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Cover

Document Filed	Quarterly Securities Report (“Shihanki Hokokusho”)
Applicable Law	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
File to	Director, Kanto Local Finance Bureau
Filing Date	August 10, 2022
Fiscal Year	The Second Quarter of the 22 nd Business Term (From April 1, 2022 to June 30, 2022)
Company Name	Vision Inc.
Title and Name of Representative	Kenichi Sano, President, Founder & CEO
Address of Head Office	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Phone No.	+81 3 (5325) 0344
Contact Person	Shinichi Nakamoto, Director, Managing Executive Officer, CFO, and General Manager of Administrative Dept.
Contact Address	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Phone No.	+81 3 (5325) 0344
Contact Person	Shinichi Nakamoto, Director, Managing Executive Officer, CFO, and General Manager of Administrative Dept.
Place Available for Public Inspection	Prime Market of the Tokyo Stock Exchange (2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

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Part 1: Company Information

Item 1: Company Overview

1. Changes in Major Management Indicators

		FY2021/2Q Cumulative period	FY2022/2Q Cumulative period	FY2021
Reporting period		January 1, 2021 – June 30, 2021	January 1, 2022 – June 30, 2022	January 1, 2021 – December 31, 2021
Net sales	(thousand yen)	8,644,983	11,628,833	18,100,837
Ordinary income	(thousand yen)	680,965	922,515	1,143,772
Quarterly net income attributable to owners of the parent (current term)	(thousand yen)	455,933	566,263	729,129
Comprehensive income or loss	(thousand yen)	485,104	629,082	732,472
Net assets	(thousand yen)	9,253,871	11,010,255	10,122,215
Total assets	(thousand yen)	12,200,136	16,080,485	14,932,162
Quarterly net income per share (current term)	(yen)	9.68	11.78	15.47
Quarterly diluted net income per share (current term)	(yen)	9.43	11.55	15.03
Equity-to-asset ratio	(%)	75.8	68.4	67.7
Cash flow from operating activities	(thousand yen)	590,063	45,038	1,412,746
Cash flow from investing activities	(thousand yen)	-134,302	-627,737	-554,277
Cash flow from financing activities	(thousand yen)	6,735	171,375	30,807
Cash and cash equivalents at end of period	(thousand yen)	7,171,421	7,289,249	7,631,688

		FY2021/2Q	FY2022/2Q
Reporting period		April 1, 2021 – June 30, 2021	April 1, 2022 – June 30, 2022
Quarterly net income per share	(yen)	4.75	6.61

(Note 1): Since the Company prepares quarterly consolidated financial statements, changes in non-consolidated financial data, etc. are not provided.

(Note 2): The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) have been applied from the beginning of the first quarter of the current consolidated fiscal year. The key management indicators for the six months ended June 30, 2021 and the six months ended June 30, 2022 are the indicators after the application of the said accounting standards.

2. Description of Business

During the second quarter of the current consolidated cumulative period, there have been no significant changes in the content of businesses operated by the Group (the Company and its affiliated companies).

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Item 2: Business Overview

1. Business Risks

During the six months ended June 30, 2022, there are no significant changes related to business conditions or accounting conditions described in this quarterly report that may have a material effect on investors' decisions or any material change in “business and other risks” described in the annual securities report for the previous fiscal year.

The Group will continue to closely monitor the situation regarding the spread of COVID-19, as it could have an impact on the Group's business and earnings.

2. Management’s Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions

Effective from the beginning of the first quarter of the current consolidated fiscal year, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied. As a result, the accounting treatment differs from that of the second quarter of the previous fiscal year. However, since there is no significant impact, the increase/decrease amounts and year-on-year comparisons in the explanation of business results are presented as is for comparison purposes. This report contains certain forward-looking statements that are based on the Group’s (the Company and subsidiaries) judgments as of the last day of the current consolidated fiscal period.

