Cover

Document Filed	Annual Securities Report
Applicable Law	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
File to	Director, Kanto Local Finance Bureau
Filing Date	March 31, 2023
Fiscal Year	The 22nd Business Term (from January 1, 2022 to December 31, 2022)
Company Name	Vision Inc.
Title and Name of Representative	Kenichi Sano, Chairman and CEO
Address of Head Office	6-27-30 Shinjuku, Shinjuku-ku, Tokyo (As of December 19, 2022, the head office location has moved from 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo to the address listed above.)
Phone No.	+81 03 (5287) 3110
Contact Person	Shinichi Nakamoto, Director and CFO
Contact Address	6-27-30 Shinjuku, Shinjuku-ku, Tokyo
Phone No.	+81 03 (5287) 3110
Contact Person	Shinichi Nakamoto, Director and CFO
Place Available for Public Inspection	Tokyo Stock Exchange (2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

Item 1: Company Overview

Part 1: Company Information

1. Changes in Major Management Indicators

(1) Consolidated Financial Statement

Business Term		18th	19th	20th	21st	22nd
Date of Settlement		December 2018	December 2019	December 2020	December 2021	December 2022
Net sales	(Thousands of yen)	21,503,668	27,318,168	16,654,475	18,100,837	25,487,727
Ordinary profit	(Thousands of yen)	2,499,685	3,358,939	227,947	1,143,772	2,422,500
Net profit or loss (-) attributable to owners of the parent	(Thousands of yen)	1,529,476	2,226,322	−1,183,960	729,129	1,548,610
Comprehensive profit	(Thousands of yen)	1,496,143	2,215,382	−1,152,432	732,472	1,616,566
Net assets	(Thousands of yen)	9,803,086	10,905,176	8,769,171	10,122,215	12,039,996
Total assets	(Thousands of yen)	13,552,015	15,173,575	11,313,034	14,932,162	17,951,550
Net assets per share	(Yen)	200.95	226.80	185.79	212.52	245.75
Net profit or loss (-) per share	(Yen)	31.40	46.05	−25.07	15.47	31.96
Net profit per share after adjusting for potential stock	(Yen)	30.67	44.49	—	15.03	31.51
Equity ratio	(%)	72.2	71.7	77.3	67.7	67.0
Return on equity	(%)	16.7	21.5	−12.1	7.7	14.0
Price-earnings ratio	(Multiplier)	40.4	39.3	—	75.0	43.9
Cash flow from operating activities	(Thousands of yen)	2,888,796	3,549,957	−395,722	1,412,746	1,539,646
Cash flow from investing activities	(Thousands of yen)	−1,457,969	−1,435,748	−375,121	−554,277	−1,200,976
Cash flow from financing activities	(Thousands of yen)	−312,490	−1,164,999	−1,035,553	30,807	137,047
Balance at the end of the period of cash and cash equivalents	(Thousands of yen)	7,563,234	8,485,363	6,679,580	7,631,688	8,185,773
Number of employees (other, temporary employees)	(People)	563 (145)	649 (146)	616 (120)	607 (133)	649 (150)

Note 1. The Company conducted a stock split at a ratio of 3 shares per common share on October 1, 2019. As a result, net assets per share, net profit per share, and adjusted net profit per share are calculated assuming that the stock split was conducted at the beginning of the 18th term.

2. Diluted net profit per share for the 20th term is not stated because although there are potential shares, it is a net loss per share.

3. The rate of return on stock prices for the 20th term is not stated because it is a net loss attributable to shareholders of the parent company.

4. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is applied from the beginning of the current fiscal year, and the key management indicators for the current fiscal year are after the application of such accounting standards.

(2) Financial Statement of Submitting Company

Business Term		18th	19th	20th	21st	22nd
Date of Settlement		December 2018	December 2019	December 2020	December 2021	December 2022
Net sales	(Thousands of yen)	20,373,195	25,442,235	15,350,845	16,964,191	22,782,562
Ordinary profit	(Thousands of yen)	2,244,943	3,046,185	40,822	864,499	2,229,164
Net profit or loss (-)	(Thousands of yen)	1,403,903	2,041,905	−1,465,119	548,171	1,520,957
Capital	(Thousands of yen)	2,360,330	2,363,734	2,363,785	2,387,915	2,535,941
Total number of issued shares	(Shares)	16,329,000	49,027,200	49,027,800	49,091,100	50,422,200
Net assets	(Thousands of yen)	9,120,377	10,058,682	7,644,334	8,771,289	10,574,153
Total assets	(Thousands of yen)	12,775,279	14,214,274	10,227,597	12,254,973	14,814,855
Net assets per share	(Yen)	186.92	209.16	161.92	184.18	215.92
Dividend per share (interim dividend per share)	(Yen)	— (—)	— (—)	— (—)	— (—)	— (—)
Net profit or loss (-) per share	(Yen)	28.82	42.24	−31.03	11.63	31.39
Net profit per share after adjusting for potential stock	(Yen)	28.15	40.80	—	11.30	30.95
Equity ratio	(%)	71.2	70.6	74.5	71.5	71.3
Return on equity	(%)	16.4	21.3	−16.6	6.7	15.7
Price earnings ratio	(Multiplier)	44.0	42.9	—	99.8	44.7
Dividend payout ratio	(%)	—	—	—	—	—
Number of employees (other, temporary employees)	(People)	465 (128)	502 (126)	535 (109)	485 (115)	500 (109)
Total shareholder yield (Comparison index: including dividends TOPIX)	(%) (%)	131.3 (84.0)	187.6 (99.2)	107.2 (106.6)	120.1 (120.2)	145.2 (117.2)
Highest share price	(Yen)	5,390	6,140 *1,883	1,873	1,664	1,504
Lowest share price	(Yen)	2,580	3,585 *1,521	492	866	905

Note 1. The Company conducted a stock split at a ratio of 3 shares per common share on October 1, 2019. As a result, net assets per share, net profit per share, and adjusted net profit per share are calculated assuming that the stock split was conducted at the beginning of the 18th term.

2. Diluted net profit per share for the 20th term is not stated because although there are potential shares, it is a net loss per share.

3. The rate of return on stock prices for the 20th term is not stated because it is a net loss attributable to shareholders of the parent company.

4. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange before April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.

5. The asterisk for the 19th term is for the highest and lowest share prices after ex-rights due to a stock split on October 1, 2019, at a ratio of 3 shares per common share.

6. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) is applied from the beginning of the current fiscal year, and the key management indicators for the current fiscal year are after the application of such accounting standards.

2. History of the Company

Vision Co., Ltd. was established in Fujinomiya City, Shizuoka Prefecture in June 1995 for the purpose of subscribing to international telephone services and reorganized into a joint-stock company in April 1996 for business expansion and development. (Vision Business Solutions Inc., which was established in December 2001, merged with the former Vision Inc. in November 2004 and its trade name was changed to Vision Inc.).

The history of the Group since the founding of the Company is as follows.

Date	Summary
April 1996	Vision Co., Ltd. is founded (in Fujinomiya City, Shizuoka, with 10,000 thousand yen in capital) for the purpose of acting as agency for international telephone subscription (fixed-line communications business).
August 1996	Moved head office from Fujinomiya City to Fuji City, Shizuoka.
August 1997	Acquired General Type-II Telecommunications Business license.
December 2001	Established Vision Business Solutions Inc. in Shibuya-ku, Tokyo for the purpose of office automation equipment sales.
April 2002	Moved head office from Shibuya-ku to Shinjuku-ku, Tokyo.
December 2003	Started Internet advertising business (Internet media business).
November 2004	Vision Business Solutions Inc. merged with Vision Co., Ltd. and trade name changed to Vision Inc.
February 2007	Started a cellphone business for corporate customers (mobile telecommunications business).
January 2008	Established Members Net Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo.
July 2008	Established Best Communications Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo. *In December 2012, the trade name was changed to Best Link Inc. Started a subscription-based broadband telecommunications service (broadband business)
January 2010	Started “e-ca”, a Wi-Fi router rental service for domestic business travelers and tourists.
June 2011	Started “Vision WiMAX”, a high-capacity Wi-Fi router rental service for domestic business travelers and tourists.
July 2011	Opened a customer support desk and call center called Saga Vision Future Business Center (VFBC) in Saga City, Saga Prefecture.
October 2011	Established Vision Mobile Korea Inc., a subsidiary (now consolidated subsidiary), in South Korea.
	Established Vision Mobile Hawaii Inc., a subsidiary (now consolidated subsidiary), in the United States (Hawaii).
December 2011	Established Vision Mobile Hong Kong Limited, a subsidiary (now consolidated subsidiary) in Hong Kong.
January 2012	Established Global WiFi.Com Pte. Ltd., a subsidiary (now consolidated subsidiary), in Singapore.
February 2012	Started “GLOBAL WiFi”, a Wi-Fi router rental service for overseas travelers.
	Established 無限全球通移動通信股份有限公司, a subsidiary (now consolidated subsidiary), in Taiwan.
April 2012	Established Global WiFi. UK Ltd., a subsidiary (now consolidated subsidiary), in the United Kingdom.
	Made “Find Japan Inc.” a subsidiary.
December 2012	Started “WIFI-HIRE”, a Wi-Fi router rental service for short-term use aimed at domestic business as well as leisure travelers.
October 2013	Best Link Inc., a broadband business, was transferred out of the consumer sector.
December 2013	Started MVNO (mobile virtual network operator) business for domestic business travelers and tourists.
March 2014	Established Vision Vietnam One Member LLC, a subsidiary (now consolidated subsidiary), in Vietnam.
April 2014	Established 上海高效通信科技有限公司, a subsidiary (now consolidated subsidiary), in China (Shanghai).
November 2014	Established Vision Mobile France SAS, a subsidiary (now consolidated subsidiary), in France.
December 2014	Established VISION MOBILE ITALIA S.r.l., a subsidiary (now consolidated subsidiary), in Italy.
February 2015	Sold Find Japan Inc., making it no longer a subsidiary of the Company.
March 2015	Started “NINJA Wi-Fi”, a rental service for inbound business travelers and tourists. (Merged with “WIFI-HIRE”)
December 2015	Listed on Tokyo Stock Exchange Mothers Index.
July 2016	Established VISION MOBILE USA CORP., a subsidiary (now consolidated subsidiary), in the United States (California).
August 2016	Established VISION MOBILE NEW CALEDONIA SAS, a subsidiary (now consolidated subsidiary), in New Caledonia.
December 2016	Listed on the first section of the Tokyo Stock Exchange (transferred from Mothers.)
February 2018	Established Alpha Techno Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo.
March 2018	Established BOS Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo.
May 2018	Established Vision Ad Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo.
	Made “Ra-Pid Corporation” a subsidiary.
August 2019	Made “ProDrivers Inc.” a subsidiary.
March 2020	Established VISION Digital Marketing Inc., a subsidiary (now consolidated subsidiary), in Shinjuku-ku, Tokyo.
December 2021	Made “adval Corp.” a subsidiary.
January 2022	Made “Koshikano Onsen Inc.” a subsidiary.
April 2022	Listed on Tokyo Prime Market after Tokyo Stock Exchange market restructuring.
November 2022	Made “Promotion Plus, Co., Ltd” a subsidiary.
December 2022	Grand opening of VISION GLAMPING Resort & Spa Yamanakako.

Note: A “MVNO” or Mobile Virtual Network Operator is a company that does not sell physical items such as mobile phones nor own a mobile virtual network but enters into an agreement with another company that owns it and provides communication services under its own brand (receives resale money).

3. Business Summary

The Group consists of the Company (Vision Inc.), twenty-one consolidated subsidiaries, and one equity method affiliate. We are mainly engaged in the “GLOBAL WiFi” and “Information and Communications Service” businesses. In addition, we have newly added the “Glamping/Tourism” Business following the opening of VISION GLAMPING Resort & Spa Yamanakako and the acquisition of all shares of Koshikano Onsen Inc. which made it a consolidated subsidiary. The reporting segments, business segments, business summaries, and corresponding affiliated companies in the Group are as follows.

<table>
<tr><th>Reporting Segment</th><th>Business Segment</th><th>Business Summary</th><th>Corresponding Affiliated Company</th></tr>
<tr><td rowspan="2">GLOBAL WiFi Business</td><td>Overseas Business</td><td>Rental business of mobile Wi-Fi routers for those traveling from Japan to overseas or from overseas to overseas. Data communications are provided by telecommunication carriers.</td><td rowspan="2">Vision Inc.
Best Link Inc.
Vision Mobile Korea Inc.
Vision Mobile Hawaii Inc.
無限全球通移動通信股份有限公司 (Taiwan)
Vision Mobile Hong Kong Limited
GLOBAL WIFI.COM PTE. LTD.
GLOBAL WIFI.UK LTD
上海高效通信科技有限公司 (China)
Global WiFi France SAS
Vision Mobile Italia S.r.l.
VISION MOBILE USA CORP.
Vision Mobile New Caledonia SAS</td></tr>
<tr><td>Domestic Business</td><td>Mobile Wi-Fi router rental business for overseas visitors to Japan, domestic travel, business trips, and remote work. Data communications are provided by telecommunication carriers.</td></tr>
<tr><td rowspan="6">Information and Communications Service Business</td><td>Fixed-Line Telecommunication Business</td><td>Subscription based business offering fixed-line telecommunications services called “Otoku Line” provided by SoftBank Corp.</td><td>Vision Inc.
Members Net Inc.</td></tr>
<tr><td>Mobile Telecommunication Business</td><td>Sales of mobile phone devices, etc. provided by SoftBank Corp. and subscription-based business of mobile telecommunication services</td><td>Vision Inc.
BOS Inc.</td></tr>
<tr><td>Broadband Business</td><td>Subscription based business offering broadband service called “FLET’S” provided by NTT</td><td>Vision Inc.
Best Link Inc.
Members Net Inc.</td></tr>
<tr><td>Office Automation Equipment Sales Business</td><td>Sales of mainly Canon manufactured MP (multifunction peripheral), business phone, and UTM (unified threat management) products</td><td>Vision Inc.
Alpha Techno Inc.
BOS Inc.</td></tr>
<tr><td>Internet Media Business</td><td>Sale of online advertising products (such as website creation)</td><td>Vision Inc.
Promotion Plus, Co., Ltd</td></tr>
<tr><td>Space Management Business</td><td>Meeting space rental business</td><td>Adval Corp.</td></tr>
<tr><td>Glamping/Tourism Business</td><td>Glamping Business</td><td>Management of glamping facilities</td><td>Vision Inc.
Koshikano Onsen Inc.</td></tr>
<tr><td colspan="2">Other</td><td>Media business, ASKUL Corporation mail order business</td><td>Vision Inc.
Vision Ad Inc.
Vision Digital Marketing Inc.</td></tr>
</table>

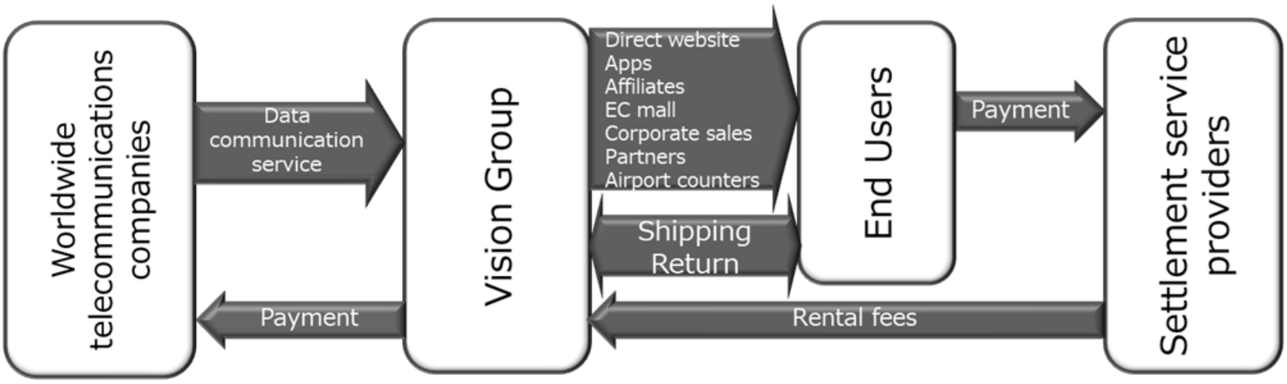
*VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY is a system development center and database operator for the Group’s companies.

(1) GLOBAL WiFi Business

Centering on the Vision Inc., Best Link Inc., Vision Mobile Korea Inc., Vision Mobile Hawaii Inc., and 無限全球通移動通信股份有限公司, we acquire local networks (data communication) in use by the residents from telecommunication carriers around the world and attain profit by offering mobile Wi-Fi router rental services to global travelers.

* The service provision areas of the overseas and domestic sectors of GLOBAL WiFi are different, but the business flow is the same.

The business flow is as follows.



End users can apply for services through the website, app, corporate sales, partners*, and airport counters.

*Our Group also provides services through sales agency and franchise contracts with partner companies, including those in the Information and Communications Service business.

Sales Channels

Sales channels to reach the end user are as follows.

Sales Channels	Explanation
Direct website	The direct website for the GLOBAL WiFi application uses web marketing* to guide end users to the website and have them sign up for services.
Apps	The end user downloads the smartphone app and signs up for services through the app.
Affiliates	An advertisement that links to the direct website will be posted on websites operated by affiliates and end users who visit those websites will be linked to sign up for services. (Affiliate marketing)
Business to Business Sales	Government offices, companies with many overseas business trips, and other end users who register as companies through sales channels are registered as a corporation and sign up for subscription services. (Services such as price discounts and company billing.)
Partners	Services are signed up for via partner companies (airlines, travel agencies, insurance agencies, credit card companies, etc.), agencies, and franchise partners.
Airport Counters	Directly signing up for services at airport counters.

*Web marketing refers to all marketing activities conducted on the Internet. Some specific uses of web marketing are to advertise, inform of, and promote products and services to end users through the company's website and product-specific websites. This includes advertising on the Internet, optimizing websites to attract more end users via search engines, and conducting market research through online surveys, and providing information on new products and services to customers acquired through the company's website.

(2) Information and Communications Service Business

Centering on the Vision Inc. and Best Link Inc. businesses, we provide services such as subscriptions for various communication services, sales of mobile communication equipment and office automation equipment, and website creation for newly established corporations, venture companies, and other general companies.

In an era where information and communications technology is evolving rapidly, we will expand online marketing to corporations and SOHO businesses* and provide information and communications service in order to accurately grasp customer needs and provide the best products and services in a timely manner. We are growing this business by taking advantage of being able to conduct on-site sales on a nationwide scale due to having seven sales offices nationwide and many partner companies that help our business develop.

Additionally, it is important to cooperate between businesses to provide each of the above services with optimum timing to assist with the expansion of businesses such as startups, venture companies, etc. Therefore, each of these services is in the same segment.

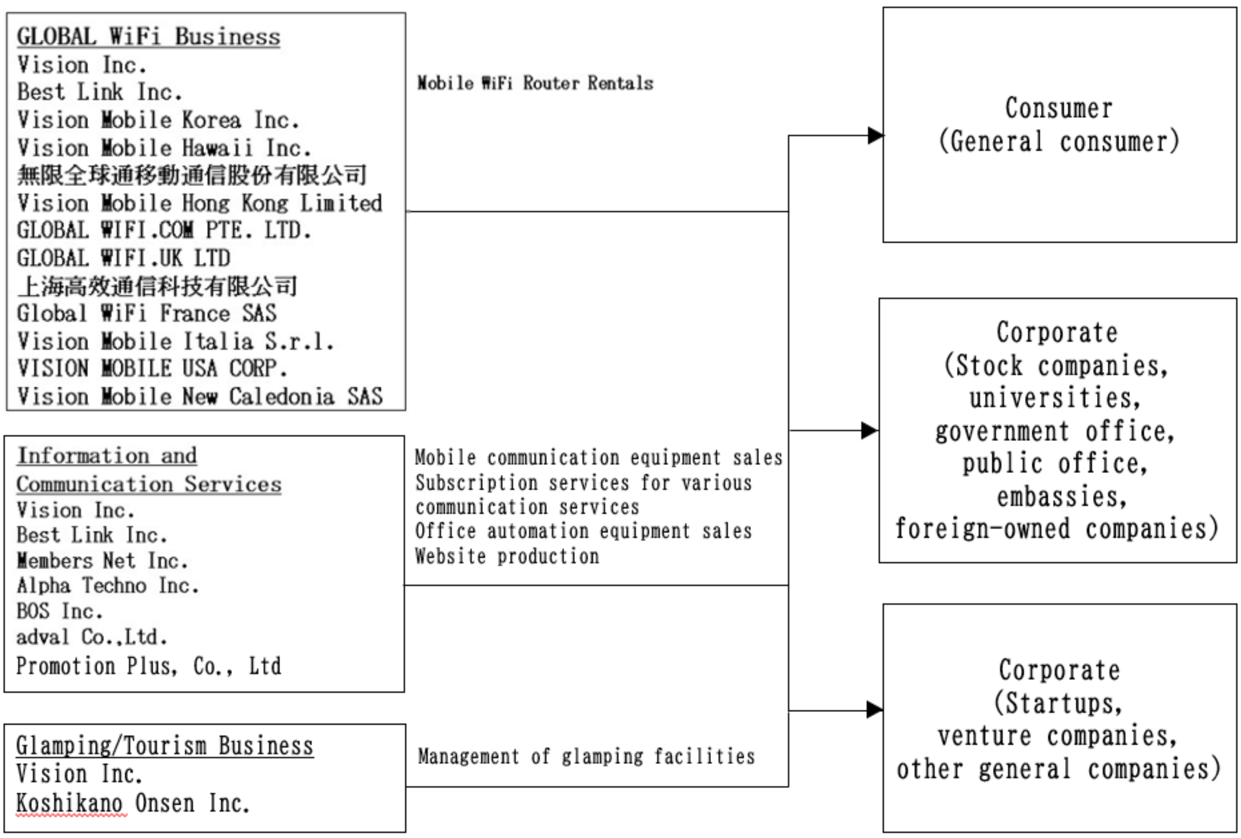
*SOHO (small office/home office) businesses: They are businesses who work in small offices or have employees work out of their own homes using information communication equipment such as computers.

