
Other	36,080	24,207
Total fixed liabilities	36,080	24,207
Total liabilities	2,543,862	3,129,981
Net assets		
Shareholders' equity		
Share capital	2,363,785	2,373,469
Capital surplus	2,396,243	2,405,927
Retained earnings	6,359,377	7,061,387
Treasury stock	-2,416,784	-2,416,841
Total shareholders' equity	8,702,621	9,423,942
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	47,618	39,315
Deferred gains or losses on hedges	-721	—
Foreign currency translation adjustment	-2,549	30,227
Total other accumulated comprehensive income	44,347	69,542
Subscription rights to shares	21,344	6,288
Non-controlling interests	859	2,538
Total net assets	8,769,171	9,502,312
Total liabilities and net assets	11,313,034	12,632,294

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

Quarterly Consolidated Statement of Profit or Loss

Consolidated Cumulative Third Quarter

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	13,108,091	13,392,003
Cost of sales	6,284,066	6,573,667
Gross profit	6,824,025	6,818,335
Selling, general, and administrative expenses	6,765,844	5,804,960
Operating profit	58,180	1,013,375
Non-operating income		
Interest income	732	607
Dividends earned	1,500	1,500
Currency exchange gain	8,320	24,206
Subsidy income	106,456	3,804
Other	7,674	6,397
Total non-operating income	124,684	36,516
Non-operating expenses		
Interest expenses	5,249	5
Payment fees	8,643	4,151
Other	1,158	3,600
Total non-operating expenses	15,051	7,756
Ordinary profit	167,813	1,042,134
Extraordinary income		
Gain on reversal of stock acquisition rights	—	14,940
Gain on sale of fixed assets	4,793	649
Gain on sale of investments in securities	3,402	—
Gain on sale of shares of subsidiary	62,867	—
Total extraordinary income	71,063	15,590
Extraordinary losses		
Losses on retirement of fixed assets	1,176	2,039
Losses on lease cancellations	6,469	—
Losses on revaluation of investments in securities	187,658	17,335
Office relocation costs	7,070	—
Impairment losses	1,395,072	—
Total extraordinary losses	1,597,447	19,375
Profit or loss (-) before tax adjustment	-1,358,570	1,038,349
Corporate, resident, and business taxes	113,945	138,190
Deferred income tax	-244,616	196,469
Total income taxes	-130,671	334,659
Quarterly profit or loss (-)	-1,227,898	703,690
Quarterly profit or loss (-) attributable to non-controlling interests	-1,564	1,679
Quarterly profit or loss (-) attributable to owners of parent	-1,226,334	702,010

Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Third Quarter

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Quarterly comprehensive income or loss (-)	-1,227,898	703,690
Other comprehensive income		
Other valuation difference on hedges	47,040	-8,302
Deferred gains or losses on hedges	-19,251	721
Foreign currency translation reserve	-5,258	32,777
Total other comprehensive income	22,530	25,195
Quarterly comprehensive income	-1,205,368	728,885
(Breakdown)		
Quarterly comprehensive income related to owners of the parent	-1,203,803	727,205
Quarterly comprehensive income related to non-controlling interests	-1,564	1,679

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

FY2020/3Q Cumulative period (January 1, 2020 – September 30, 2020)

1. Dividends paid

Not applicable.

2. Of the dividends whose recorded date belongs to the third quarter consolidated cumulative period, the effective date of the dividend is after the last day of the third quarter consolidated accounting period.

Not applicable.

3. Significant fluctuations in shareholders' equity

Based on the resolution of the Board of Directors' meeting held on February 21, 2020, the Company repurchased 909,000 shares of treasury stock through market purchase. As a result, treasury stock increased by 985,674 thousand yen in the third quarter of the fiscal year and treasury stock amounted to 2,416,784 thousand yen at the end of the third quarter of the fiscal year.

FY2021/3Q Cumulative period (January 1, 2021 - September 30, 2021)

1. Dividends paid

Not applicable.

2. Of the dividends whose recorded date belongs to the third quarter consolidated cumulative period, the effective date of the dividend is after the last day of the third quarter consolidated accounting period.

Not applicable.

3. Significant fluctuations in shareholders' equity

Not applicable.

(Segment Information, etc.)

Segment Information

I. FY2020/3Q Cumulative period (January 1, 2020 - September 30, 2020)

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	Total				
Net sales							
Sales to external customers	5,906,654	6,663,529	12,570,183	537,908	13,108,091	—	13,108,091
Intersegment sales and transfers	—	2,999	2,999	555	3,555	-3,555	—
Total	5,906,654	6,666,528	12,573,183	538,463	13,111,646	-3,555	13,108,091
Segment profit or loss (-)	-48,462	1,184,885	1,136,422	-355,926	780,496	-722,316	58,180

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

2. The segment loss adjustment of -722,316 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.
3. 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

(Major impairment losses that relate to fixed assets)

The profitability of the “GLOBAL WiFi” and ProDrivers businesses included in the “Other” category have declined and recovery of the investment amount is no longer expected, therefore the book value of assets (including goodwill) has been reduced to the recoverable amount.

The amount of impairment losses for the consolidated cumulative third quarter is 1,395,072 thousand yen. The recorded segment losses are 1,209,144 thousand yen for “GLOBAL WiFi” and 185,928 thousand yen for ProDrivers.

(Significant fluctuations in the financial value of goodwill)

The ProDrivers business included in the “Other” category has had its goodwill value decrease by 119,924 thousand yen in the third quarter of the fiscal year due to the recording of a goodwill impairment loss.

II. FY2021/3Q Cumulative period (January 1, 2021 - September 30, 2021)

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	Total				
Net sales							
Sales to external customers	6,493,547	6,723,650	13,217,198	174,805	13,392,003	—	13,392,003
Intersegment sales and transfers	—	478	478	6,915	7,393	-7,393	—
Total	6,493,547	6,724,128	13,217,676	181,720	13,399,397	-7,393	13,392,003
Segment profit or loss (-)	749,348	1,024,461	1,773,809	-62,307	1,711,501	-698,126	1,013,375

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

2. The segment loss adjustment of -698,126 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.

3. Segment profit is adjusted to the operating profit of the quarterly consolidated income statement.

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

Not applicable.