(1) Financial position and operating results

During the first half of the current fiscal year, the economy continued to pick up, but the outlook remained uncertain due to the emergence of a new strain of COVID-19, rising international resource prices, and the rapid depreciation of the yen.

In this economic environment, our group continued to focus on the GLOBAL WiFi business and the information and communication services business in Japan and strived to flexibly respond to the needs of society. As a result, the Group’s operating results for the first half of the current fiscal year were as follows.

Net sales, operating income, ordinary income, and net income attributable to owners of the parent for the first half of the quarterly consolidated cumulative period all increased year on year.

	FY2022/2Q Cumulative period (million yen)	FY2021/2Q Cumulative period (million yen)	Change (million yen)	YoY (%)
Net sales	11,628	8,644	2,983	34.5
Operating profit	921	654	267	40.9
Ordinary profit	922	680	241	35.5
Quarterly profit attributable owners of parent	566	455	110	24.2

Business results by segment are as follows.

(GLOBAL WiFi Business)

Many countries have repeatedly eased or tightened entry/exit restrictions in response to the spread of COVID-19 and recently it is common for countries to eliminate restrictions except in some countries and regions.

As a result, for the first time since April 2020, the combined number of foreign visitors to Japan and the number of Japanese leaving the country exceeded 100,000 and the same trend continued for three consecutive months through June (source: Japan National Tourist Organization).

Against the backdrop of this environment, in addition to meeting various communication demands for outbound, inbound, and domestic use, our PCR testing services have also performed well. Demand for PCR testing services has been even higher since the latter half of June due to the increase of new COVID-19 strains.

We also continued to respond to registration and confirmation services for designated applications at airport quarantine stations, which are temporarily commissioned as part of waterfront measures at the time of entry into Japan.

In addition, we have worked to register and confirm the designated quarantine application at the airport station, which is temporarily entrusted as part of the border measures when entering Japan.

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As a result of these efforts, both net sales and segment income for the first half of the consolidated fiscal year increased year on year.

GLOBAL WiFi Business	FY2022/2Q Cumulative period (millions of yen)	FY2021/2Q Cumulative period (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	5,793	3,865	1,927	49.9
Segment profit	952	380	572	150.4

(Information and Communications Service Business)

During the first half of the current fiscal year, sales of mobile communication devices and office automation equipment were strong.

Furthermore, the Company strived to maximize lifetime value (customer lifetime value) through future up-selling and cross-selling, reduction of long-term churn rates, and continuous income from stock products, and despite a temporary increase in operating costs, the Company strove to expand sales of its monthly subscription-based in-house services.

As a result, net sales for the first half of the consolidated fiscal year increased year on year, but segment income decreased year on year.

Information and Communications Service Business	FY2022/2Q Cumulative period (millions of yen)	FY2021/2Q Cumulative period (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	5,619	4,655	964	20.7
Segment profit	606	777	-171	-22.0

Analysis of financial position

(Assets)

Total assets at the end of the second quarter consolidated accounting period are 16,080 million yen (1,148 million yen more than the end of the previous consolidated fiscal term).

Current assets are 11,353 million yen (604 million yen more than the end of the previous consolidated fiscal term). The main reasons for this are a 962 million yen increase in notes and accounts receivable-trade and a 342 million yen decrease in cash and deposits.

Fixed assets are 4,727 million yen (544 million yen more than the end of the previous consolidated fiscal term). The main reasons for this are due to an 1,062 million yen increase in property, plant and equipment, while investments and other assets decreased by 435 million yen.

(Liabilities)

Total liabilities at the end of the second quarter consolidated accounting period are 5,070 million yen (260 million yen more than the end of the previous consolidated fiscal term).

Current liabilities are 3,977 million yen (97 million yen more than the end of the previous consolidated fiscal term). The reason for this is an increase of 81 million yen in income taxes payable.

Fixed liabilities amounted to 1,092 million yen (162 million yen more than the end of the previous fiscal year), mainly due to a 173 million yen increase in long-term loans payable.