(3) Glamping/Tourism Business

Our company, Koshikano Onsen Inc. operates a glamping facility and earns revenue from guests who stay at the facility.

Business Organizational Chart

The previously described businesses are organized into the following organizational chart.



* Vision Ad Inc. and Vision Digital Marketing Inc. are engaged in the media business, which is classified as the “other” category.

* VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY is a system development center and database operator for the Group’s companies.

Overview of Office Locations

The Group's office locations within Japan are as follows.

Offices	Sapporo, Narita, Shinjuku, Shibuya, Yokohama, Nagoya, Kansai (Osaka), Fukuoka, Vision Future Business Center (Saga), Naha
Glamping Facilities	Kirishima, Kagoshima Prefecture and Yamanakako, Yamanashi Prefecture
Airport Counters (including pick-up lockers)	Narita International Airport, Haneda Airport, Chubu Airport, Kansai International Airport, Osaka International Airport, Asahikawa Airport, New Chitose Airport, Sendai Airport, Niigata Airport, Komatsu Airport, Fukuoka Airport, Kitakyushu Airport, Oita Airport, Miyazaki Airport, Kagoshima Airport, Naha Airport, Miyako Shimojishima Airport, Mt. Fuji Shizuoka Airport

*Narita is the shipping center for the GLOBAL WiFi business.

4. Status of Affiliated Companies

Name	Address	Capital (Thousands of yen)	Main Business Segment	Percentage of Voting Rights	Business Summary
(Affiliated Subsidiaries) Members Net Inc.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	100.0	New Telephone Line Installation and Billing Service
Best Link Inc.	Shinjuku-ku, Tokyo	10,000	GLOBAL WiFi Business Information and Communications Service Business	100.0	Entrusted with Management Work Reseller in the Fixed-Line Telecommunications Business Interlocking Directorates
Alpha Techno Inc.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	100.0	Entrusted with Construction Work Interlocking Directorates
BOS Inc.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	100.0	Reseller in the Mobile Telecommunication Business Interlocking Directorates
Vision Ad Inc.	Shinjuku-ku, Tokyo	10,000	Other	60.0	Loan of Funds Interlocking Directorates
Vision Digital Marketing Inc.	Shinjuku-ku, Tokyo	10,000	Other	80.0	Interlocking Directorates
Adval Corp.	Shibuya-ku, Tokyo	10,000	Information and Communications Service Business	50.1	Loan of Funds Interlocking Directorates
Koshikano Onsen Inc.	Kirishima, Kagoshima	53,880	Glamping/Tourism Business	100.0	Loan of Funds Interlocking Directorates
Promotion Plus, Co., Ltd.	Osaka-city, Osaka	5,000	Information and Communications Service Business	100.0	Outsourcing of Internet Media Business
Vision Mobile Korea Inc.	Seoul, South Korea	Thousand KRW 300,000	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
Vision Mobile Hawaii Inc.	Hawaii, U.S.	Thousand USD 150	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
Vision Mobile Hong Kong Limited	Hong Kong	Thousand HKD 300	GLOBAL WiFi Business	100.0	Overseas Operation Base Loan of Funds Interlocking Directorates
GLOBAL WIFI.COM PTE.LTD.	Singapore	Thousand SGD 160	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
無限全球通移動通信股份有限公司	Taipei City, Taiwan	Thousand TWD 5,000	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
GLOBAL WIFI.UK LTD	London, U.K.	Thousand GBP 40	GLOBAL WiFi Business	100.0	Overseas Operation Base
VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY	Ho Chi Minh City, Vietnam	Thousand VND 2,100,000	IT Business (Programming activity etc.)	100.0	System Development Center
上海高效通信科技有限公司	Shanghai, China	Thousand USD 1,700	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
Global WiFi France SAS	Paris, France	Thousand EUR 220	GLOBAL WiFi Business	100.0	Overseas Operation Base Loan of Funds Interlocking Directorates
Vision Mobile Italia S.r.l.	Milan, Italy	Thousand EUR 220	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
VISION MOBILE USA CORP.	California, U.S.	Thousand USD 470	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates

Vision Mobile New Caledonia SAS	Noumea, New Caledonia	Thousand XFP 1,000	GLOBAL WiFi Business	100.0	Overseas Operation Base Interlocking Directorates
(Equity-affiliated Company) Eeeats Inc.	Toshima-ku, Tokyo	10,000	Information and Communications Service Business	50.0	Interlocking Directorates

Note: 1. None of the companies have submitted a securities registration statement or securities report.

5. Status of Employees

(1) Status of Consolidated Companies

As of December 31, 2022

Segment	Number of Employees	
GLOBAL WiFi Business	188	(42)
Information and Communications Service Business	335	(80)
Glamping/Tourism Business	18	(23)
Total Reporting Segments	541	(145)
Other	14	(3)
Company Wide (general)	94	(2)
Total	649	(150)

Note 1. The number of employees does not count employees who have transferred to other companies from the Group and does include employees who have transferred to the Group from other companies.

2. The number in the parenthesis (external papers) is the average annual number of temporary employees (with 8-hour workdays).

3. Company Wide (general) refers to employees of the management department such as general affairs and accounting.

(2) Status of Submitting Company

As of December 31, 2022

Number of employees		Average age	Average employment length (year)	Average annual salary (thousands of yen)
500	(109)	34.7	7.5	5,482

Segment Name	Number of Employees	
GLOBAL WiFi Business	162	(40)
Information and Communications Service Business	271	(61)
Glamping/Tourism Business	8	(3)
Total Reporting Segments	433	(101)
Other	11	(3)
Company Wide (general)	48	(2)
Total	500	(109)

Note 1. The number of employees does not count employees who have transferred to other companies from the Company and includes employees who have transferred to the Company from other companies.

2. The number in the parenthesis is the average annual number of temporary employees (with 8-hour workdays).

3. Average annual salary includes bonuses and non-standard wages.

4. Company Wide (general) refers to employees of the management department such as general affairs and accounting.

(3) Status of Labor Union

There is no labor union. Additionally, the relationship between labor and management is strong and there are no special matters of note.

Item 2: Business Overview

1. Management Policy, Business Environment, Issues to be Prioritized, etc.

(1) Management Policy

The Group's management philosophy is "to contribute to the global information and communications revolution", and we aim to do this by developing the GLOBAL WiFi Business so that the Internet can be used easily and with peace of mind around the world and expanding the Information and Communication Service Business so that we can provide communication infrastructure that suits the growth stage of various companies.

Future matters in this document are based on the judgment of the Group as of the end of the current consolidated fiscal year.

The strength of the Group is that we have been developing pull based sales and push based sales systems with high levels of efficiency through the business model, "Vision Hybrid Synergy Model", for over 25 years since the Company's original establishment.

With the model, we efficiently recognize demand with web marketing, find requests and issues through contact with customers through the CLT (Customer Loyalty Team), increase the order rate with sales proposal capabilities, and analyze the accumulated database. The process operates seamlessly as various teams interact with each other.

Taking these strengths into consideration, we aim to grow the company with the following strategies.

① Niche and Focus Strategy

We will look for issues and gaps in the industry and pioneer new markets. Management resources will be concentrated on carefully selected targets to improve product quality and gain market share.

② Price and Quality/Leadership Strategy

While continuing to offer top notch service, we will improve price competitiveness by pursuing production efficiency, diversifying monetization points, and reducing costs through bulk discounts.

③ Upsell/Cross Sell Strategy

We will identify new needs, continuously provide services at the right time for the right price and build long-term relationships with customers.

(2) Business Environment

With regard to the entry restrictions that had been implemented in response to the global spread of the COVID-19 pandemic, there has been a trend toward easing and or completely abolishing restrictions worldwide. The economy is on a gradual recovery trend, including travel demand, which is showing a steady recovery. However, amid ongoing global monetary tightening and other factors, a downturn in overseas economies poses a risk to the economy. In addition to the effects of rising prices, supply-side constraints, and fluctuations in financial and capital markets, we also need to pay close attention to the spread of COVID-19.

In this economic environment, the Group believes that it is important to improve productivity in existing businesses while expanding new businesses and services, and not to miss out on sales opportunities in the post-pandemic era.

The Group is implementing and studying specific initiatives to address social issues by establishing project teams and other means for sustainability management. By proactively addressing sustainability issues, we will enhance the value of our presence in society.

(GLOBAL WiFi Business)

With regard to the entry restrictions that had been implemented in response to the global spread of the new coronavirus infection, there is an accelerating trend toward easing and total abolition of such restrictions worldwide, and international human traffic is also on a certain degree of increase.

In a recovering business environment and in order to respond to various telecommunication demands from outbound, inbound, and domestic users, we will provide various telecommunication plans that meet user needs, and increase price competitiveness by developing low-cost operations, such as reducing communication costs through pay-as-you-go contracts, unmanned airports, and reducing outsourcing costs by expanding in-house production of shipments.

(Information and Communication Service Business)

With the global shortage of semiconductor components and other parts, and the expectation that manufacturers will continue to face product shortages, we believe it is important to respond flexibly to changes in the external environment by leveraging our strength in not relying on a single product, service, or sales channel.

We will further refine the "Vision Hybrid Synergy model", detect the needs of the times, improve our product development and proposal capabilities, develop efficient sales, and strengthen our price competitiveness to achieve further growth.

(Glamping/Tourism Business)

The Group recognizes that the demand for outdoor recreation, which increased during the COVID-19 pandemic because it is a leisure activity that can ensure social distance, is one of the new activities that will continue in the post-pandemic era.

The glamping tourism business can adapt to this new normal and effectively utilize the sales channels, business structure, and customer base we have cultivated to date. In the future, it will be important to capture not only domestic demand in Japan but also inbound demand, which is expected to recover.

(3) Objective Indicators for Judging Whether Management Goals are Achieved, etc.

The Group has set a target operating income to continuously increase profitability in its core business. In addition, since the operating profit margin depends on the composition ratio of the products we handle, we have not set a target so as not to impair customer needs, but we consider it to be a certain factor in management decisions.

	2018 results	2019 results	2020 results	2021 results	2022 results	2023 projected
Operating profit (millions of yen)	2,484	3,325	103	1,105	2,414	3,000
Operating profit margin (%)	11.6	12.2	0.6	6.1	9.5	11.3

(4) Priority Business and Financial Issues to be Addressed

Issues to be prioritized in the GLOBAL WiFi business are as follows.

① Improvement of earnings for recovery of overseas travel
Build a business structure that can generate higher earnings than before the COVID-19 pandemic by expanding service plans and improving operational efficiency.

② Capture inbound demand and expand overseas sales channels
Strengthen promotion and improve convenience for inbound customers and expand services and overseas sales channels with a view to overseas expansion.

③ Expansion of stable earnings
Strengthen sales of “Global WiFi for Biz”, a permanent in-house Wi-Fi service for corporate clients.

Issues to be prioritized in the Information and Communications Service business are as follows.

① Respond to changes in the external environment
Flexible business operations utilizing multiple businesses and sales channels (accurate understanding of the times and customer needs, and provision of products and services that meet those needs).

② Improve productivity of existing businesses
Improving productivity by leveraging the Group's strengths in web marketing, sales, CLT (Customer Loyalty Team), and escalation (collaboration among business units, customer referrals).

③ Establish a stable revenue base over the long term
Increase stable stock revenues through sales expansion of monthly subscription-based in-house services and continuous use.

Issues to be prioritized in the Glamping/Tourism business are as follows.

① Establish an attractive category
To achieve sustainable growth, establish and firmly establish glamping as a new attractive category alongside resort hotels and Japanese-style inns, without making the glamping category a fleeting trend.

② Strengthen development capabilities
For existing facilities, make sustained capital investments to maintain and improve their attractiveness, and for new facilities, implement development and construction plans on an on-schedule basis and improve development capabilities to continue to open new appealing facilities.

③ Increase ability to attract visitors
Establish effective promotion and branding to attract not only domestic tourists but also foreign visitors to Japan.

We recognize that the Group's "issues to be addressed" will be solved by continuously securing and educating excellent employees. Through business expansion, improvement of service quality, and establishment of branding, we will strive to continuously secure the human resources needed by our group by raising our name recognition.

2. Business Risks

The following is a list of major risks that management believes may have a significant impact on the consolidated company's financial position, business performance, and cash flow status, among other matters related to business and accounting conditions described in the Annual Securities Report. However, this is not a complete list of all risks related to the Group, there are some risks that we have judged to be immaterial now, and there are also risks that are difficult to foresee.

Matters in concerning the future in this document based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Risks relating to the nature of our business

① Risk of outbreak and spread of COVID-19

There is an accelerating global trend toward easing or completely abolishing entry restrictions that had been in place in response to the global spread of new coronavirus infections.

However, the Group’s business performance and financial position could be affected if new restrictions on activities or various regulations are implemented due to the respread of COVID-19 caused by the emergence of a new mutant strain or the spread of a new infectious disease with no cure.

② Risks in the Global WiFi Business

a. Purchase terms and conditions from telecommunications carriers, etc.

The Group purchases telecommunication services from telecommunication carriers around the world, but there is no guarantee that the Group will be able to renew these services under the same purchasing conditions as before. Furthermore, changes in the business policies of telecommunications carriers may force us to change our purchasing conditions to those that are less favorable than before. If our group's purchasing conditions from carriers deteriorate, it may affect our group's business performance and financial position.

b. Exchange rate fluctuations

The Group conducts transactions denominated in foreign currencies. As a result, income, expenses, assets, and liabilities are denominated in foreign currencies. Although the Group hedges risks through forward exchange contracts and other means to reduce the impact of exchange rate fluctuations, sharp fluctuations in exchange rates could affect the Group's business performance and financial position.

c. Impact of competitors

There are competing companies operating mobile Wi-Fi router rental businesses for both domestic and international travelers, like the Group. We are working to differentiate its services in terms of the number of areas served, service prices, transmission speed and quality, and additional services, and will continue to further improve its services and strengthen its brand power.

However, the Group's business performance and financial position may be affected by a decline in profitability due to intensified competition from competitors, including new entrants from other industries, and an increase in advertising expenses.

d. Alliance and cooperative relationships

To strengthen its international competitiveness, the Group has formed various alliances and collaborations with business partners such as sales agents and partner companies, through which it develops products and services, and develops and expands its sales and service systems. As of the date of submission of this report, the relationship with business partners is good, but if the expected effects are not achieved, or if the alliance or cooperative relationship is dissolved for some reason, the business results and financial position of the Group may be affected.

e. Wi-Fi routers

Our group purchases Wi-Fi routers from telecommunication carriers and manufacturers around the world. The average service life of Wi-Fi routers is about 2 years* due to battery, and casing deterioration. They are recorded as rental assets and amortized. If the speed of deterioration of the purchased Wi-Fi routers accelerates or the development cycle of Wi-Fi routers is shortened due to technological innovation, etc., the Company will calculate and amortize them as rental assets. The Group's business performance and financial position may be affected if the deterioration rate of purchased Wi-Fi routers accelerates or the development cycle of Wi-Fi routers is shortened due to technological innovation.

*Although some Wi-Fi routers with replaceable batteries can be used for more than two years, they may become unsuitable as rental products due to scratches. In some cases, Wi-Fi routers with replaceable batteries can be used for more than two years.

f. Other risks surrounding the business

In addition to the above, other risks surrounding our business include changes in world affairs, such as terrorism and war, and damage to travel infrastructure due to natural disasters, such as earthquakes and typhoons, which could affect our group's business performance and

financial position if they cause a sharp decline in willingness to travel abroad.
In addition, we will pay particular attention to the rising geopolitical risks, such as the situation in Ukraine, political and economic conflicts between the U.S. and China, the Taiwan-China issue, and the test-firing of missiles by North Korea.

③ Risks in the Information and Communications Service Business

a. Commissions received from telecommunications carriers

The Group receives commissions from telecommunication carriers or primary agents for brokering subscription contracts for services provided by telecommunication carriers. The terms and conditions of the received commissions vary depending on the telecommunications carrier, and a significant change in the terms and conditions due to a change in the management policy of the carrier may affect the business performance and financial position of our group.

b. Terms and conditions for purchasing information and communication equipment

The global shortage of semiconductors has made it difficult to purchase some information and telecommunications equipment. We have diversified our procurement sources and leveraged the strength of handling multiple services, including alternative products, without depending on a single source, and have been flexibly responding to changes in the external environment. However, if delays in deliveries due to prolonged semiconductor shortages or increases in unit procurement costs due to intensified competition become worse than expected, the Group's business performance and financial position could be adversely affected. This could have a negative impact on the business.

④ Risks in the Glamping/Tourism Business

a. Damage and deterioration of facilities

The Group has put in place a system to minimize the impact on its business activities of events that are deemed necessary to assume, but natural disasters such as typhoons and earthquakes may exceed the scope of our assumptions. Such events may affect the Group's business performance and financial position.

b. Food poisoning

If a food poisoning incident were to occur due to new pathogens or defects in food sanitation management, the Group's business performance and financial position could be affected due to a loss of brand image. In order to prevent such incidents from occurring, we regularly provide guidance and employee training to raise awareness of food management.

⑤ Risk of bad debts such as trade receivables

The Group provides services to many customers in Japan and overseas. In addition to conducting adequate credit management, the Group prepares for losses due to bad debts by posting a certain amount of allowance for doubtful accounts in trade receivables and other receivables.

However, the occurrence of bad debt losses or an increase in the allowance for doubtful accounts due to changes in the debtor's situation may affect the Group's business performance and financial position.

⑥ Risks related to business alliances and mergers and acquisitions

The Group considers business alliances and mergers and acquisitions to be effective means of quickly expanding its business. When implementing these, we conduct meticulous due diligence on the financial, legal, and business aspects of the target companies or businesses, and strive to fully understand the investment ROI and risks. However, if the business does not proceed as planned due to changes in the business environment or other reasons, or if problems not recognized in the due diligence are uncovered, there is a possibility of impairment loss or loss on valuation of goodwill.

⑦ Risks related to system troubles

The Group's business relies on the Internet communication network as the foundation of its services. For this reason, we are taking preventive measures, such as monitoring the operating status, to avoid system failures that may interfere with the use of our database and sales website, or system downtime due to cyber-attacks.

In addition, we have implemented preventive measures such as monitoring the operational status of the system to avoid system failures that could prevent the use of the sales website or system downtime due to cyber-attacks.

In addition, while we do our best to prevent accidental failures such as programming defects, we have established a system that allows us to respond completely offline by building quick recovery measures in case of an emergency.

However, in the event of a large-scale system failure despite these measures, the provision of services may be hindered, which may have an impact on the business performance and financial position of our group.

⑧ Risks related to securing and training human resources

To further strengthen our sales activities and expand our business, we will continue to focus on revitalizing our human resources by strengthening our recruiting activities for new graduates, people with specialized knowledge, and people with language skills to promote our global business, as well as by implementing training programs according to the level of employees. We have also strengthened our training system, worked to make evaluations more transparent and fairer, and established a reporting and consultation desk in cooperation with experts to prevent resignations. However, if the recruitment plan and human resource development based on the above policies do not proceed as planned, or if the number of retirees increases beyond expectations, the business performance and financial position of the Group may be affected.

⑨ Risk related to legal regulations

The Group's business is subject to legal regulations such as the Act against Unjustifiable Premiums and Misleading Representations, the Act on Specified Commercial Transactions, the Telecommunications Business Act, the Food Sanitation Act, and the Hotel Business Act. In addition, in the Global WiFi business, we purchase communication services from local communication carriers around the world and are subject to the laws and regulations of each country. In the future, unpredictable changes in these laws and regulations or new establishment of such laws and regulations may lead to restrictions on the Group's business activities or an increase in costs for compliance with legal regulations, which may have an impact on our business performance and financial position.

⑩ Protection of personal information

The Group holds personal information, and in addition to complying with laws and regulations regarding the protection of personal information about the prevention of leaks of personal information, we have established a personal information protection policy and take the utmost care in handling personal information. However, in the event of a large-scale leakage of personal information for any reason, the Group may lose credibility and incur compensation costs, which may affect the Group's business performance and financial position.

⑪ Litigation

The Group has established a code of conduct and strives to conduct its business activities with integrity by promoting compliance. However, we believe that there is a risk of unforeseen problems and lawsuits with users, business partners, and other third parties, regardless of whether the Group's officers and employees violate laws and regulations.

Depending on the nature and outcome of the lawsuits, the business performance and financial position of our group may be affected.

(2) Others

① Dividend policy

The Group has not paid dividends in the past but recognizes that returning profits to shareholders is also an important management issue, as it prioritizes investments to strengthen its financial position and expand its business and believes that aiming to further increase corporate value will lead to the greatest return of profits to shareholders.

The Company's policy is to provide stable and continuous returns to shareholders, taking into consideration the business environment surrounding the Group, while securing the internal reserves necessary to strengthen the financial position and expand business in the future.

② Dilution of share value due to exercise of stock acquisition rights

As of December 31, 2022, the number of shares to be issued upon exercise of the stock acquisition rights is as follows: "4. 1 Status of Shares, etc., (2) Status of Stock Acquisition Rights, etc." However, if these stock acquisition rights are exercised, the total number of outstanding shares may increase and the value per share may be diluted.

3. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions

(1) Overview of the Business Results

The consolidated financial condition, results of operations, and cash flow conditions (hereinafter referred to as "operating results") of the Group (the Company and its subsidiaries) in the current consolidated fiscal year.

① Financial Position and Operating Results

For the consolidated fiscal year, Japan's economy has been gradually recovering, including travel demand, although real gross employment income has been weakening and consumer confidence has been weak. In the future, the economy is expected to pick up under the post pandemic period.

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

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

In addition, we have been developing the glamping and tourism business as a new segment since the current consolidated fiscal year.

As a result, net sales, operating income, ordinary income, and net income attributable to owners of the parent for the current consolidated fiscal year exceeded those of the previous period.

	FY2022 (millions of yen)	FY2021 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	25,487	18,100	7,386	40.8
Operating profit	2,414	1,105	1,309	118.5
Ordinary profit	2,422	1,143	1,278	111.8
Profit or loss (-) attributable owners of parent	1,548	729	819	112.4

Business results by segment are as follows.

(GLOBAL WiFi Business)

The global trend is to reduce or end entry restrictions that had been in place in response to the spread of COVID-19.

In Japan, the resumption of entry for visitors in guided tours and the gradual relaxation of border control measures were implemented in June 2022, and the resumption of entry for individual travel and visa exemption measures were implemented in October.

As a result, the number of foreign visitors to Japan in December 2022 will reach 1.37 million, or 3.83 million for the year. The number is in the process of recovery compared to before the COVID-19 pandemic.

The number of outbound Japanese travelers is also increasing steadily, reaching 100,000 in April 2022, 300,000 in August 2022, and 430,000 in December 2022.

Against the backdrop of this environment, the Company has responded to various communication demands for outbound, inbound, and domestic users, and performed well in providing PCR testing services.

In addition, the Company continued to provide services related to quarantine procedures at airport quarantine stations upon entry to Japan.

As a result of these efforts, net sales for the current consolidated fiscal year were 14,389 million yen (up 58.6% from the previous year) and segment income was 3,078 million yen (up 197.9% from the previous year), exceeding the results of the previous year.

GLOBAL WiFi Business	FY2022 (millions of yen)	FY2021 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	14,389	9,070	5,319	58.6
Segment profit	3,078	1,033	2,044	197.9

(Information and Communications Service Business)

For the consolidated 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.

In addition, the Company has been offering new services such as meeting room rental services since the current consolidated fiscal year.

As a result, net sales increased year on year, but segment income decreased year on year.

Information and Communications Service Business	FY2022 (millions of yen)	FY2021 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	10,615	8,804	1,810	20.6
Segment profit	765	1,116	−350	−31.4

(Glamping/Tourism Business)

Since the current consolidated fiscal year, the Company has newly developed the glamping and tourism business as its third segment following the GLOBAL WiFi and the Information and Communications Service businesses in order to achieve sustainable growth and increase corporate value over the medium to long term.

We provide our customers with extraordinary spaces and services by establishing stand-alone dome tents that emphasize privacy and a sense of oneness with nature, which is the appeal of glamping.

In April 2022, we reopened “Koshikano Onsen” in Kirishima City, Kagoshima Prefecture, as “VISION GLAMPING Resort & Spa Koshikano Onsen,” followed in December by the opening of “VISION GLAMPING Resort & Spa Yamanakako” on the shore of Lake Yamanakako at the foot of Mt. Fuji.

In the current consolidated fiscal year, the number of applications for use increased steadily and net sales of 340 million yen were recorded, but the segment loss was 122 million yen due to prior investment from the next consolidated fiscal year onward.

Financial Analysis

(Assets)

Total assets are 17,951 million yen (3,019 million yen more than the end of the previous consolidated fiscal year).

Current assets are 12,852 million yen (2,103 million yen more than the end of the previous consolidated fiscal year). The main reasons for this are cash and deposits and notes and accounts receivable-trade increased by 554 million yen and 1,474 million yen, respectively.

Fixed assets are 5,098 million yen (915 million yen more than the end of the previous consolidated fiscal year). The main reasons for this are due to the construction of new facilities used in the newly launched glamping/tourism business, there was an increase of 1,031 million yen for buildings and structures, 100 million yen for machinery, equipment, and vehicles, and 299 million yen for land. Goodwill, long-term loans receivable, and deferred tax assets decreased by 173 million yen, 315 million yen, and 257 million yen, respectively.

(Liabilities)

Total liabilities are 5,911 million yen (1,101 million yen more than the end of the previous consolidated fiscal year).

Current liabilities are 4,872 million yen (992 million yen more than the end of the previous consolidated fiscal year). The main reasons for this are increases in accounts payable-other and income taxes payable of 755 million yen and 319 million yen, respectively.

Fixed liabilities are 1,038 million yen (108 million more than the end of the previous consolidated fiscal year). The main reason for this is that long-term debt increased by 113 million yen.

(Net Assets)

Net assets are 12,039 million yen (1,917 million yen more than the end of the previous consolidated fiscal year). The main reasons for this are that capital stock and capital surplus both increased by 148 million yen due to the exercise of stock options, and retained earnings increased by 1,548 million yen due to the posting of net income attributable to owners of the parent.

② Cash Flow Conditions

Cash and cash equivalents (hereinafter referred to as "capital") at the end of the current consolidated fiscal year was 8,185 million yen which is 554 million yen more than the end of the previous consolidated fiscal year.

(Cash Flow from Operating Activities)

As a result of operating activities, capital was 1,539 million yen (1,412 million yen more than used in the previous fiscal year). This was mainly due to an increase of 1,433 million yen in accounts receivable, while income before income taxes and minority interests of 2,357 million yen, and accounts payable-other of 559 million yen were recorded.

(Cash Flow from Investing Activities)

As a result of investing activities, capital was 1,200 million yen (554 million yen less than used in the previous fiscal year). This was mainly due to expenditures of 1,217 million yen for the purchase of property, plant, and equipment.

(Cash Flow from Financing Activities)

As a result of financial activities, capital was 137 million yen (an increase of 30 million yen compared to the previous consolidated fiscal year). This was mainly due to proceeds of 295 million yen from the exercise of stock options, while 98 million yen was used for the repayment of long-term loans payable, and 50 million yen was used for the repayment of short-term loans payable.

③ Status of Production, Orders, and Sales

a. Production Results

Not applicable.

b. Purchasing Results

The purchasing results organized by segment are as follows.

Segment	Purchase Amount (millions of yen)	YoY (%)
GLOBAL WiFi Business	2,580	23.3
Information and Communications Service Business	3,889	30.0
Glamping/Tourism Business	55	—
Total	6,525	28.4

Note: The amount depends on the purchase price.

c. Order Results

Since the time from ordering to sales is short, it is omitted.

d. Sales Results

The sales results divided into segments are as follows.

Segment	Sales Amount (millions of yen)	YoY (%)
GLOBAL WiFi Business	14,389	58.6
Information and Communications Service Business	10,572	20.1
Glamping/Tourism Business	338	—
Total Reporting Segments	25,300	41.5
Other	186	−17.5

Total	25,487	40.8

Note 1. Inter-segment transactions are eliminated.
2. Sales by major customer and percentage of total sales

Main Customers	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)		Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)	
	Sales (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)
Members Mobile Inc.	3,200	17.7	3,320	13.0
Narita Airport Quarantine Station	―	―	2,706	10.6

(2) Management's Discussion and Analysis of Operating Results

The following is a description of the recognition, analysis, and discussion of the Group's operating results from the management's viewpoint. Forward-looking statements in the text are based on judgments made as of the end of the current consolidated fiscal year.

① Recognition, Analysis and Discussion of Financial Condition and Operation Results

The financial position and operating results for the current consolidated fiscal year are as described in “Item 2. Business Overview 3. Management’s Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions (1) Overview of Business Results”.

The Group sets its operating income target because of the importance it attaches to profitability in its core business of operating activities.

The earlier-than-expected easing of entry restrictions that had been implemented in response to the global spread of COVID-19 resulted in strong demand for telecommunications in Japan and overseas, which exceeded the full-year earnings forecast announced on November 10, 2022.

	Current Consolidated Fiscal Year (millions of yen)	Revised Plan as of 11/10 (millions of yen)	Change (millions of yen)	Change Rate (%)
Net sales	25,487	24,556	931	3.8
Operating profit	2,414	2,318	96	4.1
Operating profit margin (%)	9.5	9.4	0.0	―
Ordinary profit	2,422	2,324	98	4.2
Net profit attributable to owners of the parent	1,548	1,525	22	1.5

As a result, assets, liabilities, and net assets each increased from the previous consolidated fiscal year.

Although the current ratio was lower than the previous consolidated fiscal year, the Group maintained financial soundness with a current ratio of 242.5% (252.2% at the end of the previous consolidated fiscal year) and an equity ratio of 67.0% (67.7% at the end of the previous consolidated fiscal year).

The factors that have a significant impact on the Group's operating results are as described in “Item 2. Business Overview 2. Business Risks.”

Recognition, analysis, and discussion of the status of operating results by segment are as follows.

As a result of the initiatives described in “Item 2. Business Overview 3. Management’s Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions (1) Overview of Business Results”, the following results were achieved.

Segment Profit	Current Consolidated Fiscal Year (million)	Revised Plan as of 11/10 (million yen)	Change (million yen)	Change Rate (%)
GLOBAL WiFi Business	3,078	2,587	490	19.0
Information and Communications Service Business	765	970	−204	−21.1

② Information Concerning Analysis and Examination of Cash Flow Status, Financial Resources of Capital, and Liquidity of Funds

An analysis of the status of cash flows for the current fiscal year is described in “Item 2. Business Overview 3. Management’s Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions (1) Overview of Business Results ② Cash Flow Conditions.”

The main demand for working capital in the Company's business activities is due to operating expenses such as the purchase of communications and devices for Global WiFi, selling expenses, general and administrative expenses, as well as development costs for new businesses. The Company's basic policy is to cover these capital needs with its own funds.

③ Significant accounting estimates and assumptions used in making such estimates

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan. In preparing these consolidated financial statements, we use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, but the actual results may differ from the values based on these estimates and assumptions.

Significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are included in “Item 5. Accounting Conditions 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements Notes (Critical Accounting Estimates)”.

4. Important Management Contracts, etc.

Not applicable.

5. Research and Development Activities

Not applicable.

Item 3: Status of Equipment

1. Overview of Capital Investment

The capital investment for the current consolidated fiscal year is as follows. In the GLOBAL WiFi business, investments were made mainly in rental assets to accommodate an increase in the number of device rentals, and in the Information and Communications Service business, investments were mainly in buildings and tools, furniture, and fixtures in the conference room rental service. In addition, the glamping/tourism business was launched in the current fiscal year, resulting in an increase in assets related to glamping facilities, such as land and buildings. There were no other investments or sales or removal of assets that had a significant impact on management.

Capital investment for the current consolidated fiscal year includes both tangible fixed assets and software.

Segment Name	Current Consolidated Fiscal Year
GLOBAL WiFi Business	221,819 thousands of yen
Information and Communications Service Business	66,146 thousands of yen
Glamping/Tourism Business	1,086,647 thousands of yen
Total Segments Reporting	1,374,614 thousands of yen
Other and Company Wide	85,775 thousands of yen
Total	1,460,390 thousands of yen

2. Status of Major Equipment

(1) Submitting Company

As of December 31, 2022

Office (Location)	Segment	Equipment Summary	Carrying Amount (thousands of yen)								Number of Employees
			Buildings and structures	Machinery and delivery equipment	Tools, equipment, and fixtures	Land (Area m²)	Rental assets	Software	Construction in progress	Total	
Headquarters, Shinjuku Offices (Shinjuku-ku, Tokyo)	All businesses and company wide	Office equipment, supplies, software	62,365	—	34,959	—	127,853	100,522	810	326,511	326
VISION GLAMPING Resort & Spa Yamanakako (Yamanakako, Yamanashi)	Glamping/ tourism business	Glamping facility	612,692	98,898	28,126	274,420 (12,946)	—	—	9,218	1,023,356	3
Call Center (Saga City, Saga)	All businesses	Call center	169,382	9,118	3,381	33,752 (811)	—	—	—	215,635	36

Note: There are no major facilities currently out of service.

(2) Domestic Subsidiaries

As of December 31, 2022

Company	Office (Location)	Segment	Equipment Summary	Carrying Amount (thousands of yen)						Number of Employees
				Buildings and structures	Machinery and delivery equipment	Tools, equipment, and fixtures	Land (Area m²)	Construction in progress	Total	
Koshikano Onsen Inc.	Bihandanoyu Koshikano Onsen (Kirishima, Kagoshima)	Glamping/ tourism business	Glamping and ryokan facility	365,128	2,978	13,491	25,297 (12,660)	33,419	440,315	10

Note: There are no major facilities currently out of service.

(3) International Subsidiaries

There are no major facilities.

3. Plans for New Equipment Installation or Removal, etc.

Not applicable.

Item 4: Status of Submitting Company

1. Status of Stocks, etc.

(1) Total Number of Shares, etc.

① Total Number of Shares

Type	Total Number of Issuable Shares
Common Stock	123,000,000
Total	123,000,000

② Issued Shares

Type	Number of issued shares on last day of fiscal year (December 31, 2022)	Number of issued shares on date of submittal (March 31, 2023)	Name of listed financial exchange or registered financial association	Summary
Common Stock	50,422,200	50,442,300	Tokyo Stock Exchange (Prime Market)	A unit equivalent to 100 shares.
Total	50,422,200	50,442,300	—	—

Note 1. The number of shares issued as of the date of submission does not include the number of shares issued by exercising stock acquisition rights from March 1, 2023 to the date of submission of this securities report.

2. The Company was listed on the First Section of the Tokyo Stock Exchange, but due to the revision of the market classification of the Tokyo Stock Exchange as of April 4, 2022, the Company is listed on the Prime Market of the Tokyo Stock Exchange.

(2) Status of Stock Acquisition Rights, etc.

① Summary of Stock Options System

Resolution date	Extraordinary General Meeting of Shareholders Resolution: April 27, 2012 (Board of Directors Resolution: February 1, 2013)
Classification and number of grantees	Directors: 1 Employees: 8
Number of stock acquisition rights*	2 [0] (Note 1)
Type, content, and number of shares subject to stock acquisition rights*	1,200 ordinary shares [0] (Note 1)
Payment amount (yen) when exercising stock acquisition rights*	170 (Note 2)
Exercise period of stock acquisition rights*	February 4, 2015 – February 3, 2023
Issue price and capital inclusion amount (yen) of shares when issuing shares by exercising stock acquisition right*	Issue price: 170 Capital inclusion amount: 85
Conditions for exercising stock acquisition rights*	(1) A person who has been allocated stock acquisition rights must remain in the position of director, corporate auditor, or employee of the Company at the time of exercising the rights. (2) In the event of the death of a stock acquisition right holder, inheritance of stock acquisition rights shall not be permitted. (3) Stock acquisition rights may be exercised from February 4, 2015 or one year after the date of listing on a financial instruments exchange, whichever is later. (4) Other conditions of exercise shall be as set forth in the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the grantee of the stock acquisition rights.
Matters concerning the transfer of stock acquisition rights*	The transfer of stock acquisition rights requires the approval of the Company Board of Directors.
Matters concerning the issuance of stock acquisition rights related to organizational restructuring*	In the event that the Company conducts a merger (limited to cases where the Company ceases to exist as a result of the merger), absorption-type demerger, incorporation-type demerger, share delivery or share transfer (all of the above collectively referred to as "Organizational Restructuring"), if the Company stipulates that stock acquisition rights of the following stock companies shall be delivered in accordance with the terms and conditions of the agreement or plan, etc. stipulated at the time of the Organizational Restructuring, stock acquisition rights of the following stock companies shall be delivered in proportion to the ratio of the Organizational Restructuring. (1) Merger (limited to cases where the Company is dissolved) Stock company that survives the merger or stock company that is established because of the merger (2) Absorption-type split A stock company that succeeds to all or part of the rights and obligations held by the stock company conducting the absorption-type demerger with respect to its business. (3) New company split A joint stock company established through a new company split (4) Share delivery A stock company that acquires all the issued shares of the company conducting the share delivery. (5) Share transfer Stock company to be established through share transfer

*The contents as of the end of the current fiscal year (December 31, 2022) are described. Matters that have been changed from the end of the current fiscal year to the end of the month preceding the submission date (February 28, 2023) are indicated and other matters remain unchanged from the end of the current fiscal year.

Note 1. The number of shares to be issued upon exercise of each stock acquisition right is 600 shares. The same shall apply hereinafter. However, if the Company conducts a stock split (including allotment of shares) or a reverse stock split after the allotment date of stock acquisition rights, the number of shares to be issued upon exercise of stock acquisition rights shall be adjusted in accordance with the following formula. However, such adjustment shall be made only with respect to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of such adjustment, and any fraction of less than one share resulting from such adjustment shall be rounded down.

Number of shares to be allotted after adjustment ＝ Number of shares to be allotted before adjustment × Ratio of stock split or consolidation

2. If the Company conducts a stock split or a reverse stock split after the allotment date of stock acquisition rights, the paid-in amount shall be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest one yen.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

In addition, the Company may, after the allotment date of stock acquisition rights, issue shares to be offered at a price below the market price (including the issuance of shares by gratis allotment of shares and the delivery of treasury stock but excluding the exercise of stock acquisition rights (including bonds with stock acquisition rights) and the conversion of securities convertible into common stock of the Company). If the Company issues new shares (including the issuance of shares by gratis allotment and the delivery of treasury stock), the paid-in amount shall be adjusted in accordance with the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest one yen.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid in per share}}{\text{Stock price before new issuance}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

Resolution date	Board of Directors Resolution: November 13, 2017
Classification and number of grantees	Directors: 3 Employees: 160
Number of stock acquisition rights*	3,490 [3,427] (Note 1)
Type, content, and number of shares subject to stock acquisition rights*	1,047,000 ordinary shares [1,028,100] (Note 1)
Payment amount (yen) when exercising stock acquisition rights *	863 (Note 2)
Exercise period of stock acquisition rights *	April 1, 2019 – March 31, 2025
Issue price and capital inclusion amount (yen) of shares when issuing shares by exercising stock acquisition rights *	Issue price: 868 Capital inclusion amount: 434
Conditions for exercising stock acquisition rights *	(Note 3)
Matters concerning the transfer of stock acquisition rights *	The transfer of stock acquisition rights requires the approval of the Company Board of Directors.
Matters concerning the issuance of stock acquisition rights related to organizational restructuring *	(Note 4)

*The contents as of the end of the current fiscal year (December 31, 2022) are described. Matters that have been changed from the end of the current fiscal year to the end of the month preceding the submission date (February 28, 2023) are indicated and other matters remain unchanged from the end of the current fiscal year.