(Net assets)

Total net assets at the end of the second quarter consolidated accounting period are 11,010 million yen (888 million yen more than the end of the previous consolidated fiscal term). The reasons are a 566 million yen increase in retained earnings resulting

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from the posting of net income attributable to parent company shareholders and a 126 million yen increase in common stock and additional paid-in capital resulting from the exercise of stock options.

(2) Cash flow conditions

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the period under review decreased 342 million yen from the end of the previous fiscal year to 7,289 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities during the period under review amounted to 45 million yen (590 million yen in the same period of the previous year). This was mainly due to an increase of 941 million yen in notes and accounts receivable-trade and a decrease of 145 million yen in accrued consumption tax, etc., despite the recording of 920 million yen in income before income taxes, 105 million yen in depreciation and amortization, and 91 million yen in goodwill amortization.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 627 million yen in the first half of the current fiscal year (134 million yen decrease in the same period of the previous year). This was mainly due to the acquisition of property, plant, and equipment of 695 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 171 million yen (6 million yen increase in the same period of the previous year). This was mainly due to proceeds of 253 million yen from the exercise of stock options.

(3) Business and financial challenges that should be prioritized and addressed

During the second quarter of the current consolidated cumulative period, there were no changes in priority business or financial issues that need to be addressed by the Group.

(4) Research and development activities

Not applicable.

3. Important Material Contracts, etc.

During the second quarter of the current consolidated cumulative period, there were no business contracts decided or signed.

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Item 3: Information Related to Vision

1. Information Related to Vision's Shares

(1) Total number of shares

① Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	123,000,000
Total	123,000,000

② Issued shares

Class	Number of shares issued as of the end of second period (June 30, 2022)	Number of shares issued as of the filing date (August 10, 2022)	Stock exchange on which Vision is listed	Summary
Common stock	50,342,400	50,342,400	Tokyo Stock Exchange Prime Market	One unit of shares is 100 shares.
Total	50,342,400	50,342,400	—	—

Note: Number of shares issued as of the filing date does not include the number of shares issued by exercising stock acquisition rights from August 1, 2022 to the filing date of this quarterly securities report.

(2) Status of stock acquisition rights

① Information on stock option limits

Not applicable.

② Status of other stock acquisition rights

Not applicable.

(3) Exercise status of corporate bonds with stock acquisition rights with exercise price adjustment clause

Not applicable.

(4) Changes in the total number of issued shares, capital, etc.

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in capital (thousands of yen)	Balance of capital (thousands of yen)	Changes in capital reserve (thousands of yen)	Balance of capital reserve (thousands of yen)
April 1, 2022 – June 30, 2022 (Note)	1,163,100	50,342,400	119,289	2,514,702	119,289	2,332,701

(Note): This is an increase due to the exercise of stock acquisition rights.

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(5) Status of major shareholders

As of June 30, 2022

Name	Address	Shares owned (thousand shares)	Percentage from total number of issued shares (excluding treasury shares)
Kenichi Sano	Shinjuku-ku, Tokyo	12,348	25.28
The Master Trust Bank of Japan, Ltd. (Investment Trust)	2-11-3 Hamamatsucho Minato-ku, Tokyo	6,909	14.15
Custody Bank of Japan, Ltd. (Investment Trust)	1-8-12 Harumi, Chuo-ku, Tokyo	6,049	12.39
GOLDMAN SACHS INTERNATIONAL	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. (6-10-1 Roppongi, Minato-ku, Tokyo)	2,511	5.14
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX 351 BOSTON, MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	2,232	4.57
INTERACTIVE BROKERS LLC	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo)	1,987	4.07
GOVERNMENT OF NORWAY	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	1,088	2.23
MORGAN STANLEY&CO.LLC	1585 BROADWAY NEW YORK, NEW YORK 10036, U.S.A. (1-9-7 Otemachi, Chiyoda-ku, Tokyo)	993	2.03
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	907	1.86
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	AVENUE DES ARTS,35 KUNSTLAAN,1040 BRUSSELS, BELGIUM (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	607	1.24
Total	—	35,636	72.96