Note 1. The number of shares to be issued upon exercise of each stock acquisition right is 300 shares. However, if the Company conducts a stock split (including gratis allotment of shares; hereinafter the same) or a reverse stock split after the allotment date of stock acquisition rights, the number of shares to be issued upon exercise of stock acquisition rights shall be adjusted in accordance with the following formula. However, such adjustment shall be made only with respect to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of the adjustment, and any fraction of less than one share resulting from the adjustment shall be rounded down.

Number of shares to be allotted after adjustment ＝ Number of shares to be allotted before adjustment × Ratio of stock split or consolidation

2. If the Company conducts a stock split or reverse stock split after the allotment date of the stock acquisition rights, the amount to be paid in shall be adjusted according to the following formula and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

In addition, after the allotment date of the stock acquisition rights, the offered shares will be issued at a price lower than the market price (including issuing allotment of shares and delivering treasury stock and corporate bonds with stock acquisition rights). When exercising or converting securities that can be converted into common stock of the Company, the payment amount will be adjusted according to the following formula, and any fraction less than 1 yen resulting from the adjustment will be rounded up.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid in per share}}{\text{Stock price before new issuance}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

3. (1) In the event that the operating income of the Company satisfies the conditions set forth below, the stock acquisition right holders may exercise their stock acquisition rights in accordance with the conditions satisfied, by multiplying the number of stock acquisition rights allocated to each stock acquisition right holder by the ratio set forth in each of the relevant items (hereinafter referred to as the "Exercisable Ratio") from the first day of the month following the filing date of the Annual Securities Report for the fiscal year in which the level of the relevant operating income is first satisfied.

① If operating income for the fiscal year ending December 31, 2018 exceeds 2.1 billion yen and operating income for the fiscal year ending December 31, 2019 exceeds 2.6 billion yen
Exercisable ratio: 30%

② If operating income for the fiscal year ending December 31, 2020 exceeds 3.1 billion yen
Exercisable ratio: 30%
If both conditions ① and ② are met, the exercisable ratio shall be 60%.

③ Notwithstanding ① and ② above, if operating income exceeds 3.6 billion yen for any fiscal year from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2021
Exercisable ratio: 100%.

In determining operating income, reference shall be made to operating income in the consolidated statements of income (or statements of income, if consolidated statements of income are not prepared) as stated in the Company's annual securities report. If there is a significant change in the concept of the items to be referred to due to the application of International Financial Reporting Standards, etc., the Board of Directors of the Company shall separately determine the indicators to be referred to (hereinafter the same). In the calculation of the exercisable ratio, any fraction of less than one (1) unit in the number of Stock Acquisition Rights exercisable by each Stock Acquisition Rights Holder shall be rounded down to the nearest unit.

(2) Notwithstanding (1) above, if the operating income for any fiscal year from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2021 falls below 1.6 billion yen, the stock acquisition right holder may not exercise the stock acquisition rights thereafter, except for the stock acquisition rights that have already become exercisable in accordance with (1) above.

(3) Holders of stock acquisition rights must be directors (excluding outside directors; hereinafter the same) or employees of the Company or employees of a subsidiary of the Company at the time of exercising their rights. However, this shall not apply in cases where the Board of Directors recognizes that the person has retired due to expiration of his/her term of office, mandatory retirement age or other justifiable reasons.

(4) Notwithstanding the provisions of (3) above, in the event of the death of a Stock Acquisition Rights Holder and if the Board of Directors of the Company, after considering various circumstances, approves in writing the exercise of the Stock Acquisition Rights by the heir of such Stock Acquisition Rights Holder, the heir of such Stock Acquisition Rights shall be entitled to exercise the Stock Acquisition Rights that would have been exercisable if the Stock Acquisition Rights Holder were still alive.

(5) Except as provided in (4) above, succession of the Stock Acquisition Rights by inheritance shall not be permitted. If the heir of a stock acquisition right holder dies, the stock acquisition rights shall not be inherited again.

(6) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed the total number of shares authorized to be issued at the time, the Stock Acquisition Rights may not be exercised.

(7) Each Stock Acquisition Right may not be exercised for less than one Stock Acquisition Right.

(8) Other conditions for the exercise of rights shall be as set forth in the Stock Acquisition Rights Allotment Agreement to be executed between the Company and the grantee of the Stock Acquisition Rights.

4. If the Company conducts a merger (limited to cases where the Company is dissolved due to a merger) absorption-type demerger, incorporation-type demerger, share delivery, or share transfer (collectively, the "Organizational Restructuring Acts"), the Company may request the holders of stock acquisition rights on the effective date of the Organizational Restructuring Acts to exercise their stock acquisition rights. If the Company conducts a corporate reorganization (hereinafter collectively referred to as the "Corporate Reorganization"), stock acquisition rights of the stock companies listed in Article 236, Paragraph 1, Items 8 (a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Companies") shall be granted to the stock acquisition rights holders on the effective date of the Corporate Reorganization in each case under the following conditions. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger plan, share delivery agreement or share transfer plan that stock acquisition rights of the Reorganized Company shall be delivered in accordance with the following conditions.

(1) Number of stock acquisition rights of the Reorganized Company to be delivered
The number of stock acquisition rights of the Reorganized Company to be granted shall be the same as the number of stock acquisition rights held by the holders of stock acquisition rights.

(2) Type of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights
Common stock of the Reorganized Company.

(3) Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights
The number of shares of the Reorganized Company to be issued upon exercise of the stock acquisition rights shall be determined in accordance with Note 1, taking into consideration the conditions of the Reorganization.

(4) Value of assets to be contributed upon exercise of stock acquisition rights
The value of assets to be contributed upon the exercise of each stock acquisition right to be granted shall be the post reorganization exercise price obtained by adjusting the exercise price determined in Note 2, multiplied by the number of shares of the Reorganized Company to be issued upon the exercise of the stock acquisition rights, as determined in accordance with Note 4 (3), after taking into consideration the conditions of the Organizational Restructuring.

(5) Period during which the stock acquisition rights may be exercised
From the first day of the exercise period until the last day of the exercise period or the effective date of the reorganization,

whichever is later.

(6) Matters concerning capital and capital reserve to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights

① The amount of capital stock to be increased in the event of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be half of the maximum amount of increase in capital stock calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than a yen resulting from the calculation shall be rounded up to the nearest one yen.

② The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of capital to be increased as set forth above in ① from the maximum increase in capital.

Resolution date	Board of Directors Resolution: March 1, 2022
Classification and number of grantees	Directors: 3 Employees: 27 Subsidiary company directors: 2
Number of stock acquisition rights*	7,200 (Note 1)
Type, content, and number of shares subject to stock acquisition rights*	720,000 ordinary shares (Note 1)
Payment amount (yen) when exercising stock acquisition rights*	1,162 (Note 2)
Exercise period of stock acquisition rights*	April 1, 2024 – March 31, 2032
Issue price and capital inclusion amount (yen) of shares when issuing shares by exercising stock acquisition rights*	Issue price: 1,170 Capital inclusion amount: 585
Conditions for exercising stock acquisition rights*	(Note 6)
Matters concerning the transfer of stock acquisition rights*	The transfer of stock acquisition rights requires the approval of the Company Board of Directors.
Matters concerning the issuance of stock acquisition rights related to organizational restructuring*	(Note 8)

*The information is as of the date of grant (March 18, 2022). As of the end of the month prior to the date of submission (February 28, 2023), there has been no change.

Note 1. Class and number of shares to be issued or transferred upon exercise of stock acquisition rights

The number of shares to be issued upon exercise of each Stock Acquisition Right (the “Number of Granted Shares”) shall be 100 shares of common stock of the Company.

The Number of Granted Shares shall be adjusted in accordance with the following formula in the event of a stock split (including gratis allotment of shares of common stock of the Company; the same shall apply hereinafter) or a reverse stock split after the allotment date of the Stock Acquisition Rights. However, such adjustment shall be made only with respect to the number of shares to be issued upon exercise of the Stock Acquisition Rights that have not been exercised as of such time, and any fraction of less than one share resulting from such adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of split (or consolidation)

In the event that the Company conducts a merger, corporate split, share exchange, or share delivery after the allotment date of the stock acquisition rights, or in the event that the Number of Shares Granted needs to be adjusted in accordance with these cases, the Company may appropriately adjust the Number of Shares Granted to a reasonable extent.

2. Value or calculation method of assets to be contributed upon exercise of stock acquisition rights

The value of assets to be contributed upon exercise of the Stock Acquisition Rights shall be the amount to be paid per share (hereinafter referred to as the “Exercise Price”) multiplied by the number of shares granted.

The Exercise Price shall be 1,162 yen.

If the Company conducts a stock split or a reverse stock split after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest one yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

In addition, after the allotment date of the stock acquisition rights, the offered shares will be issued at a price lower than the market price (including issuing allotment of shares and delivering treasury stock and corporate bonds with stock acquisition rights). When exercising or converting securities that can be converted into common stock of the Company, the payment amount will be adjusted according to the following formula, and any fraction less than 1 yen resulting from the adjustment will be rounded up.

$$\text{Exercise value after adjustment} = \text{Exercise value before adjustment} \times \frac{\text{Number of already issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid in per share}}{\text{Stock price before new issuance}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

In the above formula, the "number of already issued shares" shall be the number obtained by deducting the number of treasury shares of common stock of the Company from the total number of outstanding shares of common stock of the Company, and in the event that the Company disposes of treasury shares of common stock of the Company, "number of newly issued shares" shall be read as "number of treasury shares to be disposed of".

Furthermore, in addition to the above, if the Company conducts a merger, corporate split, share exchange, or share delivery after the allotment date of the Stock Acquisition Rights, or if it is necessary to adjust the exercise price in accordance with these cases, the Company may adjust the exercise price appropriately to a reasonable extent.

3. Period during which the Stock Acquisition Rights may be exercised

The period during which the Stock Acquisition Rights may be exercised (hereinafter referred to as the "Exercise Period") shall be from April 1, 2024 to March 31, 2032.

4. Matters concerning capital and capital reserve to be increased

① The amount of capital to be increased in the event of the issuance of shares upon exercise of the SARs shall be half of the maximum amount of increase in capital, etc., as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than one yen resulting from the calculation shall be rounded up to the nearest one yen.

② The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased as set forth in (i) above from the maximum amount of increase in capital, etc. as set forth in (i) above.

5. Restriction on acquisition of stock acquisition rights by transfer

Acquisition of the Stock Acquisition Rights by transfer shall require approval by a resolution of the Board of Directors of the Company.

6. Conditions for the exercise of stock acquisition rights

① Persons who have received allotment of stock acquisition rights (hereinafter referred to as "stock acquisition right holders") shall be entitled to exercise the stock acquisition rights for the fiscal years ending December 31, 2023 through December 31, 2027, in accordance with the provisions of the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the allottee of stock acquisition rights. The Company's operating income (if the Company does not prepare a consolidated statement of income, the statement of income) for the fiscal years ending December 31, 2023 through December 31, 2027 (or, if the Company does not prepare a consolidated statement of income, the statement of income) shall be the ratio set forth in (a) or (b) below (the "exercisable ratio"). Any fraction of less than one Stock Acquisition Right that becomes exercisable in the calculation of such exercisable ratio shall be rounded down.

(a) If operating income exceeds 4 billion yen in any fiscal year from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2025
Exercisable ratio: 50

(b) If operating income exceeds 5 billion yen in any fiscal year from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2027
Exercisable ratio: 100

In the event that the Board of Directors determines that it is not appropriate to use the actual figures shown in the consolidated statements of income to determine operating income, due to a change in applicable accounting standards or the occurrence of an event such as a corporate acquisition that has a significant impact on the Company's results, the Company will exclude the impact of such corporate acquisition to a reasonable extent and use such figures in the determination. If the Board of Directors determines that it is not appropriate to decide based on the actual figures shown in the Company's consolidated statements of income, the Company may adjust the actual figures used in the determination to eliminate the effect of the acquisition to a reasonable extent. In the event that stock compensation expenses related to the stock acquisition rights are recorded in the relevant consolidated statement of income, the judgment shall be made based on the operating income before deduction of stock compensation expenses after eliminating the effect of such expenses.

② Holders of stock acquisition rights must be directors, corporate auditors or employees of the Company or its affiliates at the time of exercising their stock acquisition rights. However, this shall not apply in cases where the Board of Directors recognizes that there is a justifiable reason, such as retirement from office due to expiration of term of office, mandatory retirement age, or other reasons.

③ The exercise of the Stock Acquisition Rights by the heirs of the holders of the Stock Acquisition Rights shall not be permitted.

④ If the exercise of the Stock Acquisition Rights would cause the total number of shares issued by the Company to exceed the total number of shares authorized to be issued at the time, the Stock Acquisition Rights may not be exercised.

⑤ No less than one Stock Acquisition Right may be exercised for each Stock Acquisition Right.

7. Matters concerning acquisition of Stock Acquisition Rights

① In the event that a general meeting of shareholders approves (or if approval by a general meeting of shareholders is not required, the Board of Directors resolves) a merger agreement under which the Company will become a dissolving company, a company split agreement or plan under which the Company will become a splitting company, or a share exchange agreement, share delivery plan or share transfer plan under which the Company will become a wholly owned subsidiary, the Company shall acquire the Stock Acquisition Rights in accordance with the resolution of the Board of Directors on the date separately determined by the Board of Directors. In the event that the Company's Board of Directors separately determines to acquire all of the Stock Acquisition Rights, the Company may acquire all of the Stock Acquisition Rights without consideration on a date to be separately determined by the Board of Directors.

② If a stock acquisition right holder becomes unable to exercise the Stock Acquisition Rights in accordance with the provisions set forth in (Note 6) above before exercising the rights, the Company may acquire such Stock Acquisition Rights that are no longer exercisable without consideration upon the arrival of a date separately determined by the Board of Directors of the Company.

8. Treatment of stock acquisition rights in the event of organizational restructuring

In the event that the Company conducts a merger (limited to cases where the Company is dissolved in a merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (collectively, the "Reorganization"), the Company may grant stock acquisition rights to the holders of stock acquisition rights on the effective date of the Reorganization in each case to the stock companies listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the "Reorganized Companies"). The stock acquisition rights of the Reorganized Company shall be delivered to the holders of the stock acquisition rights of the Reorganized Company in accordance with the following conditions, respectively. However, this shall be limited to cases where it is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that stock acquisition rights of the Reorganized Company shall be delivered in accordance with the following conditions.

① Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of stock acquisition rights as the number of stock acquisition rights held by the holders of the stock acquisition rights shall be granted.

② Class of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights

③ Number of shares of the Reorganized Company to be issued upon exercise of the share subscription rights: To be determined in accordance with (Note 1) above, taking into consideration the conditions of the Reorganization.

④ Amount of assets to be contributed upon exercise of stock acquisition rights
The value of assets to be contributed upon the exercise of each stock acquisition right to be granted shall be the amount obtained by multiplying the post-reorganization exercise price obtained by adjusting the exercise price determined in (Note 2) above by the number of shares of the Reorganized Company to be issued for such stock acquisition rights as determined in accordance with ③ of Note 8 above, considering the conditions of the Organizational Restructuring Acts.

⑤ Period during which stock acquisition rights may be exercised
From the later date of either the first day of the exercise period stipulated in (Note 3) above or the effective date of the restructuring transaction, to the last day of the exercise period stipulated in (Note 3) above.

⑥ Matters concerning capital stock and capital reserve to be increased when shares are issued due to the exercise of subscription rights
To be determined in accordance with (Note 4) above.

⑦ Restriction on acquisition of stock acquisition rights by transfer
Restrictions on acquisition by transfer shall require approval by a resolution of the Board of Directors of the Reorganized Company.

⑧ Other conditions for the exercise of subscription rights
To be determined in accordance with (Note 6) above.

⑨ Reasons and conditions for acquisition of subscription rights
To be determined in accordance with (Note 7) above.

⑩ Other conditions shall be determined in accordance with the conditions of the Reorganized Company.

② Summary of Rights Plan

Not applicable.

③ Status of Other Stock Acquisition Rights, etc.

Not applicable.

(3) Status of Exercise of Bonds with Stock Acquisition Rights with Exercise Price Revision Clause, etc.

Not applicable.

(4) Changes in the Total Number of Issued Shares, Capital Stock, etc.

Date	Change of issued stock (shares)	Total number of issued stock (shares)	Change in capital (thousands of yen)	Capital balance (thousands of yen)	Change of capital reserve (thousands of yen)	Balance of capital reserve (thousands of yen)
January 1, 2018 - December 31, 2018 (Note 1)	51,000	16,329,000	12,954	2,360,330	12,954	2,178,329
January 1, 2019 - September 30, 2019 (Note 1)	13,400	16,342,400	3,403	2,363,734	3,403	2,181,732
October 1, 2019 (Note 2)	32,684,800	49,027,200	—	2,363,734	—	2,181,732
January 1, 2020 - December 31, 2020 (Note 1)	600	49,027,800	51	2,363,785	51	2,181,783
January 1, 2021 - December 31, 2021 (Note 1)	63,300	49,091,100	24,130	2,387,915	24,130	2,205,914
January 1, 2022 - December 31, 2022 (Note 1)	1,331,100	50,422,200	148,025	2,535,941	148,025	2,353,939

Note 1. This is an increase due to the exercise of stock acquisition rights.

2. This is an increase due to a stock split (1:3).

3. From January 1, 2023 to February 28, 2023, the total number of issued shares increased by 20,100 shares, the capital stock increased by 8,307 thousand yen, and the capital reserve increased by 8,307 thousand yen due to the exercise of stock acquisition rights.

(5) Status by Owner

As of December 31, 2022

Segment	Status of Stocks (100 shares per stock unit)								Status of shares less than one unit
	Government and local public entities	Financial institutions	Financial instruments business	Other corporations	Foreign corporations		Individual, other	Total	
					Non-individual	Individual			
Number of shareholders	—	13	23	73	141	27	7,132	7,409	—
Number of shares owned	—	142,730	6,827	13,849	153,612	294	186,834	504,146	7,600
Percentage of shares owned	—	28.311	1.354	2.747	30.469	0.058	37.059	100.00	—

Note: The 1,501,642 shares of treasury include 15,016 units in "Individual, other" and 42 shares in "Status of shares less than one unit".

(6) Status of Major Shareholders

December 31, 2022

Shareholder	Location	Number of shares held (thousands of share)	Percentage of shares held
Kenichi Sano	Shinjuku-ku, Tokyo	11,507	23.52
Custody Bank of Japan, Ltd. (Investment Trust)	1 Chome-8-12 Harumi, Chuo-ku, Tokyo 104-6228	6,752	13.80
The Master Trust Bank of Japan, Ltd. (Investment Trust)	2 Chome-11-3 Hamamatsucho, Minato-ku, Tokyo 105-0013	6,404	13.09
INTERACTIVE BROKERS LLC	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA	2,507	5.13
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	1,366	2.79
GOVERNMENT OF NORWAY	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO	1,226	2.51
MSCO CUSTOMER SECURITIES	1585 BROADWAY NEW YORK, NEW YORK 10036 U.S.A.	795	1.63
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2 Chome-2-2 Otemachi, Chiyoda-ku, Tokyo 100-0004	788	1.61
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	AVENUE DES ARTS,35 KKUNSTLAAN, 1040 BRUSSELS, BELGIUM	676	1.38
GOLDMAN SACHS INTERNATIONAL	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K.	564	1.15
Total	—	32,589	66.62

(7) Status of Voting Rights

① Issued Shares

As of December 31, 2022

Category	Number of shares	Number of voting rights	Summary
Non-voting rights	—	—	—
Voting rights restricted stock (treasury stock)	—	—	—
Voting restricted shares (other)	—	—	—
Full voting rights stock (treasury stock)	(Treasury stock) Ordinary stock 1,501,600	—	—
Full voting rights stock (other)	Ordinary stock 48,913,000	489,130	—
Shares less than one unit	Ordinary stock 7,600	—	—
Total number of issued shares	50,422,200	—	—
Voting rights of all shareholders	—	489,130	—

Note: "Shares less than one unit" includes the 42 shares of treasury stock held by Vision Inc.

② Treasury Stock

As of December 31, 2022

Owner	Owner	Number of Shares Owned in Own Name	Number of Shares Owned in Other Name	Total Number of Owned Shares	Percentage of Issued Shares Against the Total Number of Owned Shares (%)
(Treasury stock) Vision, Inc.	6-27-30 Shinjuku, Shinjuku-ku, Tokyo	1,501,600	—	1,501,600	2.98
Total	—	1,501,600	—	1,501,600	2.98

2. Status of Acquisition of Treasury Stock, etc.

Stock Category: Acquisition of ordinary stock pursuant to Article 155-7 of the Companies Act

(1) Status of Acquisition by Resolution of General Meeting of Shareholders

Not applicable.

(2) Status of Acquisition by Resolution of the Board of Directors

Not applicable.

(3) Details of Items Not Based on Resolutions of the General Meeting of Shareholders or the Board of Directors

Segment	Number of shares	Total price (thousands of yen)
Treasury stock acquired in the current fiscal year	52	63
Treasury stock acquired during this period	—	—

(Note) The number of shares held as treasury stock during the period under review does not include the number of shares purchased for shares less than one unit from March 1, 2023 to the date of submission of the securities report.

(4) Status of Disposal and Holding of Acquired Treasury Stock

Segment	Current Fiscal Year		Current Period	
	Number of shares	Total disposal price (thousands of yen)	Number of shares	Total disposal price (thousands of yen)
Acquired treasury stock offered to subscribers	—	—	—	—
Treasury stock acquired for cancellation	—	—	—	—
Treasury stock acquired through mergers, share deliveries, share issuance, and transfers related to corporate divestitures	—	—	—	—
Other (—)	—	—	—	—
Number of treasury stock held	1,501,642	—	1,501,642	—

(Note) The number of shares held as treasury stock during the period under review does not include the number of shares purchased for shares less than one unit from March 1, 2023 to the date of submission of the securities report.

3. Dividend Policy

The Group has not paid dividends in the past but recognizes that returning profits to shareholders is an important management issue, because the Group believes that the greatest return of profits to shareholders is achieved by prioritizing investments to strengthen its financial position and expand its business, with the aim of further increasing corporate value.

The Company's policy is to provide stable and continuous returns to shareholders, taking into consideration the business environment surrounding the Group, while securing the internal reserves necessary to strengthen the Company's financial position and expand its business in the future.

The Company's basic policy is to distribute dividends from surplus once a year at the end of the fiscal year, with the General Meeting of Shareholders as the resolution-making body. The Company's Articles of Incorporation stipulate interim dividends may be paid by a resolution of the Board of Directors.

4. Status of Corporate Governance, etc.

(1) Summary of Corporate Governance

① Basic Stance on Corporate Governance

To turn customers' expectations into impressions, the Group constantly refines itself and continues to take on the challenge of change without hesitation to realize its ideals, and always conducts its business activities with a sense of humility and gratitude for the support of many people (stakeholders). In accordance with this code of conduct, we comply with laws, regulations, internal rules, and policies and work in good faith to build optimal corporate governance.

② Outline of the Corporate Governance System and Reasons for Adopting Such System

a. Basic Explanation of the Company's Organization

Vision Inc. is a company with corporate auditors and has established the General Meeting of Shareholders, the Board of Directors and the Board of Corporate Auditors. The organizations involved in management decision-making, execution, and supervision are as follows.

(a) Board of Directors

The Board of Directors consists of six directors (including three outside directors), and in addition to the regular monthly meetings, extraordinary meetings of the Board of Directors are held flexibly as necessary to make decisions on important matters concerning overall management and to supervise the execution of operations. For the names and other information on the members of the Board of Directors, please refer to “(2) Status of Officers” below.

(b) Management Committee

The Management Committee consists of internal directors, full-time corporate auditors, executive officers, divisional managers and other executives, and meets at least once a month to discuss matters to be submitted to the Board of Directors, to confirm day-to-day business execution, and to make decisions promptly in order to improve the efficiency of management activities.

(c) Board of Corporate Auditors

The Board of Corporate Auditors consists of four Corporate Auditors (four of whom are Outside Corporate Auditors), and audits the daily activities of the Directors, including the execution of their duties, in order to enhance the effectiveness of corporate governance in accordance with the audit policy and plan. For the names and other information on the members of the Board of Corporate Auditors, please refer to “(2) Status of Officers” below.

(d) Internal Audit Office

The Internal Audit Office consists of two members who verify, evaluate, and advise on whether the organization, systems, and operations of the Group are operating efficiently and in compliance with management policies, laws and regulations, and various rules. In this way, we strive to prevent violations of laws and regulations, fraud, and errors, provide accurate management information, protect assets, and improve business activities.

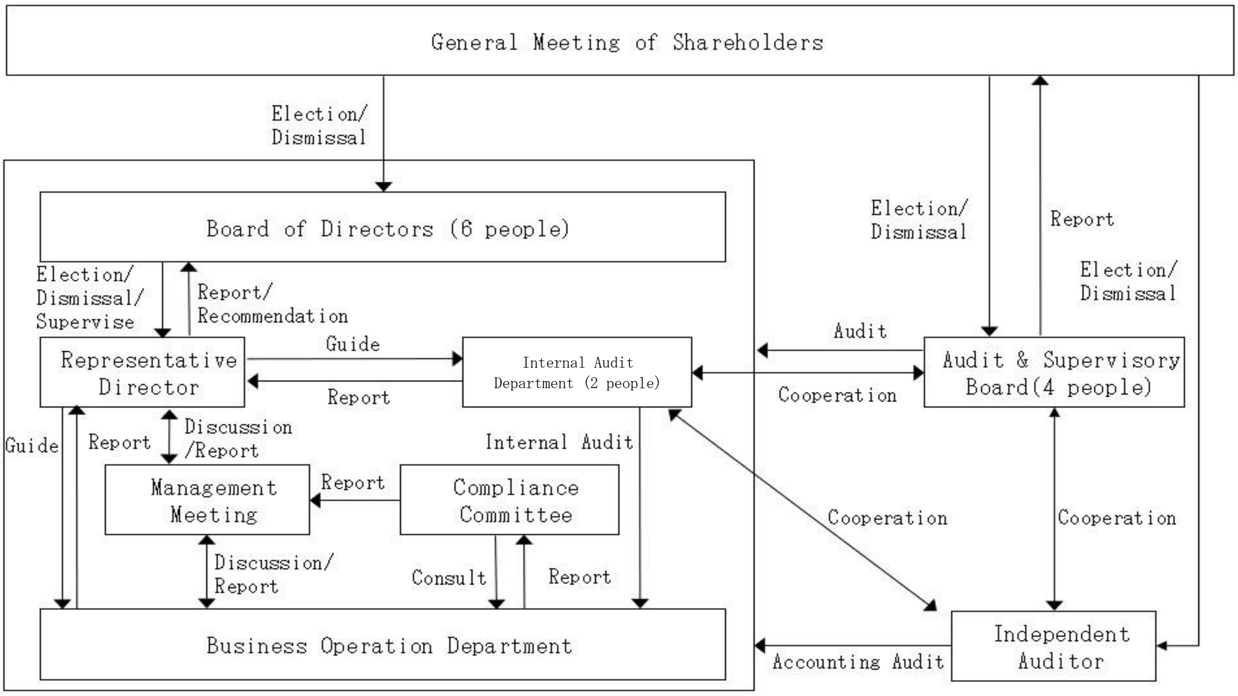
(e) Accounting Auditor

The Company has a contract with KPMG AZSA LLC for the appropriate audits to be conducted.

(f) Compliance Committee

The Compliance Committee has been set up as an organization to carry out efforts toward compliance, and is composed of the president, director in charge of the management department, full-time corporate auditors, and other general managers, and is held twice a year on a regular basis. In addition, we will hold it as needed.

b. Structure of Corporate Governance



③ Other Matters Concerning Corporate Governance

a. Status of Internal Control System

As a system to ensure the appropriateness of operations, the Company has established and resolved the "Basic Policy for Establishment of Internal Control System" at the Board of Directors meeting. The outline is as follows.

(a) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

i. The Company has established the "Compliance Regulations" to ensure that the execution of duties by Directors and employees complies with laws, regulations, the Articles of Incorporation, and the Company's management philosophy as the highest priority in corporate management.

ii. To ensure that compliance activities are carried out thoroughly, the Compliance Committee, with the President as the officer in charge, shall be established to carry out company-wide efforts.

iii. The Company shall establish the Internal Audit Office, which shall conduct internal audits of the overall activities of the business execution divisions in accordance with the audit plan approved by the Representative Director and shall report the audit results to the Representative Director as well as to the Corporate Auditors.

iv. The Company shall ensure that there is a means by which officers and employees can directly report violations or suspicious activities, etc. One such means is the Company shall establish and operate a compliance reporting and consultation service that allows officers and employees to directly report outside the Company. The Company shall ensure that the name of the informant is not disclosed without the consent of the informant (guarantee of anonymity) and that the informant is not disadvantaged.

v. The Board of Directors recognizes that the preparation of appropriate financial reports is extremely important for the maintenance and improvement of social credibility, and to ensure the appropriateness of financial reports, the Board of Directors shall establish effective internal controls to prevent misstatements and errors from occurring in the process of preparing financial reports.

(b) System for the storage and management of information related to the execution of duties by directors

i. In accordance with the Document Management Rules, the person in charge of management shall preserve the documents (including electromagnetic records) specified in each of the following items together with related materials.

(i.) Minutes of the General Meeting of Shareholders and related materials

(ii.) Minutes of Board of Directors meetings and related materials

(iii.) Minutes of management meetings and related materials

(iv.) Minutes and related materials of other important meetings held by directors

(v.) Other important documents related to the execution of duties by directors

ii. In addition to the above, documents related to the Company's business operations shall be properly stored and managed in accordance with the "Document Management Regulations" and the "Document Storage Period Table.

iii. For electromagnetic records stored or managed by the Company, security shall be ensured in accordance with the "Information Security Regulations," the "Information Security Operation Regulations" and the "Information Security Management Regulations" to prevent damage to information and its leakage to external parties.

iv. Directors and Corporate Auditors shall be able to directly inspect, copy or reproduce the information stored and managed by each business execution division at any time.

(c) Regulations and other systems for managing the risk of loss

i. With respect to risk management, the Company shall establish "Risk Management Regulations," designate the President as the chief risk management officer and establish a Risk Management Committee to implement risk management effectively and efficiently. ii. Policies for dealing with major management risks and other important matters from the viewpoint of risk management shall be fully deliberated at the Management Committee, and particularly important matters shall be reported to the Board of Directors.

(d) Systems to ensure the efficient execution of duties by Directors

i. The Board of Directors shall, in principle, hold regular meetings once a month, and extraordinary meetings shall be held as necessary to ensure flexible decision-making.

ii. The status of execution of duties by Directors shall be reported to the Board of Directors as appropriate.

iii. Directors and employees shall exercise their authority in an appropriate and efficient manner in accordance with the “Regulations on Authority of Duties.”

(e) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

i. With respect to the management of Group companies, while respecting the autonomy of each company, the Company shall require compliance with the "Affiliated Company Management Regulations" established by the Company.

ii. The Internal Audit Office shall conduct internal audits and monitor the proper execution of business by Group companies as appropriate.

(f) Matters concerning employees who are requested by Corporate Auditors to assist them in their duties and matters concerning the independence of such employees from Directors

i. The appointment of employees to assist Corporate Auditors in their duties, and the number of employees to be appointed, shall be decided upon consultation between Corporate Auditors and the Board of Directors.

ii. The employees set forth in the preceding paragraph, when assisting the duties of the Corporate Auditors, shall not receive instructions or orders from the Directors.

(g) Systems for reporting to Corporate Auditors by Directors and employees and other systems for reporting to Corporate Auditors

i. Directors and employees shall report on the status of execution of their duties and other matters as needed in response to requests from Corporate Auditors.

ii. The General Manager of the Accounting Department, etc. shall periodically make reports to the Corporate Auditors in accordance with the nature of their duties.

iii. In addition to attending meetings of the Board of Directors, the Corporate Auditors appointed by the Board of Corporate Auditors shall attend important meetings such as the Management Committee.

(h) Other systems to ensure that audits by corporate auditors are conducted effectively

The Board of Corporate Auditors shall hold regular meetings of the Board of Corporate Auditors once a month and extraordinary meetings as necessary to exchange information and discuss the status of audits, etc., as well as to receive reports on audits from the Internal Audit Office and the Accounting Auditor on a regular basis and exchange opinions.

(i) Basic policy for eliminating transactions with antisocial forces and the status of its development

i. The Company has established a compliance policy to have no relationship with antisocial forces and will take a resolute stance in response.

ii. In the event of a case of unreasonable demands by antisocial forces, the Legal Affairs Department will be the department that responds, in cooperation with the police and other relevant organizations.

iii. When entering a contract related to business, the Company shall confirm that the business partner is not an antisocial force or an individual or corporation having a relationship with such a force.

iv. When concluding contracts related to business, both parties shall promise that they are not anti-social forces or individuals or corporations related to anti-social forces, and if any violation is later discovered, the contract shall be cancelled, and the parties shall be obliged to claim compensation for damages.

b. Status of Risk Management System

The Group holds a management meeting at least once a month to share information to prevent business risks from materializing, and implements risk management, including reporting to the Board of Directors, as necessary. In addition, when internal audits are conducted, employees' awareness of risks is collected and reported to the President and Representative Director and Corporate Auditors.

In addition, the Company has entered contracts with lawyers, certified tax accountants, and labor and social insurance attorneys, who are experts in their respective fields, and has established a system to receive advice and guidance as appropriate.

c. Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than eight (8) Directors.

d. Requirements for Resolution on Election and Dismissal of Directors

The Company's Articles of Incorporation stipulate those resolutions for the election and dismissal of Directors shall be adopted by most of the voting rights of the shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

The Company's Articles of Incorporation also stipulate those resolutions for the election of Directors shall not be made by cumulative voting.

e. Interim Dividends

To enable flexible return of profits to shareholders, the Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of June 30 of each year in accordance with the provisions of Article 454, Paragraph 5 of the Companies Act.

f. Acquisition of Treasury Stock

The Company's Articles of Incorporation stipulate that the Company may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, for the purpose of enabling the Company to implement flexible capital policies in response to changes in the business environment.

g. Requirements for Special Resolution of the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this provision is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

h. Exemption from Liability of Directors and Corporate Auditors

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company shall exempt the liability of Directors (including those who were previously Directors) and Corporate Auditors (including those who were previously Corporate Auditors) for damages from the liability for damages stipulated in laws and regulations. The purpose of this exemption is to enable Directors and Corporate Auditors to fully demonstrate their expected roles.

In addition, the Company stipulates in its Articles of Incorporation that the Company may enter into agreements with Directors (excluding Executive Directors) and Corporate Auditors to limit their liability for damages to the amount stipulated by laws and regulations pursuant to Article 427, Paragraph 1 of the Companies Act.

i. Outline of the Contents of the Liability Limitation Agreement

The Company and its Directors (excluding those who are Executive Directors, etc.) and Corporate Auditors may enter into an agreement to limit their liability for damages to the amount stipulated in laws and regulations. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its Directors (excluding Executive Directors, etc.) and Corporate Auditors have entered into an agreement to limit the liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the amount stipulated in laws and regulations. Such limitation of liability is permitted only when the relevant Director or Corporate Auditor performs his or her duties in good faith and without gross negligence.

j. Summary of Directors' and Officers' Liability Insurance Contracts

The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which provides that any act (including omission) committed by the insured, including directors and corporate auditors of the Company and its subsidiaries, in their capacity as directors or officers, etc., shall be deemed to have been committed by the Company and its subsidiaries. The policy covers damages and legal costs incurred by the insured in the event of a claim for damages arising from acts (including omissions) committed by the insured, including directors and auditors of the Company and its subsidiaries, in their capacity as directors, officers, or employees. All insurance fees are borne by the Company.

(2) Status of Officers

① Overview of Officers

9 men, 1 woman (10.0% of the officers)

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (share)
Chairman and CEO	Kenichi Sano	November 7, 1969	February 1991 June 1995 April 1996 December 2001 November 2004 October 2011 December 2011 January 2012 February 2012 April 2014 December 2014 December 2014 July 2016 August 2016	Hikari Tsushin, Inc. Founded Vision Co, Ltd. President and CEO Founded former Vision Inc. President and CEO Founded current Vision Inc. Director Vision Inc. President and CEO (current) Vision Mobile Korea Inc. Representative director Vision Mobile Hawaii Inc. Representative director and president (current) Vision Mobile Hong Kong Limited 董事長 (current) GLOBAL WIFI.COM PTE. LTD. Representative director (current) 無限全球通移動通信股份有限公司 董事長 (current) 上海高效通信科技有限公司 董事長 (current) Global WiFi France SAS President (current) Vision Mobile Italia S.r.l. Presidente del CdA (current) VISION MOBILE USA CORP. Director and President (current) Vision Mobile New Caledonia SAS President (current)	(Note 3)	11,507,500

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (share)
President, Representative Director and COO	Kenji Ota	November 24, 1971	November 1997	Former Vision Inc.	(Note 3)	97,700
			December 2001	Vision Inc.		
				Director		
			March 2008	Vision Inc.		
				Director		
			October 2011	Vision Mobile Korea Inc.		
				Director (current)		
				Vision Mobile Hawaii Inc.		
				Director and vice-president (current)		
			February 2012	無限全球通移動通信股份有限公司		
				董事 (current)		
			October 2012	Best Link Inc.		
				Representative Director (current)		
			April 2014	上海高效通信科技有限公司		
				董事 (current)		
			November 2014	Global WiFi France SAS		
				Directeur general (current)		
			December 2014	Vision Mobile Italia S.r.l.		
				Consigliere (current)		
			March 2015	Vision Inc.		
				Director, Managing Executive Officer COO, and Director of Sales Dept. (current)		
			July 2016	VISION MOBILE USA CORP.		
				Director Vice-President (current)		
			August 2016	Vision Mobile New Caledonia SAS		
				Directeur general (current)		
			February 2018	Alpha Techno Inc.		
				Representative Director (current)		
			March 2018	BOS Inc.		
				Director (current)		
			May 2018	Vision Ad Inc.		
				Director (current)		
			March 2020	Vision Digital Marketing Inc.		
				Representative Director (current)		
			August 2022	Koshikano Onsen Inc.		
				Director (current)		
			August 2022	Adval Corp.		
				Director (current)		
			March 2023	Vision Inc.		
				Representative Director (current)		

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (share)
Director CFO	Shinichi Nakamoto	October 21, 1972	December 1991 August 1995 April 1996 November 2004 October 2011 February 2012 June 2013 April 2014 March 2015 July 2016 August 2022	Hikari Tsushin, Inc. Vision Co, Ltd. Former Vision Inc. Director Vision Inc. Director Vision Mobile Korea Inc. Director (current) Vision Mobile Hawaii Inc. Director and vice-president (current) 無限全球通移動通信股份有限公司 董事 (current) Find Japan Director 上海高效通信科技有限公司 董事 (current) Vision Inc. Director, Managing Executive Officer, CFO, and Director of Administration Dept. (current) VISION MOBILE USA CORP. Director Vice-President (current) Koshikano Onsen Inc. Director (current)	(Note 3)	315,000
Director	Shinichiro Naito	June 13, 1967	April 1991 October 1994 December 1995 December 1996 July 1998 June 2009 July 2009 July 2010 July 2011 July 2012 October 2012 July 2015 September 2015 November 2015 March 2016 December 2018	Recruit Human Resource Center Co., Ltd (now Recruit Co., Ltd.) Japan Remodel, Inc. Founded PERSONNE and PERSONNE Entertainment Co, Ltd. (now PERSONNE, Inc.) Director Founded Allest Inc. (now Findstar GROUP) Director Allest Inc. Representative Director (current) Target Media Inc. (now TMH) Director (current) MDK, Inc. Representative Director (current) D-POPS Inc. (now D-POPS Group) Director (current) Startrise Co, Ltd. Director STARX, Inc. Director (current) Shift, Inc. Director (current) onestar Co.,Ltd. Auditor Star Asset Consulting, Inc. Representative Director (current) Founded Findstar GROUP Representative Director (current) Vision Inc. Director (current) TEMONA Inc. Director (current)	株式会社リクルート人材センター(現 株式会社リ 入社 株式会社日本リモデル 入社 ペルソン・アンド・ペルソンエンターテインメン 社(現 株式会社ペルソン) 設立、取締役 株式会社アレスト(現 株式会社ファインドスター) 締役 同社 代表取締役(現任) ターゲットメディア株式会社(現 TMH) 取締役(現任) 株式会社MDK 代表取締役(現任) 株式会社ディ・ポップス(現 株式会社ディ・ポップ ス) 取締役(現任) 株式会社スタートライズ 取締役 スタークス株式会社 取締役(現任) 株式会社Shift 取締役(現任) 株式会社ワンスター 監査役 スターアセットコンサルティング株式会社 代表取締役 株式会社ファインドスターグループ 設立、代表取締役(現任) 当社 取締役(現任) テモナ株式会社 取締役(現任) (Note 3)	—