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(6) Voting status

① Issued shares

As of June 30, 2022

Classification	Number of stock shares	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 1,501,600	—	—
Shares with full voting rights (other)	Common stock 48,833,200	488,332	—
Shares representing less than one unit	Common stock 7,600	—	—
Number of issued shares	50,342,400	—	—
Total number of voting rights	—	488,332	—

Note: The number of shares in “shares less than one unit” includes 42 shares less than one unit held by the Company.

② Treasury stock

As of June 30, 2022

Owner's name	Owner's address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total number of shares held (shares)	Ownership percentage of total number of shares outstanding (%)
(Treasury stock) Vision Inc.	6-5-1 Nishi-Shinjuku, Shinjuku, Tokyo	1,501,600	—	1,501,600	2.98
Total	—	1,501,600	—	1,501,600	2.98

2. Changes in Directors and Company Auditors

Not applicable.

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Item 4: Financial Information

1. Preparation method of the condensed consolidated financial statements

The condensed consolidated financial statements of Vision have been prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc.” (Cabinet Office Ordinance No. 64 of 2007).

2. Independent auditor’s report on quarterly review

Based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements for the second quarter (from April 1, 2022 to June 30, 2022) and the first half of the current fiscal year (from January 1, 2022 to June 30, 2022) have been reviewed by KPMG AZSA LLC.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(thousands of yen)

	FY 2021	FY 2022/2Q January 1, 2022 – June 30, 2022
Assets		
Current assets		
Cash and deposits	7,602,426	7,259,988
Notes and accounts receivable - trade	2,183,816	3,145,836
Products	202,581	178,597
Supplies	5,801	8,885
Other	831,510	867,343
Allowance for doubtful accounts	-77,177	-107,569
Total current assets	10,748,958	11,353,081
Fixed assets		
Tangible fixed assets	534,664	1,597,469
Intangible fixed assets		
Goodwill	1,332,425	1,241,466
Other	150,101	157,614
Total intangible fixed assets	1,482,527	1,399,081
Investments and other assets		
Other	2,237,519	1,795,379
Allowance for doubtful accounts	-71,508	-64,526
Total investments and other assets	2,166,011	1,730,853
Total fixed assets	4,183,203	4,727,404
Total assets	14,932,162	16,080,485
Liabilities		
Current liabilities		
Notes and accounts payable – trade	914,551	907,522
Short-term loans payable	50,000	15,000
Current portion of long-term debt	89,002	113,765
Income taxes payable	179,245	260,864
Provision for bonuses	306,321	332,552
Short-term surrender fees reserve	53,504	—
Other	2,287,413	2,347,730
Total current liabilities	3,880,038	3,977,434
Fixed liabilities		
Long-term debt	733,904	907,146
Other	196,004	185,648
Total fixed liabilities	929,908	1,092,795
Total liabilities	4,809,946	5,070,229
Net assets		
Shareholders' equity		
Share capital	2,387,915	2,514,702
Capital surplus	2,454,031	2,580,817
Retained earnings	7,088,507	7,654,771
Treasury stock	-1,862,904	-1,862,967
Total shareholders' equity	10,067,549	10,887,323
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	5,109	-7,021
Foreign currency translation adjustment	40,991	113,640
Total other accumulated comprehensive income	46,101	106,618

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Subscription rights to shares	6,116	11,564
Non-controlling interests	2,447	4,748
Total net assets	10,122,215	11,010,255
Total liabilities and net assets	14,932,162	16,080,485