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (share)
Director	Shiori Harada	June 21, 1974	April 2001	SoftBank Commerce Corp. (now Softbank Group Corp.)	(Note 3)	—
			September 2003	Dell Inc. Business Development Manager		
			February 2006	TrendMicro Inc. Global Marketing Director		
			September 2013	Tripadvisor, Inc. Representative Director		
			July 2015	Founded LandReam Inc. Representative Director (current)		
			July 2016	WILLER, Inc. Director		
			March 2017	Vision Inc. Director (current)		
			June 2018	SMARTCAMP Co., Ltd. Director (current)		
			July 2020	TOUCH GROUP Inc. Representative Director (current)		
			February 2022	TWH, Inc. Director (current)		
Director	Michimasa Naka	August 14, 1964	April 1989	Salomon Brothers Asia Ltd. (now Citigroup Global Markets Japan Inc.)	(Note 3)	10,600
			December 2004	Nikko Citigroup Securities Co., Ltd. (now Citigroup Global Markets Japan Inc.) Managing Executive Officer and Joint General Manager of the Debt Capital Markets Division		
			June 2008	Nikko Citigroup Securities Co., Ltd. Managing Executive Officer and General Manager of the Markets and Sales Division		
			October 2009	Citigroup Global Markets Japan Inc. Director		
			December 2009	Citigroup Global Markets Japan Inc. Director and Deputy President		
			December 2010	Founded StormHarbour Japan Ltd. Appointed CEO, and Representative Director		
			March 2011	GLM Co., Ltd Auditor		
			July 2014	Asuka Asset Management Co., Ltd. Director eWell Inc. Director (current)		
			September 2014	istyle Inc. Director (current)		
			October 2014	StormHarbour Japan Ltd. Chairman and Director		
			November 2014	Geniee Inc. Director (current)		
			July 2015	Prevent SAST Insurance Co., Ltd (now MIKATA Small Amount Short Term Insurance Co., Ltd.) Director (current)		
			July 2016	Founded Boardwalk Capital Co., Ltd. Appointed Representative Director (current)		
			June 2017	Founded Accelerator Inc. Appointed Representative Director (current)		
			December 2018	Boardwalk Trading Co., Ltd. Director (current)		
			March 2019	Vision Inc. Director (current)		
			May 2020	VECTOR Inc. Director (current)		
			May 2021	Houyou Inc. Director (current)		
			September 2022	Adrex Corporation Director (current)		
			October 2022	HR Cloud, Inc. Director (current)		

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (stock)
Full-time Auditor	Kazuhiko Umehara	March 3, 1953	April 1975 March 2006 June 2008 June 2015 March 2016	Toyo Trust and Banking Company, Limited (now Mitsubishi UFJ Trust and Banking) MU Trust Liquidation Service Managing director Mitsubishi UFJ Capital Co., Ltd. Full-time Auditor Mitsubishi UFJ Capital Co., Ltd. Advisor of the Company Vision Inc. Full-time Auditor (current)	(Note 4)	—
Auditor	Junichi Motai	March 19, 1974	April 1996 September 2005 June 2006 December 2008 September 2009 March 2015 March 2016 December 2017 October 2018 November 2018 March 2020 June 2020 June 2021	Asahi & Co. (now KPMG AZSA LLC) Clifix Certified Public Tax Accountant START TODAY Co, Ltd. (now ZOZO, Inc.) Auditor (current) Founded Accounting Assist Co., Ltd. Appointed Representative Director (current) EC Navi Inc. (now CARTA HOLDINGS Inc.) Auditor (current) Vision Inc. Auditor (current) Cyber Area Research, Inc. (now Geolocation Technology, Inc.) Auditor (current) ONGAKUKAN Co Ltd Auditor (current) Ficha Inc. Director (current) Spocale, Inc. Auditor (current) REX ADVISORS Co., Ltd. Auditor (current) JUNTEN BIO Co. Ltd Auditor (current) gooddays holdings, Inc. Director (current)	(Note 4)	—
Auditor	Jun Houzumi	September 1, 1977	December 2004 October 2007 October 2010 April 2012 April 2014 October 2014 March 2018	Tohmatsu Consulting Co., Ltd. (now Deloitte Touche Tohmatsu LLC) Ligaya Partners, Inc. STREAM Co., Ltd. Representative Director and Vice President (current) Shell Partners Accounting Firm Representative Partner FirstLogic, Inc. Auditor (current) TriFort, Inc. Auditor Vision Inc. Audtior (current)	(Note 4)	—

Position	Name	Date of Birth	Resume		Tenure	Number of owned company shares (stock)
Corporate Auditor	Tetsuya Niwa	February 1 1960,6	February 1996 October 2004 October 2007 December 2010 November 2011 October 2014 January 2016 June 2017 May 2018 January 2019 March 2020 March 2022 November 2022 March 2023	Fullcast Co., Ltd. (Current Fullcast Holdings Co., Ltd.) Fullcast Co., Ltd. Legal Affairs Department General Manager Fullcast Co., Ltd. Compliance Department General Manager Fullcast Co., Ltd. Director Kadokawa Haruki Corporation Vision Inc. Legal Department General Manager Vision Inc. Legal Department Executive Manager Members Net Inc. Auditor Best Link Inc. Auditor BOS Inc. Auditor Vision Mobile Korea Inc. Supervisor Vision Mobile Hawaii Inc. Director 無限全球通移動通信股份有限公司 Inspector 上海高效通信科技有限公司 Inspector VISION MOBILE USA CORP. Director Vision Ad Inc. Auditor Vision Inc. Executive Officer of Human Resources, General Affairs and Legal Affairs Vision Digital Marketing Inc. Audit & Supervisory Board Member Musashi Seimitsu Industry Co., Ltd. Vision Inc. Corporate Advisor Vision Inc. Corporate Auditor (current)	(Note 4)	3,700
Total						11,934,500

Note 1. Directors Shinichiro Naito, Shiori Harada, and Michimasa Naka are outside directors.
2. Audit & Supervisory Board Members Kazuhiko Umehara, Junichi Motai, and Jun Houzumi are external auditors.
3. The term of office of Directors will expire at the close of the Ordinary General Meeting of Shareholders to be held on March 30, 2023, and at the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within two years after their election.
4. The term of office of Corporate Auditors shall begin at the close of the Ordinary General Meeting of Shareholders held on March 30, 2023, and end at the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four years after their election.
5. The Company has introduced an executive officer system in order to separate the functions of decision-making, improve the efficiency and speed of the role, and strengthen the management system.

② Status of Outside Directors

The Company has three outside directors and three outside corporate auditors. They have no personal, capital, business or other interest relationships with the Company, except for the relationships described in "4. Status of Corporate Governance, etc. (2) Status of Officers."

The Company has not established clear criteria for the independence of the appointment of outside directors or outside corporate auditors, but the Company refers to the Companies Act and the criteria of the Tokyo Stock Exchange for determining the independence of independent directors and corporate auditors and appointing them.

Shinichiro Naito is an external director and has a wealth of experience from web marketing, advanced knowledge from many years as a corporate manager, as well as a vast range of insight. We hope to make use of these experiences and knowledge to monitor management and contribute to the strengthening of corporate governance by receiving advice on the overall management of the Company.

Shiori Harada is an external director and has a wealth of experience in the inbound travel business, advanced knowledge from many years as a corporate manager, and a vast range of insight. We hope to make use of these experiences and knowledge to monitor management and contribute to the strengthening of corporate governance by receiving advice on the overall management of the Company.

Michimasa Naka is an external director and has a wealth of experience in the financial industry and global business sectors, advanced knowledge from many years as a corporate manager, and a vast range of insight. We hope to make use of these experiences and knowledge to monitor management and contribute to the strengthening of corporate governance by receiving advice on the overall management of the Company.

Kazuhiko Umehara was appointed as an outside corporate auditor and has a wealth of experience and high level of insight at financial institutions and is expected to provide objective and neutral auditing services to the Company based on his experience as a corporate manager.

Junichi Motai was appointed as an outside corporate auditor and has a wealth of experience and high level of insight at financial institutions and is expected to provide objective and neutral auditing services to the Company based on his experience as a corporate manager.

Jun Hozumi was appointed as an outside corporate auditor and has a wealth of experience and high level of insight at financial institutions and is expected to provide objective and neutral auditing services to the Company based on his experience as a corporate manager.

③ Mutual Collaboration between Supervision or Audit by Outside Directors or Outside Corporate Auditors and Internal Audit, Audit by Corporate Auditors and Accounting Audit, and Relationship with the Internal Control Division

As for the cooperation between supervision or auditing by outside directors or external auditors and internal audit by corporate auditors and accounting auditors, and the relationship with the internal control division, we enhance mutual cooperation by exchanging opinions and information as necessary, in addition to meetings of the Board of Directors and the Board of Corporate Auditors.

(3) Status of Auditors

① Status of Audits by Corporate Auditors

a. Status of the Board of Corporate Auditors

The Board of Corporate Auditors consists of two full-time Corporate Auditors and two part-time Corporate Auditors, three of whom are Outside Corporate Auditors. The Board of Corporate Auditors prepares an audit plan for each fiscal year and conducts audits in accordance with the auditing standards for corporate auditors established by the Board of Corporate Auditors. Junichi Motai and Jun Hozumi are certified public accountants.

b. Activities of the Board of Corporate Auditors

In principle, the Board of Corporate Auditors meets monthly prior to the Board of Directors meetings, and also meets, as necessary.

The total number of meetings held during the fiscal year under review was 15, and the attendance of each corporate auditor was as follows. Each meeting lasted approximately one hour.

Name		Number of times held	Number of times attended
Corporate Auditor	Kazuhiko Umehara (Full-time Corporate Auditor)	15 times	15 times
Corporate Auditor	Junichi Motai	15 times	15 times
Corporate Auditor	Jun Hozumi	15 times	13 times
Corporate Auditor	Yoshinori Nakajima*	15 times	15 times

*Corporate Auditor Yoshinori Nakajima retired from his position at the conclusion of the Ordinary General Meeting of Shareholders held on March 30, 2023.

*Corporate Advisor Tetsuya Niwa is a new Corporate Auditor appointed at the Ordinary General Meeting of Shareholders held on March 30, 2023; therefore, his attendance during the fiscal year is not stated.

The Board of Corporate Auditors mainly made resolutions, reports, deliberations, and discussions throughout the year as follows.

Major resolutions included the audit plan and division of duties, report on the audit by the Board of Corporate Auditors, reappointment of the accounting auditor, agreement on the remuneration of the accounting auditor, and revision of the auditing standards for corporate auditors.

Major matters reported include the content of audit reports from the accounting auditors, monthly activity reports from division audits, reports on participation in various meetings, and the operation of the internal reporting system.

Major matters discussed and deliberated include the prior confirmation of the agenda of the Board of Directors meetings, compensation for corporate auditors, operational status, and response to the spread of COVID-19, the new glamping/tourism business, strengthening of the head office administrative structure, response to the revised Whistleblower Protection Act in the internal reporting system, and the status of promotion of the utilization of female employees.

With regard to the subsidiaries listed in the Major Considerations in Auditing (KAM), the Company discusses with their accounting auditors, receives reports on the status of implementation of their audits, and requests explanations, as necessary.

c. Activities of Corporate Auditors

Corporate Auditors attended the Board of Directors meetings (17 meetings in total; Mr. Kazuhiko Umehara and Mr. Yoshinori Nakajima attended 17 meetings, and Mr. Junichi Motai and Mr. Jun Hozumi attended 16 meetings), audited the proceedings and resolutions, and expressed their opinions, as necessary. In addition, a full-time corporate auditor attends the weekly management meetings, and other corporate auditors confirm the content of the meeting minutes. Full-time corporate auditors also formulate the annual audit policy, audit plan, and audit assignment plan for each department and subsidiary, convene and conduct interviews with representative directors and internal and external directors, prepare minutes, convene meetings of the Board of Corporate Auditors, prepare materials, prepare minutes, and participate as members in the internal reporting desk and the committee on internal reporting, sharing information with the Board of Corporate Auditors. The Company also participates as a member of the Internal Reporting Desk and the Committee on Internal Reporting to share information with the Board of Corporate Auditors.

All corporate auditors hold regular meetings with the representative director twice a year, and hold annual meetings with the managing executive officer, the general manager of the Administration Division, and the general manager of the Sales Division, respectively, to exchange opinions and make recommendations based on audit findings.

Each corporate auditor is responsible for auditing each division and subsidiary, and exchanges opinions and makes recommendations at quarterly information sharing meetings with the Internal Audit Office.

Regular liaison meetings with outside directors are held twice a year to share information and exchange opinions from the viewpoint of corporate governance.

② Status of Internal Audit

In accordance with the Internal Audit Regulations, the Internal Audit Office (2 members), which is under the direct control of the President, is permanently established to conduct audits of all divisions and subsidiaries by preparing an audit implementation plan for each fiscal year. The results of the internal audits are compiled into a report and submitted to the audited divisions, representative directors, and corporate auditors, and the audited divisions are requested to make improvements as necessary in order to normalize the situation.

We also report to the Board of Corporate Auditors and the accounting audit corporation on the status of internal control systems and other important matters as needed, and exchange information and opinions with them.

③ Status of Accounting Audits

a. Name of auditing firm

KPMG AZSA LLC.

b. Period of continuous auditing

10 years

c. Certified Public Accountants who performed the duties

Naoki Ueno

Masato Nagai

d. Composition of assistants for audit work

The Company's accounting audit was assisted by 7 certified public accountants, 5 persons who have passed the accountant examination, and 5 other persons.

e. Selection policy and reasons for the audit corporation

The Company selects certified public accountants, etc., based on the outline of the audit corporation, audit implementation system, estimated amount of audit fees, etc., and after questions and interviews. KPMG AZSA LLC is a member of the KPMG Group, which operates globally, and has extensive knowledge of overseas accounting and auditing.

f. Evaluation of the Audit Firm by the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors evaluates the independence and expertise required of the external auditors and the reasonableness of the audit through the accounting audit reports at the end of the fiscal year and the end of each quarter and other timely meetings.

The Board of Corporate Auditors also evaluates the accounting auditors in accordance with the “Practical Guidelines for Formulation of Evaluation Standards for Accounting Auditors” issued by the Japan Corporate Auditors Association and resolves whether to reappoint the accounting auditors after repeated consideration and discussion.

④ Summary of Audit Fees, etc.

a. Compensation for Audit Certified Accountants, etc.

Segment	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for audit certification work (thousands of yen)	Compensation for non-audit work (thousands of yen)	Compensation for audit certification work (thousands of yen)	Compensation for non-audit work (thousands of yen)
Submitting Company	33,000	2,500	36,000	—
Consolidated Subsidiary	—	—	—	—
Total	33,000	2,500	36,000	—

The Company's non-audit services in the previous fiscal year consisted of outsourced financial due diligence services and non-audit services in the current fiscal year consisted of outsourced advisory services related to revenue recognition standards.

b. Compensation for an Audit Certified Accountant (excluding a.) from the Same Network (KPMG)

Segment	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for audit certification work (thousand yen)	Compensation for non-audit work (thousands of yen)	Compensation for audit certification work (thousands of yen)	Compensation for non-audit work (thousands of yen)
Submitting Company	—	—	—	—
Consolidated Subsidiary	1,421	2,757	1,489	2,894
Total	1,421	2,757	1,489	2,894

Non-audit services for consolidated subsidiaries include tax advisory services for overseas subsidiaries.

c. Details of Remuneration for Other Important Audit Certification Services

Not applicable.

d. Policy for Determining Audit Compensation

The Company determines audit remuneration by taking into consideration the audit plan, audit details, number of audit days, etc. of the auditing certified public accountants, etc.

e. Reasons why the Board of Corporate Auditors agrees to the remuneration of the Accounting Auditor

The Board of Corporate Auditors has determined the amount of remuneration, etc. to be paid to the Accounting Auditor after conducting the necessary verification of the appropriateness of the content of the audit plan, the status of the performance of duties of the accounting audit, and the basis for calculating the remuneration estimate.

(4) Remuneration for Officers, etc.

① Matters related to the policy for determining the amount of remuneration, etc. for Directors and Corporate Auditors and the calculation method thereof

a. Details of the Policy regarding the Determination of the Amount of Remuneration, etc., for Officers and the Policy for Determining the Calculation Method

The Company's policy for determining remuneration, etc. for individual directors was resolved and decided at the Board of Directors meeting held on January 15, 2021, and is based on the basic policy that the remuneration system should be linked to shareholder interests to fully function as an incentive to continuously increase corporate value, and that the Board of Directors, of which outside directors constitute the majority, should be objective and transparent by obtaining the opinions of the Board of Directors. Based on the basic policy of ensuring objectivity and transparency by obtaining the opinions of the Board of Directors, the amount of remuneration, etc. of Directors for the current fiscal year is determined by the Chairman of the Board of Directors based on the delegation by resolution of the Board of Directors, within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the Company's performance, level of contribution and other factors. The Board of Directors has confirmed that the remuneration, etc. of each director is consistent with the decision-making policy, and the Company believes that it is in line with such policy.

b. Policy on Determining the Ratio of Remuneration Linked to Performance and Remuneration Other Than Performance-Linked Remuneration

Not applicable.

c. Details of the Policy regarding the Determination of the Amount of Remuneration, etc. for Directors and Corporate Auditors and the Calculation Method Thereof

Not applicable.

d. If there is a resolution of the General Meeting of Shareholders regarding remuneration, etc. of Directors and Corporate Auditors, the date, and details of the resolution of the General Meeting of Shareholders.

The maximum amount of remuneration for directors and corporate auditors of the Company was resolved at the General Meeting of Shareholders held on March 30, 2023 to be no more than 300 million yen per year (including 100 million yen for outside directors and excluding employee salaries for directors who also serve as employees) and no more than 40 million yen per year, respectively.

e. Targets and results of performance-linked compensation indices for the current fiscal year

Not applicable.

f. Name of the person who has the authority to make decisions on policies concerning the amount of remuneration, etc., of directors and corporate auditors and the method of calculating such amount, the details of such authority, and the scope of discretion

Kenichi Sano, Chairman of the Board of Directors, has been delegated by the Board of Directors to have the authority to determine the amount of remuneration, etc. The Company has the authority to determine the maximum amount of remuneration within the range of the amount resolved at the General Meeting of Shareholders held on March 30, 2023, taking into consideration the Company's performance, contribution, and other factors. The reason for delegating the authority to make these decisions is that the Company has determined that Sano is most knowledgeable about the Company's business conditions and is able to make comprehensive decisions on executive compensation, given his valuable experience and expertise in consistently leading the Company's management since its establishment.

The Company's Board of Directors consists of three outside directors out of six directors and three outside corporate auditors out of four corporate auditors. All of these outside officers actively express their opinions at meetings of the Board of Directors from an independent and objective standpoint, and sufficient discussions are held when delegating authority to determine policies regarding the determination of the amount of remuneration for directors and the calculation method thereof.

g. Outline of the committee, etc., if any, involved in the determination of the amount of remuneration, etc., of Directors and Corporate Auditors or the method of calculation thereof, and the procedures thereof

Not applicable.

h. Activities of the Board of Directors and its committees, etc. in the process of determining the amount of remuneration, etc. for Directors and Corporate Auditors during the fiscal year under review

The remuneration of Directors for the fiscal year under review was decided by a resolution of the Board of Directors at the discretion of the Representative Director. Remuneration for corporate auditors was determined through consultation with the Board of Corporate Auditors.

② Renumeration for Directors

a. Total Remuneration by Category and Number of Directors of the Submitting Company

Category	Total Remuneration (thousands of yen)	Remuneration by Category (thousands of yen)				Applicable Directors (persons)
		Fixed Remuneration	Performance-based Remuneration	Retirement Benefits	Of the left, non-monetary compensation	
Director (excluding Outside Directors)	17,196	17,196	—	—	—	3
Outside Directors	31,200	31,200	—	—	—	7

Note: The amount of remuneration paid to directors does not include the portion of remuneration paid to directors who concurrently work as employees.

b. Total Amount of Consolidated Remuneration for Each Director of the Submitting Company

The total amount of consolidated remuneration is not stated because there is no director whose total amount of consolidated remuneration is 100 million yen or more.

c. Significant Salary of Directors who concurrently work as Employees

Total (thousands of yen)	Relevant Employees (persons)	Summary
68,209	2	Salary and bonuses

(5) Shareholding Status

① Standards and Concepts for Classification of Investment Stocks

The Company classifies investment shares held for purposes other than pure investment into those held for the purpose of earning profits from changes in the value of the shares or from dividends on the shares, and other shares are classified as investment shares held for purposes other than pure investment.