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

Quarterly Consolidated Statement of Profit or Loss

Consolidated Cumulative Second Quarter

	(thousands of yen)	
	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)
Net sales	8,644,983	11,628,833
Cost of sales	4,139,686	6,174,140
Gross profit	4,505,296	5,454,693
Selling, general, and administrative expenses	* 3,851,006	* 4,532,771
Operating profit	654,289	921,922
Non-operating income		
Interest income	379	1,599
Dividends earned	1,500	1,500
Currency exchange gain	23,106	—
Subsidy income	3,654	4,897
Other	3,945	4,301
Total non-operating income	32,585	12,299
Non-operating expenses		
Interest expenses	—	5,560
Other	5,909	6,145
Total non-operating expense	5,909	11,706
Ordinary profit	680,965	922,515
Extraordinary income		
Gain on reversal of share acquisition rights	14,940	—
Gain on sales of fixed assets	154	81
Gain on sales of investment securities	—	1,230
Total extraordinary income	15,094	1,311
Extraordinary loss		
Loss on retirement of fixed assets	2,039	3,406
Loss on valuation of investment securities	17,335	—
Total extraordinary loss	19,375	3,406
Profit before tax adjustment	676,685	920,420
Corporate, resident, and business taxes	81,565	221,965
Deferred income tax	138,340	129,890
Total income taxes	219,906	351,855
Quarterly profit	456,779	568,564
Quarterly profit attributable to non-controlling interests	846	2,300
Quarterly profit attributable to owners of parent	455,933	566,263

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Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Second Quarter

(thousands of yen)

	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)
Quarterly profit	456,779	568,564
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,470	-12,131
Deferred gains or losses on hedges	721	—
Foreign currency translation reserve	31,074	72,648
Total other comprehensive income	28,325	60,517
Quarterly comprehensive income	485,104	629,082
(Breakdown)		
Quarterly comprehensive income related to owners of the parent	484,258	626,781
Quarterly comprehensive income related to non-controlling interests	846	2,300

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(3) Quarterly Consolidated Statements of Cash Flows

(thousands of yen)

	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)
Cash flow from operating activities		
Income before adjustment	676,685	920,420
Depreciation and amortization	54,203	105,312
Amortization of goodwill	9,879	91,992
Increase or decrease in allowance for doubtful accounts	15,931	23,396
Increase or decrease in allowance for bonuses	28,433	23,363
Interest and dividend income	-1,879	-3,100
Subsidy income	-3,654	-4,897
Interest expenses	—	5,560
Equity in losses or losses of affiliated companies	—	2,007
Loss or gain on sales of fixed assets	-154	-81
Loss on disposal of fixed assets	2,039	3,406
Loss or gain on sales of investment securities	—	-1,230
Loss or gain on valuation of investment securities	17,335	—
Gain on reversal of subscription rights to shares	-14,940	—
Decrease or increase in notes and accounts receivable-trade	-607,552	-941,871
Decrease or increase in inventories	41,593	23,798
Increase or decrease in notes and accounts payable-trade	128,578	-18,306
Increase or decrease in accounts payable-other	282,704	61,613
Increase or decrease of consumption tax	-94,259	-145,385
Other	78,886	28,909
Subtotal	613,830	174,908
Interest and dividends received	1,852	3,068
Subsidies received	13,853	4,897
Interest expenses paid	—	-5,560
Income taxes paid	-39,472	-132,275
Net cash provided by operating activities	590,063	45,038
Cash flow from investing activities		
Payments for acquisition of property, plant, and equipment	-65,832	-695,257
Payments for acquisition of intangible fixed assets	-35,535	-31,609
Proceeds from sales of fixed assets	223	81
Proceeds from sales of investment securities	—	8,610
Payments of loans receivable	—	-500,000
Collection of loans receivable	—	500,000
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	117,807
Payments for lease and guarantee deposits	-29,759	-69,828
Proceeds from collection of lease and guarantee deposits	19,307	32,904
Other	-22,706	9,554
Net cash provided by investing activities	-134,302	-627,737
Cash flow from financing activities		
Repayment of short-term loans payable	—	-35,000
Repayment of long-term debt	—	-45,062
Proceeds from exercise of stock options	14,592	253,261
Proceeds from issuance of stock acquisition rights	—	5,760
Payments for purchase of treasury stock	-57	-63
Repayment of lease obligations	-7,800	-7,520
Net cash provided by financing activities	6,735	171,375

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(thousands of yen)

	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)
Effect of exchange rate changes on cash and cash equivalents	29,344	68,886
Net increase or decrease in cash and cash equivalents	491,840	-342,438
Cash and cash equivalents at beginning of period	6,679,580	7,631,688
Cash and cash equivalents at end of period	* 7,171,421	* 7,289,249

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Notes

(Change in Scope of Consolidation or Application of the Equity Method)

(Significant Changes in the Scope of Consolidation)

Koshikano Onsen, which had been a non-consolidated subsidiary until the previous consolidated fiscal year, was included in the scope of consolidation during the first quarter of the current consolidated fiscal year due to its increased importance as a result of becoming a wholly owned subsidiary through the acquisition of all of its shares.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Accounting Standard for Revenue Recognition”) was adopted by the Company from the beginning of the first quarter of the current fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer.

The Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and recognized revenue in the amount expected to be received in exchange for the promised goods or services at the beginning of the period. The cumulative effect of the retrospective application of the new accounting policies prior to the beginning of the second quarter of the current fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policies have been applied from the beginning balance of the current fiscal year. As a result, the Company has applied the new accounting policy from the balance at the beginning of the period and there is no effect on the balance of retained earnings at the beginning of the first quarter of the current fiscal year. The application of the new accounting standard had no impact on the balance of retained earnings at the beginning of the period. In addition, the application of the new accounting standard did not have a material impact on the quarterly consolidated financial statements.

Due to the application of the accounting standard for revenue recognition, “Allowance for short-term cancellation refunds,” which was presented in “Current liabilities” in the consolidated balance sheet for the previous fiscal year, is included in “Other” from the first quarter of the consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to reflect the new presentation for the previous consolidated fiscal year and the second quarter of the previous consolidated cumulative period. In addition, in accordance with paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information that breaks down revenue from contracts with customers for the previous consolidated cumulative period is not presented.

(Application of Accounting Standard for Measurement of Fair Value)

The “Accounting Standard for Calculation of Fair Value” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Accounting Standard for Calculation of Fair Value”) are applied from the beginning of the first quarter of the current consolidated fiscal year, as stipulated in Paragraph 19 of the Accounting Standard for Calculation of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). In accordance with the transitional treatment, the new accounting policies prescribed by the Accounting Standard for Fair Value Calculation will be applied prospectively. This change has no impact on the quarterly consolidated financial statements.

(Notes to Quarterly Consolidated Statements of Income)

*Major items and selling, general and administrative expenses are as follows.

	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)
Provision of allowance for doubtful accounts	32,769 thousand yen	46,259 thousand yen
Salary allowance	1,155,952 thousand yen	1,233,975 thousand yen
Provision for bonus reserve	154,416 thousand yen	290,580 thousand yen

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(Notes to Quarterly Consolidated Statements of Cash Flow)

*The reconciliation of cash and cash equivalents at the end of the period to the accounts reported in the quarterly consolidated balance sheets is as follows.

	FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)		FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)	
Cash and deposits	7,142,159	thousand yen	7,259,988	thousand yen
Deposits received (“Other” in current asset)	29,261	thousand yen	29,261	thousand yen
Cash and cash equivalents	7,171,421	thousand yen	7,289,249	thousand yen

(Shareholders’ equity)

FY2021/2Q Cumulative period (January 1, 2021 – June 30, 2021)

1. Dividend paid.
Not applicable.
2. Of the dividends whose recorded date are in the second quarter consolidated cumulative period, the dividend effective date is after the last day of the second quarter consolidated accounting period.
Not applicable.
3. Significant fluctuations in shareholders’ equity
Not applicable.

FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)

1. Dividend payment amount
Not applicable.
2. Of the dividends whose recorded date are in the second quarter consolidated cumulative period, the dividend effective date is after the last day of the second quarter consolidated accounting period.
Not applicable.
3. Significant fluctuations in shareholders’ equity
Not applicable.

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(Segment Information, etc.)

Segment Information

FY2021/2Q Cumulative period (January 1, 2021 – June 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	3,865,419	4,654,920	8,520,340	124,642	8,644,983	—	8,644,983
Intersegment sales and transfers	—	264	264	3,795	4,060	-4,060	—
Total	3,865,419	4,655,185	8,520,604	128,438	8,649,043	-4,060	8,644,983
Segment profit or loss (-)	380,521	777,794	1,158,316	-40,169	1,118,146	-463,856	654,289

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

(Note 2): The segment profit of -463,856 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.

(Note 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.

Not applicable.

FY2022/2Q Cumulative period (January 1, 2022 – June 30, 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	Total				
Net sales							
Sales to external customers	5,793,035	5,610,850	11,403,885	224,948	11,628,833	—	11,628,833
Intersegment sales and transfers	—	8,427	8,427	2,963	11,390	-11,390	—
Total	5,793,035	5,619,277	11,412,312	227,912	11,640,224	-11,390	11,628,833
Segment profit or loss (-)	952,825	606,596	1,559,422	-66,601	1,492,821	-570,899	921,922

(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.

(Note 2): The segment profit of -570,899 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.

(Note 3): Segment profit is adjusted to the operating profit of the quarterly consolidated income statement.

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

Not applicable.

(Relating to revenue recognition)

Breaking down the revenue generated from customer contracts

FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)

(thousands of yen)

	Reporting segment			Other (Note 1)	Total
	GLOBAL WiFi Business	Information and Communications Service	Total		
Data communications	2,562,836	—	2,562,836	—	2,562,836
Business subcontracting	2,279,972	—	2,279,972	—	2,279,972
Office automation equipment	—	1,907,261	1,907,261	—	1,907,261
Mobile communications equipment	—	1,470,154	1,470,154	—	1,470,154
Internet media	—	389,095	389,095	—	389,095
Broadband lines	—	255,022	255,022	—	255,022
Fixed communication lines	—	282,689	282,689	—	282,689
Other	447,065	832,241	1,279,306	224,948	1,504,255
Revenue from customer contracts	5,289,873	5,136,465	10,426,339	224,948	10,651,287
Other revenue (Note 2)	503,161	474,384	977,545	—	977,545
External customer sales	5,793,035	5,610,850	11,403,885	224,948	11,628,833

(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.

(Note 2): The “Other revenue” category is for revenue relating to Accounting Standards for Lease Transactions.

(Information on per share)

The quarterly net income per share and the adjusted net income per share/basis for calculation are as follows.

Item	FY2021/2Q Cumulative period January 1, 2021 – June 30, 2021	FY2022/2Q Cumulative period January 1, 2022 – June 30, 2022
(1) Basic earnings per share	9.68	11.78
(Calculation basis)		
Profit attributable to owners of parent (thousands of yen)	455,933	566,263
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Profit attributable to owners of parent for common stock (thousands of yen)	455,933	566,263
Average number of shares of common stock	47,085,954	48,050,228
(2) Potential adjusted quarterly net income per share	9.43	11.55
(Calculation basis)		
Profit adjustment attributable to owners of the parent (thousands of yen)	—	—
Increase in common stock	1,279,753	976,399

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<p>Summary of potential shares that were not included in the calculation of diluted earnings per share because they don't have a diluting effect and changed significantly since the end of the previous consolidated fiscal year</p>	<p>Stock acquisition rights (2,801,400 shares of common stock) resolved by the Board of Directors on November 13, 2017 have been determined to not meet exercise conditions and were all extinguished on March 29, 2021.</p>	<p>Stock acquisition rights (common stock) resolved by the Board of Directors on March 1, 2022 (720,000 shares of common stock)</p>
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(Important subsequent events)

Not applicable.