② Investment Stocks with a Purpose other than Net Investment

a. The content of what the Board of Directors verifies regarding the holding policy, the method of verifying the rationality of holding, and the appropriateness of holding individual stocks

With respect to investment shares held for purposes other than pure investment, the Company determines the necessity of holding such shares by examining, from both qualitative and quantitative perspectives, the benefits and risks associated with holding such shares, in addition to the nature and scale of transactions, from a medium- to long-term perspective. In addition, the departments in charge of such investments and the Board of Directors verify the necessity of holding such investments.

b. Number of stocks and balance sheet amount

	Number of stocks	Total amount on balance sheet (thousands of yen)
Unlisted stock	20	51,594
Stocks other than unlisted stock	—	—

(Stocks whose number of shares increased in the current fiscal year)

	Number of stocks	Total acquisition cost related to the increase in the number of shares (thousands of yen)	Reason for share increase
Unlisted stock	—	—	—
Stocks other than unlisted stock	—	—	—

(Stocks whose number of shares decreased in the current fiscal year)

	Number of stocks	Total amount of sales price related to the decrease in the number of shares (thousands of yen)
Unlisted stock	1	7,380
Stocks other than unlisted stock	—	—

c. Information on the number of shares, balance sheet amounts, etc. for each issue of specified investment shares and deemed shareholdings

Not applicable.

③ Investment stocks whose holding purpose for net investment

Segment	Current period		Previous period	
	Number of stocks	Total amount on balance sheet (thousands of yen)	Number of stocks	Total amount on balance sheet (thousands of yen)
Unlisted stock	—	—	—	—
Stocks other than unlisted stock	3	108,665	3	136,757

Segment	Current period		
	Total amount of received dividends (thousands of yen)	Total gain or loss on sale (thousands of yen)	Total valuation gain or loss (thousands of yen)
Unlisted stock	—	—	—
Stocks other than unlisted stock	3,115	—	—

Item 5: Accounting Conditions

1. About Consolidated Financial Statements and their Preparation Methods

(1) The Company's consolidated financial statements are prepared based on "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The Company's financial statements are based on "Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ordinance of the Ministry of Finance No. 59 of 1963, hereinafter referred to as "Financial Statement Regulations").

In addition, the Company submits special financial statements and prepares financial statements in accordance with the provisions of Article 127 of the Regulations for Financial Statements.

2. Audit Certification

Based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has consolidated financial statements for the consolidated fiscal year (January 1, 2022 until December 31, 2022) audited by KPMG.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements

The Company is making special efforts to ensure the appropriateness of consolidated financial statements. In order to specifically establish a system that can properly grasp the contents of accounting standards, we participate in workshops sponsored by audit corporations and tax accountant corporations and subscribe to technical books about accounting.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

① Consolidated Balance Sheet

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Assets		
Current assets		
Cash and deposits	7,602,426	8,156,512
Notes and accounts receivable – trade	2,183,816	3,658,679
Leased investment assets	15,088	12,977
Products	202,581	224,171
Supplies	5,801	15,939
Other	816,422	903,594
Allowance for doubtful accounts	−77,177	−119,196
Total current assets	10,748,958	12,852,677
Fixed assets		
Tangible fixed assets		
Buildings and structures	488,028	1,564,322
Accumulated depreciation	−142,665	−187,473
Buildings and structures (net)	345,362	1,376,849
Machinery and delivery equipment	16,558	130,826
Accumulated depreciation	−6,220	−17,740
Machinery and delivery equipment (net)	10,338	113,086
Tools, equipment, and fixtures	246,442	333,911
Accumulated depreciation	−203,819	−213,769
Tools, equipment, and fixtures (net)	42,622	120,141
Rental assets	1,515,772	1,579,160
Accumulated depreciation	−1,449,182	−1,405,463
Rental assets (net)	66,590	173,697
Leased assets	45,821	12,782
Accumulated depreciation	−42,515	−11,002
Leased assets (net)	3,306	1,780
Land	35,289	335,007
Construction in progress	31,155	63,439
Other	—	3,343
Accumulated depreciation	—	−2,079
Other (net)	—	1,264
Total tangible fixed assets	534,664	2,185,266
Intangible fixed assets		
Software	150,080	172,754
Goodwill	1,332,425	1,159,147
Other	21	21
Total intangible fixed assets	1,482,527	1,331,922
Investments and other assets		
Investment securities	*1 252,428	*1 199,492
Long-term loan	319,006	3,915
Deferred tax asset	621,201	363,985
Lease investment assets	14,294	1,317
Other	1,030,589	1,080,269
Allowance for doubtful accounts	−71,508	−67,295
Total investments and other assets	2,166,011	1,581,684
Total fixed assets	4,183,203	5,098,873

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Total assets	14,932,162	17,951,550

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	914,551	820,701
Short-term loans payable	50,000	—
Current portion of long-term debt	89,002	120,097
Lease obligations	15,088	12,977
Accounts payable	1,425,023	2,180,363
Accrued corporate tax	179,245	499,182
Bonus reserve	306,321	366,769
Short-term surrender fees reserve	53,504	—
Other	847,301	*2 872,847
Total current liabilities	3,880,038	4,872,939
Fixed liabilities		
Long-term debt	733,904	847,078
Lease obligations	14,294	1,317
Deferred tax liabilities	6,822	7,749
Other	174,887	182,469
Total fixed liabilities	929,908	1,038,615
Total liabilities	4,809,946	5,911,554
Net assets		
Shareholders' equity		
Share capital	2,387,915	2,535,941
Capital surplus	2,454,031	2,602,056
Retained earnings	7,088,507	8,637,117
Treasury stock	−1,862,904	−1,862,967
Total shareholders' equity	10,067,549	11,912,147
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	5,109	−14,198
Foreign currency translation adjustment	40,991	124,419
Total other accumulated comprehensive income	46,101	110,220
Subscription rights to shares	6,116	11,344
Non-controlling interests	2,447	6,284
Total net assets	10,122,215	12,039,996
Total liabilities and net assets	14,932,162	17,951,550

② Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Net sales	18,100,837	25,487,727
Cost of sales	*2 9,092,592	*2 13,157,134
Gross profit	9,008,244	12,330,593
Selling, general, and administrative expenses	*3 7,903,207	*3 9,916,027
Operating income	1,105,037	2,414,565
Non-operating income		
Interest income	761	2,058
Dividend income	4,615	4,615
Profit on currency exchange	26,130	1,908
Other	16,311	13,796
Total non-operating income	47,819	22,378
Non-operating expenses		
Interest expense	5	11,632
Other	9,078	2,811
Total non-operating expenses	9,083	14,444
Ordinary income	1,143,772	2,422,500
Extraordinary income		
Gain on sales of fixed assets	*4 649	*4 274
Gain on sales of investment securities	—	1,230
Gain on reversal of subscription rights to shares	14,940	—
Gain on step acquisitions	9,197	—
Total extraordinary income	24,787	1,504
Extraordinary loss		
Loss on retirement of fixed assets	*5 9,334	*5 19,812
Loss on revaluation of investment securities	27,977	17,405
Headquarters relocation costs	—	19,718
Cancellation penalty	—	9,753
Total extraordinary loss	37,311	66,689
Net income before income taxes and minority interests	1,131,249	2,357,315
Corporate, resident, and business taxes	180,526	537,940
Deferred income tax	220,004	266,927
Total income taxes	400,530	804,867
Net income	730,718	1,552,447
Net income attributable to noncontrolling interests	1,588	3,836
Net income attributable to owners of the parent	729,129	1,548,610

Consolidated Statements of Comprehensive Income

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Net income	730,718	1,552,447
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	-42,508	−19,308
Deferred gains or losses on hedges	721	—
Foreign currency translation adjustments	43,541	83,427
Total other comprehensive income	*1,753	*64,119
Comprehensive income	732,472	1,616,566
(Breakdown)		
Comprehensive income attributable to parent company shareholders	730,883	1,612,729
Comprehensive income attributable to noncontrolling interests	1,588	3,836

③ Statement of Changes in Consolidated Shareholders' Equity

Previous Consolidated Financial Year (January 1, 2021 - December 31, 2021)

(Unit: thousands of yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Capital Reserve	Treasury Stock	Total Shareholders' Equity
Balance at the beginning of the period	2,363,785	2,396,243	6,359,377	−2,416,784	8,702,621
Fluctuation amount for the current period					
Issuance of new shares (exercise of stock acquisition rights)	24,130	24,130			48,261
Net income attributable to owners of the parent company			729,129		729,129
Acquisition of treasury stock				−57	−57
Increase due to share exchange		33,656		553,937	587,594
Current fluctuations (net) for items other than shareholders' equity					
Total amount of change during the period	24,130	57,787	729,129	553,880	1,364,928
Balance at the end of the current period	2,387,915	2,454,031	7,088,507	−1,862,904	10,067,549

	Accumulated Other Comprehensive Income				Stock Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Other Securities	Deferred Hedge Gains/Losses	Foreign Exchange Translation Adjustment Account	Total Accumulated Other Comprehensive Income			
Balance at the beginning of the period	47,618	−721	−2,549	44,347	21,344	859	8,769,171
Fluctuation amount for the current period							
Issuance of new shares (exercise of stock acquisition rights)							48,261
Net income attributable to owners of the parent company							729,129
Acquisition of treasury stock							−57
Increase due to share exchange							587,594
Current fluctuations (net) for items other than shareholders' equity	−42,508	721	43,541	1,753	−15,227	1,588	−11,884
Total amount of change during the period	−42,508	721	43,541	1,753	−15,227	1,588	1,353,043
Balance at the end of the current period	5,109	—	40,991	46,101	6,116	2,447	10,122,215

Current Consolidated Financial Year (January 1, 2022 - December 31, 2022)

(Unit: thousands of yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Capital Reserve	Treasury Stock	Total Shareholders' Equity
Balance at the beginning of the period	2,387,915	2,454,031	7,088,507	−1,862,904	10,067,549
Fluctuation amount for the current period					
Issuance of new shares (exercise of subscription rights to shares)	148,025	148,025			296,050
Net income attributable to owners of the parent			1,548,610		1,548,610
Purchase of treasury stock				−63	−63
Net changes of items other than shareholders' equity					
Total amount of change during the period	148,025	148,025	1,548,610	−63	1,844,597
Balance at the end of the current period	2,535,941	2,602,056	8,637,117	−1,862,967	11,912,147

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Differences on Other Securities	Foreign Exchange Translation Adjustment Account	Total Accumulated Other Comprehensive Income			
Balance at the beginning of the period	5,109	40,991	46,101	6,116	2,447	10,122,215
Fluctuation amount for the current period						
Issuance of new shares (exercise of subscription rights to shares)						296,050
Net income attributable to owners of the parent						1,548,610
Purchase of treasury stock						−63
Net changes of items other than shareholders' equity	−19,308	83,427	64,119	5,227	3,836	73,183
Total amount of change during the period	−19,308	83,427	64,119	5,227	3,836	1,917,781
Balance at the end of the current period	−14,198	124,419	110,220	11,344	6,284	12,039,996

④ Consolidated Cash Flow Statement

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Cash Flow from Operating Activities		
Income before Taxes	1,131,249	2,357,315
Depreciation	117,538	241,790
Goodwill Amortization	19,869	184,160
Increase/Decrease of Allowance for Doubtful Accounts (- is a decrease)	14,931	37,789
Increase/Decrease of Bonus Reserve (- is a decrease)	146,587	57,724
Interest and Dividend Income	−5,377	−6,674
Grant Income	−3,954	−1,458
Interest Income	5	11,632
Gain/Loss on Equity in Earnings of Affiliates (- is profit)	—	57
Gain/Loss on Sale of Fixed Assets (- is profit)	−649	−274
Loss on Retirement of Fixed Assets	9,334	19,812
Gain/Loss on Sale of Investment Securities (- is profit)	—	−1,230
Gain/Loss on Valuation of Investment Securities (- is profit)	27,977	17,405
Gain on Reversal of Share Acquisition Rights	−14,940	—
Gain on Step Acquisitions (- is profit)	−9,197	—
Increase/Decrease in Trade Receivables (- is an increase)	−706,118	−1,433,942
Increase/Decrease in Inventories (- is an increase)	−78,286	−28,706
Increase/Decrease in Trade Payables (- is a decrease)	196,371	−105,443
Increase/Decrease in Accounts Payable (- is a decrease)	491,481	559,956
Other	132,214	−141,853
Subtotal	1,469,035	1,768,061
Received Interest and Dividends	5,312	6,609
Received Grant	14,153	1,458
Interest Payment	−5	−12,120
Corporate Tax Payment	−75,750	−224,363
Cash Flow from Operating Activities	1,412,746	1,539,646
Cash Flow from Investing Activities		
Expenditure on Acquisition of Tangible Fixed Assets	−187,656	−1,217,562
Expenditure on Acquisition of Intangible Fixed Assets	−40,191	−67,637
Income from the Sale of Fixed Assets	719	4,858
Income from the Sale of Investment Securities	—	8,610
Income from Acquisition of Subsidiary Company's Stock Involving a Change in Scope of Consolidation	—	96,753
Expenditure by Payment of Security Deposit	−45,672	−94,008
Income from Collection of Security Deposit	31,154	35,309
Expenditure on Payment of Security Deposit	—	−500,000
Income from Collection of Loans Receivable	—	500,000
Expenditure on Long-term loans	−300,000	—
Other	−12,631	32,701
Cash Flow from Investing Activities	−554,277	−1,200,976
Cash Flow from Financing Activities		
Repayment of Short-term Loans Payable	—	−50,000
Repayment of Long-term Loans Payable	—	−98,798
Income from Exercising Stock Options	47,975	295,517
Income from Issuance of Stock Acquisition Rights	—	5,760
Expenditure on the Acquisition of Treasury Stock	−57	−63
Expenditure for Repayment of Lease Obligations	−17,110	−15,368
Cash Flow from Financing Activities	30,807	137,047
Conversion Difference for Cash and Cash Equivalents	40,350	78,368
Increase/Decrease in Cash and Cash Equivalents (- is a decrease)	929,627	554,085
Initial Balance of Cash and Cash Equivalents	6,679,580	7,631,688
Increase in Cash and Cash Equivalents	*2 22,480	—
Term-end Balance of Cash and Cash Equivalents	*1 7,631,688	*1 8,185,773

Notes

(Important Basic Matters for Preparing Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 21

Names of consolidated subsidiaries

The above information is omitted because it is stated in “Item 1. Corporate Profile 4. Status of Subsidiaries and Affiliates.”

Koshikano Onsen Inc. which was a non-consolidated subsidiary in the previous consolidated fiscal year, is included in the scope of consolidation from the current consolidated fiscal year due to its increased importance.

In addition, Promotion Plus Co., Ltd. became a consolidated subsidiary in the current consolidated fiscal year following the acquisition of its shares on October 31, 2022. Since the deemed acquisition date was set as the end of the consolidated fiscal year, only the balance sheet is consolidated in the consolidated fiscal year under review.

(2) Names of principal unconsolidated subsidiaries

Vision Ventures Co., Ltd.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiary is small in size, and its total assets, net sales, net income (the Company's interest share), retained earnings (the Company's interest share), etc. have no material impact on the consolidated financial statements.

2. Application of Equity Method

Number of companies accounted for by the equity method: 1 company

Affiliated company to which the equity method is applied:

eeeats Inc.

3. Fiscal Year of Consolidated Subsidiaries and Equity Method Affiliates

Among the consolidated subsidiaries, Adval Corp. has a fiscal year ending May 31. In preparing the financial statements, a provisional settlement of accounts was made as of November 30, and adjustments necessary for consolidation were made for significant transactions that occurred during the period up to the consolidated fiscal year end. In addition, the fiscal year end of Promotion Plus Co., Ltd. is January 31, and in preparing the consolidated financial statements, a provisional settlement of accounts as of October 31 is used and adjustments necessary for consolidation were made for significant transactions that occurred during the period up to the consolidated book-closing date.

Additionally, Vision Mobile Hong Kong Limited and six other subsidiary companies have a fiscal year ending September 30, and in preparing the consolidated financial statements, the financial statements of the consolidated subsidiaries as of their fiscal year end are used, and necessary adjustments are made for important transactions that occurred during the period up to the consolidated fiscal year end.

Although the fiscal year end of equity-method affiliates differs from the consolidated fiscal year end, the financial statements of the fiscal year of the equity-method affiliates are used.

4. Matters Relating to Accounting Policies

(1) Valuation standards and methods for important assets

① Securities

Other securities

Non-securities without market quotations

Fair value method (Unrealized gains and losses are included directly in net assets and cost of sales is calculated using the moving-average method.)

Securities without market quotations

Cost method based on moving average cost method

② Inventories

Merchandise/supplies

Stated at cost determined by the first-in, first-out method (method of devaluation of book value based on decline in profitability)

(2) Depreciation and amortization methods for significant depreciable assets

① Tangible fixed assets (excluding leased assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding building fixtures), rental assets, and building fixtures and structures acquired on or after April 1, 2016.

The durable lives of major assets are as follows.

Buildings and structures	3-50 years
Machinery, equipment, and vehicles	2-17 years
Tools, furniture, and fixtures	2-20 years
Rental assets	2 years

② Intangible fixed assets

The straight-line method is used.

Software for internal use is amortized over the estimated durable life (5 years).

③ Leased assets

Leased assets related to finance leases that do not transfer ownership

The straight-line method, where the lease period is deemed as the durable life and the residual value is set as zero, is used.

(3) Basis for significant allowance

① Allowance for doubtful accounts

To provide for losses due to bad debts, the Company and its consolidated subsidiaries reserve an estimated uncollectible amount based on historical bad debt ratios for general bonds and on an individual assessment of collectability for specific bonds such as bonds in danger of bankruptcy.

② Allowance for bonuses

To provide for bonuses payable to employees, an allowance is provided based on the estimated amount of payment.

(4) Basis for recording significant revenues and expenses

The main performance obligations and the usual point in time for satisfying those obligations (the usual point of revenue recognition) regarding the revenue arising from contracts with the Company and its consolidated subsidiaries' customers in the major businesses are as follows.

① GLOBAL WiFi

The GLOBAL WiFi business mainly rents router terminals for mobile data communication. The Company is obligated to provide communication services during the rental period based on the contract and recognizes revenue upon satisfaction of the performance obligation for the rental period. Lease revenue included in rentals is recognized in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

In addition, contracted airport services represent sales of services related to quarantine procedures at airport quarantine stations upon entry into Japan. The Company is obligated to provide services to customers based on service contracts entered into with them and recognizes revenue when such performance obligations are satisfied because the performance obligations are fulfilled by the provision of services.

The consideration for these services is generally received within one month, and the amount of consideration does not include a significant financial component.

② Information and Communications Service

The Information and Communications Service business, which includes brokering of communication lines, sales of devices and network equipment, and production of websites, is obligated to provide goods and services to customers based on service provision contracts concluded with them, and the main performance obligation is satisfied by delivery of deliverables or provision of services. The Company recognizes revenue when these obligations are satisfied by the delivery of deliverables or provision of services. The consideration for these services and goods provided is generally received within one month, and the amount of consideration does not include a significant financial component.

In addition, in the case of telecommunication line agency services, the Company recognizes as a refund liability the estimated amount of refunds to be received when a customer cancels the telecommunication line within a short period of time.

The Company recognizes revenue from space rentals in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and other relevant accounting standards.

③ Glamping and Tourism business

The glamping and tourism business provides services incidental to glamping facilities, and revenue is recognized when the customer obtains control over the goods or services at the time of delivery and the Group's performance obligations are satisfied. The consideration for these services is generally received within one month, and the amount of consideration does not include any significant financial component.

(5) Conversion of significant assets and liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the consolidated balance sheet date, with translation differences recognized as gains or losses. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate on the balance sheet date, and revenues and expenses are translated into yen at the average exchange rate during the period.

(6) Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over a reasonable amortization period not exceeding 20 years.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash and bear only a minor risk of price fluctuation.