2. Other

Not applicable.

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Part 2: Information about Guarantors of the Company

Not applicable.

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Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements

August 10, 2022

The Board of Directors
Vision Inc.

KPMG AZSA LLC
Tokyo Office

Designated Limited Liability Partner
Engagement Partner

Certified accountant Naoki Ueno

Designated Limited Liability Partner
Engagement Partner

Certified accountant Masato Nagai

Auditor's Conclusion

We have audited the consolidated financial statements of Vision Inc. (the "Company") included in the "Status of Accounting" for the second three months ended December 31, 2022 (April 1, 2022 through June 30, 2022) in accordance with Article 193-2-1 of the Financial Instruments and Exchange Law. We have reviewed the quarterly consolidated financial statements, namely, the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and notes to the quarterly consolidated statements for the second quarter (April 1, 2022 through June 30, 2022) and the first six months (January 1, 2022 through June 30, 2022) of the current consolidated fiscal year.

In our quarterly review, we found that the quarterly consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vision Corporation and its consolidated subsidiaries as of March 31, 2022, and the results of their operations for the three-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan. In our opinion, nothing has come to our attention that causes us to believe that the above quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Vision Inc.

Basis of Auditors' Conclusions

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibility is to express an opinion on the quarterly consolidated financial statements based on our review. We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these quarterly consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management assesses whether it is appropriate to prepare the quarterly consolidated financial statements on a going concern basis and, if so, discloses matters related to going concern in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan. The Company is responsible for disclosing such matters.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements

The auditor is responsible for expressing its conclusion on the quarterly consolidated financial statements from an independent standpoint in the quarterly review report based on the quarterly review conducted by the auditor.

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The auditor shall exercise professional judgment and maintain professional skepticism throughout the course of the quarterly review in accordance with the quarterly review standards generally accepted in Japan, and shall do the following.

- Conduct the quarterly review by asking questions of management, persons responsible for financial and accounting matters, and other persons, and by performing analytical procedures and other quarterly review procedures. Conduct quarterly review procedures. Quarterly review procedures shall be limited compared to an audit of the annual financial statements conducted in accordance with auditing standards generally accepted in Japan.
- If we believe that there are material uncertainties regarding events or circumstances that could cause significant doubt about the entity's ability to continue as a going concern, we conclude, based on the evidence we have obtained, that the quarterly consolidated financial statements do not present fairly, in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan. If a material uncertainty regarding the company's ability to continue as a going concern exists, we draw attention to it in the notes to the quarterly consolidated financial statements in the quarterly review report. If an article is not appropriate, the auditor is required to express a limited conclusion or a negative conclusion on the quarterly consolidated financial statements. The auditor's conclusion is based on evidence obtained up to the date of the quarterly review report, but future events or circumstances could cause the entity to cease to exist as a going concern.
- The auditor obtains evidence concerning the financial information of the Company and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements.
- The auditor is responsible for directing, supervising, and performing the quarterly review of the quarterly consolidated financial statements. The auditor is solely responsible for their conclusions.

The auditor shall report to the company's auditors and the board of auditors on the scope and timing of the planned quarterly review and any significant findings of the quarterly review.

The auditor shall report to the auditors and the board of auditors in compliance with the provisions of the Japanese Code of Professional Ethics regarding independence, and on matters that could reasonably be considered to affect the auditor's independence and on safeguards, if any, taken to remove or mitigate impediments.

Interests

The Company and its consolidated subsidiaries have no interest in the Company or its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(Note 1): The above is an electronic version of the items described in the original quarterly review report and the original is stored separately by the Company (the company that submits the quarterly report).

(Note 2): XBRL data is not included in the quarterly review.