(Critical Accounting Estimates)

The following is a list of items for which an accounting estimate has been recorded in the consolidated financial statements for the current fiscal year and which may have a significant effect on the consolidated financial statements for the following fiscal year.

1. Valuation of goodwill recognized at the time of the acquisition of Adval Corp. shares

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(unit: thousands of yen)

	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Goodwill	1,332,425	1,159,147

(2) Information on significant accounting estimates related to identified items

As a result of the conversion of Adval Corp. into a subsidiary in the current fiscal year, the Group recorded 1,080,182 thousand yen of unamortized goodwill identified as excess earning capacity on the consolidated balance sheet. Adval Corp. has changed its procurement method in response to changes in the market environment, such as the rise in the vacancy rate of office buildings, as remote work is progressing at various companies due to the impact of the COVID-19 pandemic. As a result of reviewing the impact of COVID-19 on the business plan in the current consolidated fiscal year, the business plan formulated in the previous consolidated fiscal year was revised. We have examined whether the revision of the above may suggest a significant deterioration in the business environment in considering the signs of impairment of the asset group including goodwill, but we have determined that it does not indicate signs of impairment.

The revised business plan was prepared based on key assumptions, such as the number of new spaces opened and revenue per space, which are the basis for the increase in sales, among other things, in light of the impact of the COVID-19 pandemic, and these key assumptions are subject to uncertainty.

If the key assumptions used in these estimates need to be revised due to changes in the economic environment or other factors, the amount of goodwill may be materially affected in the next consolidated fiscal year.

(Notes on 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 “revenue accounting standard”) was adopted from the beginning of the current fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised properties or services when control of the promised properties or services has been transferred to the customer.

The Company followed the transitional treatment prescribed in paragraph 84 of the revenue accounting standard, and the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year was added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy was applied from such beginning balance. As a result, there is no effect on the balance of retained earnings at the beginning of the current fiscal year. The adoption of the new accounting standard did not have a material impact on the consolidated financial statements.

Due to the application of the Accounting Standard for Revenue Recognition, "advances received," which was included in "other" under "current liabilities" in the consolidated balance sheet for the previous fiscal year, is now presented as "contract liabilities" and included in "other" from this fiscal year, short-term cancellation refunds, which had been presented in "Current liabilities," is now presented in "Refund liabilities" and included in "Other" from the current consolidated fiscal year.

However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the reclassification has not been made for the previous consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous fiscal year are not presented.

(Application of Accounting Standard for Measurement of Fair Value)

In accordance with the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “fair value accounting standard”), the Company has changed the method of recognizing the “short-term refund allowance” in the consolidated financial statements. The new accounting policy stipulated by the fair value accounting standard will be applied prospectively from the beginning of the current fiscal year, in accordance with the transitional treatment stipulated in paragraph 19 of the fair value accounting standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the consolidated financial statements.

In addition, in the “Notes on Financial Instruments”, the Company has decided to provide notes on items such as the breakdown of the market value of financial instruments by level.

However, in accordance with the transitional treatment prescribed in paragraph 7-4 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), no such notes are included for the previous fiscal year.

(Change in Display Method)

(Concerning Consolidated Statements of Income)

Because it became insignificant in terms of amount, “Subsidy income” under “Non-operating income”, which was independently presented in the previous consolidated fiscal year, is included in “Other” under “Non-operating income”. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Subsidy income” of 3,954 thousand yen and “Other” of 12,537 thousand yen, which were included in “Non-operating income” in the consolidated statement of income for the previous consolidated fiscal year, have been reclassified as “Other” which is 16,311 thousand yen.

(Concerning Consolidated Balance Sheets)

*1 The amount due to unconsolidated subsidiaries and affiliated companies are as follows.

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Investment securities (shares)	39,275 thousands of yen	39,232 thousands of yen

*2 The amount due to contract liabilities are as follows.

	Current Consolidated Fiscal Year (December 31, 2022)
Contract liabilities	433,336 thousand yen

* Overdraft Agreements

The Group has current account overdraft and commitment line agreements with three banks for the purpose of efficient procurement of working capital.

The following table shows the balance of unused lines of credit related to overdraft and commitment line agreements as of the consolidated fiscal year.

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Overdraft limit and total lending commitment	3,750,000 thousands of yen	3,750,000 thousands of yen
Borrowing execution balance	—	—
Deduction	3,750,000 thousands of yen	3,750,000 thousands of yen

(Concerning Consolidated Statements of Income)

*1 Revenue from contracts with clients

Revenues are not separately presented for revenues arising from contracts with customers and other revenues. The amount of revenue arising from contracts with clients is presented in "Notes to Consolidated Financial Statements (Revenue Recognition) (1) Information on breakdown of revenue arising from contracts with clients".

*2 Ending inventory is the amount after devaluation of book value due to decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
	3,608 thousands of yen	3,314 thousands of yen

*3 The major expense items and amounts of selling, general and administrative expenses are as follows.

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Salaries and allowances	2,294,018 thousands of yen	2,524,535 thousands of yen
Sales promotion expenses	1,112,803 thousands of yen	1,598,472 thousands of yen
Commissions paid	802,190 thousands of yen	1,130,194 thousands of yen
Provision of allowance for doubtful accounts	61,165 thousands of yen	79,770 thousands of yen
Provision for bonuses	265,906 thousands of yen	325,096 thousands of yen

*4 The gains on sales of fixed assets are as follows.

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Tools, furniture, and fixtures	500 thousands of yen	— thousands of yen
Rental assets	149 thousands of yen	274 thousands of yen
Total	649 thousands of yen	274 thousands of yen

*5 The losses on sales of fixed assets are as follows.

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Buildings and structures	2,334 thousand yen	17,697 thousand yen
Tools, furniture, and fixtures	0 〃	595 〃
Rental assets	— 〃	1,156 〃
Construction in progress	7,000 〃	— 〃
Software	— 〃	362 〃
Total	9,334 thousand yen	19,812 thousand yen

(Concerning Comprehensive Income Statements)

* Reclassification adjustments and tax effects related to other comprehensive income

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Valuation difference on available-for-sale securities		
Amount arising during the period	−61,459 thousands of yen	−28,092 thousands of yen
Reclassification adjustment	— thousands of yen	— thousands of yen
Before tax effect adjustment	−61,459 thousands of yen	−28,092 thousands of yen
Tax effect amount	18,951 thousands of yen	8,783 thousands of yen
Net unrealized gains (losses) on available-for-sale securities	−42,508 thousands of yen	−19,308 thousands of yen
Deferred gains or losses on hedges		
Current year accrual	1,039 thousands of yen	— thousands of yen
Reclassification adjustment	— thousands of yen	— thousands of yen
Before tax effect adjustment	1,039 thousands of yen	— thousands of yen
Tax effect amount	−318 thousands of yen	— thousands of yen
Deferred gains or losses on hedges	721 thousands of yen	— thousands of yen
Foreign currency adjustments		
Accrual for the year	43,541 thousands of yen	83,427 thousands of yen
Total other comprehensive income	1,753 thousands of yen	64,119 thousands of yen

(Concerning Statement of Changes in Consolidated Shareholders' Equity

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

1. Matters Concerning Issued Stock

Stock Type	Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Ordinary Stock (shares)	49,027,800	63,300	—	49,091,100

(Reason for change)
Increase due to exercise of 63,300 shares of stock acquisition rights.

2. Matters Concerning Treasury Stock

Stock Type	Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Ordinary Stock (shares)	1,948,044	46	446,500	1,501,590

(Reasons for change)
Increase of 46 shares due to purchase of odd-lot shares.
Decrease of 446,500 shares due to disposal of treasury stock resulting from stock issuance.

3. Matters Concerning Stock Acquisition Rights

Company	Breakdown	Type of Objective Shares	Number of Objective Shares (shares)				End of the Current Consolidated Fiscal Year Balance (thousands of yen)
			Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year	
Submitting Company	Stock Acquisition Rights as Stock Options in 2017	—	—	—	—	—	6,116
Total			—	—	—	—	6,116

4. Matters Concerning Dividends

Not applicable.

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

1. Matters Concerning Issued Stock

Stock Type	Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Ordinary Stock (shares)	49,091,100	1,331,100	—	50,422,200

(Reason for change)
Increase due to exercise of 1,331,100 shares of stock acquisition rights.

2. Matters Concerning Treasury Stock

Stock Type	Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Ordinary Stock (shares)	1,501,590	52	—	1,501,642

(Reason for change)
Increase of 52 shares due to purchase of odd-lot shares.

3. Matters Concerning Stock Acquisition Rights

Company	Breakdown	Type of Objective Shares	Number of Objective Shares (Shares)				End of the Current Consolidated Fiscal Year Balance (thousands of yen)
			Beginning of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year	
Submitting Company	Stock Acquisition Rights as Stock Options in 2017	—	—	—	—	—	5,584
	Stock Acquisition Rights as Stock Options in 2022	—	—	—	—	—	5,760

Total	—	—	—	—	11,344

4. Matters Concerning Dividends

Not applicable.

(Concerning Consolidated Cash Flow Statement)

*1 Cash and cash equivalents at the end of the period are reconciled to the accounts reported in the consolidated balance sheets as follows.

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Cash and deposits	7,602,426 thousands of yen	8,156,512 thousands of yen
Deposits (Current assets "Other")	29,261 thousands of yen	29,261 thousands of yen
Cash and cash equivalents	7,631,688 thousands of yen	8,185,773 thousands of yen

*2 Major breakdown of assets and liabilities of newly consolidated company through share delivery

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

Breakdown of assets and liabilities of Adval Corp. at the time of its consolidation through share delivery and the amount of subsidiary assets received due to share delivery are as follows.

Current assets	198,084 thousands of yen
Fixed assets	489,137 thousands of yen
Goodwill	1,234,494 thousands of yen
Current liabilities	-409,666 thousands of yen
Long-term liabilities	-915,177 thousands of yen
Shares held before acquisition of control	-80 thousands of yen
Gain on step acquisitions	-9,197 thousands of yen
Acquisition cost of shares	587,594 thousands of yen
Cash and cash equivalents of newly consolidated company	22,480 thousands of yen
Shares delivered due to stock issuance	-587,594 thousands of yen
Difference: Increase in cash and cash equivalents due to stock issuance	22,480 thousands of yen

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

Not applicable.

(Concerning Lease Transactions)

1. Financial lease transaction

(Borrower)

Finance lease transaction without transfer of ownership

(1) Content of leased assets

Tangible fixed assets: Vehicles that have been borrowed from a leasing company and then subleased to our business partners.

(2) Depreciation method for leased assets

Not applicable as all are leased assets that are subject to sublease transactions.

(Lender)

(1) Breakdown of lease investment assets

① Current Assets (Unit: thousands of yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Lease payment receivable portion	15,368	13,074
Estimated residual value portion	—	—
Interest income portion	280	97
Lease investment assets	15,088	12,977

② Investments and Other Assets (Unit: thousands of yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Lease payment receivable portion	14,396	1,321
Estimated residual value portion	—	—
Interest income equivalent	101	4
Lease investment assets	14,294	1,317

(2) Scheduled collection of the portion of lease receivable to leased investment assets after the balance sheet date

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (December 31, 2021)					
	Under a year	Over 1 year, under 2 years	Over 2 years, under 3 years	Over 3 years, under 4 years	Over 4 years, under 5 years	Over 5 years
Lease Investment Assets	15,368	13,074	1,321	—	—	—

(Unit: thousands of yen)

	Current Consolidated Fiscal Year (December 31, 2022)					
	Under a year	Over 1 year, under 2 years	Over 2 years, under 3 years	Over 3 years, under 4 years	Over 4 years, under 5 years	Over 5 years
Lease Investment Assets	13,074	1,321	—	—	—	—

2. Operating lease transaction

(Borrower)

Unearned lease fees for non-cancellable operating lease transactions

(Unit: thousands of yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Under a year	—	266,118
Over a year	—	1,276,495
Total	—	1,542,163

(Concerning Financial Instruments)

1. Matters Concerning Financial Instruments

(1) Policy on financial instruments

The Group's policy is to limit fund management to deposits and to procure funds mainly through bank loans. Derivative transactions are used to avoid the risk of exchange rate fluctuations and the Group's policy is not to engage in speculative transactions.

(2) Description of financial instruments and their risks

Notes and accounts receivable-trade and lease investment assets, which are operating receivables, are exposed to credit risk of customers.

Investment securities are shares of companies with which we have business relationships and are exposed to the risk of fluctuations in market prices and the financial condition of the companies.

Long-term loans receivable are to companies with which we have business ties and are exposed to the credit risk. With respect to this risk, the department in charge monitors the credit status as needed.

Notes and accounts payable-trade and accounts payable-other, which are operating liabilities, are mostly due within three months. Lease obligations are for the purpose of procuring funds necessary for capital investment.

Short-term borrowings and long-term borrowings are intended to secure funds necessary for working capital and capital expenditures and are exposed to interest rate and liquidity risks associated with funding.

(3) Risk management system for financial instruments

① Management of credit risk (risk related to non-performance of contract by counterparties)

Vision Inc. manages due dates and outstanding balances of operating receivables by counterparty through the establishment of a dedicated receivables management department and works to identify and mitigate early concerns about collection due to deterioration in financial conditions. The same management is applied to consolidated subsidiaries.

② Management of market risk (risk of fluctuations in market value)

With respect to investment securities, Vision Inc. periodically monitors the market prices and financial conditions of client companies and continuously reviews the status of holding such securities in consideration of market conditions and relationships with client companies.

③ Management of liquidity risk (risk of being unable to make payments by due dates) related to fund procurement

Vision Inc. manages liquidity risk by preparing and updating cash flow plans in a timely manner based on reports from each department and by maintaining liquidity on hand.

(4) Supplementary explanation of matters related to the market value of financial instruments

The fair value of financial markets includes prices based on market prices and, in the absence of market prices, rationally calculated values.

2. Matters concerning the market value of financial instruments

Carrying amount on the consolidated balance sheet, market value and the difference between the two are as follows.

Previous Consolidated Fiscal Year (December 31, 2021)

	Consolidated Balance Sheet (thousands of yen)	Market Value (thousands of yen)	Difference (thousands of yen)
(1) Investment securities (*2)	136,757	136,757	—
(2) Long-term loans receivable (*3)	324,945	324,100	−845
(3) Lease investment assets (*3)	29,382	28,775	−607
Total assets	491,084	489,632	−1,453
(4) Long-term loans payable (*3)	822,906	808,849	−14,056
(5) Lease obligations (*3)	29,382	28,775	−607
Total liabilities	852,288	837,624	−14,663

Current Consolidated Fiscal Year (December 31, 2022)

	Consolidated Balance Sheet (thousands of yen)	Market Value (thousands of yen)	Difference (thousands of yen)
(1) Investment securities (*2)	108,665	108,665	—
(2) Long-term loans receivable (*3)	19,006	18,763	−243
(3) Lease investment assets (*3)	14,294	14,063	−231
Total assets	141,965	141,491	−475
(4) Long-term loans payable (*3)	967,176	963,947	−3,228
(5) Lease obligations (*3)	14,294	14,063	−231
Total liabilities	981,470	978,010	−3,459

(*1) “Cash and deposits”, “Accounts receivable”, “Notes and accounts – payable”, and “Accounts payable – other” are omitted because their fair values approximate their book values due to their short maturities.

(*2) Previous consolidated fiscal year (December 31, 2021)

The consolidated balance sheet amounts of financial instruments whose fair value is extremely difficult to determine are as follows.

Division	Previous consolidated fiscal year (thousands of yen)
Unlisted stocks	76,380
Subsidiary and affiliated stocks (unlisted)	39,290
Guarantee deposits	759,881

Unlisted stocks are not included in “(1) Investment securities” because they do not have market prices and it is extremely difficult to determine their fair value.

Guarantee deposits are not included in “(1) Investment securities” because they do not have market prices, the timing of their return cannot be reasonably estimated, and it is extremely difficult to determine their fair value.

Current consolidated fiscal year (December 31, 2022)

Stocks and other securities without market quotations are not included in “(1) Investment securities”. The consolidated balance sheet amounts of such financial instruments are as follows.

Division	Current consolidated fiscal year (thousands of yen)
Unlisted stocks	51,594
Subsidiary and affiliated stocks (unlisted)	39,232

(*3) Current portion of long-term loans receivable, lease investment assets, long-term loans payable, and lease obligations are included.

(*4) Scheduled redemption amount for monetary claims after the consolidated settlement date

Previous Consolidated Fiscal Year (December 31, 2021)

	Under a year (thousands of yen)	Over 1 year, under 5 years (thousands of yen)	Over 5 years, under 10 years (thousands of yen)	Over 10 years (thousands of yen)
Cash and deposits	7,602,426	—	—	—
Notes and accounts receivable - trade	2,183,816	—	—	—
Long-term loans receivable	5,939	319,006	—	—
Lease investment assets	15,088	14,294	—	—
Total	9,807,270	333,301	—	—

Current Consolidated Fiscal Year (December 31, 2022)

	Under a year (thousands of yen)	Over 1 year, under 5 years (thousands of yen)	Over 5 years, under 10 years (thousands of yen)	Over 10 years (thousands of yen)
Cash and deposits	8,156,512	—	—	—
Notes and accounts receivable - trade	3,658,679	—	—	—
Long-term loans receivable	15,090	3,915	—	—
Lease investment assets	12,977	1,317	—	—
Total	11,843,259	5,233	—	—

(*5) Scheduled repayments of lease obligations after the consolidated balance sheet date

Previous Consolidated Fiscal Year (December 31, 2021)

	Under a year (thousands of yen)	Over 1 year, under 2 years (thousands of yen)	Over 2 years, under 3 years (thousands of yen)	Over 3 years, under 4 years (thousands of yen)	Over 4 years, under 5 years (thousands of yen)	Over 5 years (thousands of yen)
Short-term loans receivable	50,000	—	—	—	—	—
Long-term loans receivable	89,002	110,268	110,268	110,228	82,051	321,089
Lease obligation	15,088	12,977	1,317	—	—	—
Total	154,090	123,245	111,585	110,228	82,051	321,089

Current Consolidated Fiscal Year (December 31, 2022)

	Under a year (thousands of yen)	Over 1 year, under 2 years (thousands of yen)	Over 2 years, under 3 years (thousands of yen)	Over 3 years, under 4 years (thousands of yen)	Over 4 years, under 5 years (thousands of yen)	Over 5 years (thousands of yen)
Long-term loans receivable	120,097	128,926	128,380	100,367	73,754	415,649
Lease obligation	12,977	1,317	—	—	—	—
Total	133,074	130,243	128,380	100,367	73,754	415,649

3. Matters Concerning the Breakdown of the Market Value of Financial Instruments by Level

The market value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 Market value: Market value calculated based on quoted market prices for assets or liabilities subject to market value calculations that are formed in active markets, which are among the inputs for the calculation of observable market value.

Level 2 Market value: Market value calculated using inputs other than Level 1 inputs to the calculation of observable market value.

Level 3 Market value: Market value calculated using inputs for the calculation of market value that are not observable.

(1) Financial instruments recorded on the consolidated balance sheet at market value

Current Consolidated Fiscal Year (December 31, 2022)

	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	108,665	—	—	108,665
Total assets	108,665	—	—	108,665

(2) Financial instruments other than those recorded on the consolidated balance sheets at market value

Current Consolidated Fiscal Year (December 31, 2022)

	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	18,763	—	18,763
Lease investment assets	—	14,063	—	14,063
Total assets	—	32,826	—	32,826
Long-term debt	—	963,947	—	963,947
Lease obligations	—	14,063	—	14,063
Total liabilities	—	978,010	—	978,010

Note: Explanation of valuation techniques and inputs related to the calculation of market value

Investment securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their market value is classified as Level 1 market value.

Long-term loans receivable (including current portion)

The market value of long-term loans receivable is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applicable to a similar new loan and is classified as Level 2 market value.

Lease investment assets (including current portion)

The market value of lease investment assets is calculated based on the present value of the total principal amount of interest discounted at the interest rate that would be applicable to a new similar lease transaction and is classified as Level 2 market value.

Long-term debt (including current portion)

The market value of long-term loans payable is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applicable to a similar new loan transaction and is classified as Level 2 market value.

Lease obligations (including current portion)

The market value of lease obligations is calculated based on the present value of the total lease obligations discounted at the interest rate assumed for a new similar lease transaction and classified as Level 2 market value.

(Concerning Marketable Securities)

1. Other marketable securities

Previous Consolidated Fiscal Year (December 31, 2021)

Division	Consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities whose reported amounts in the consolidated balance sheets exceed acquisition cost			
Shares	88,073	75,865	12,207
Subtotal	88,073	75,865	12,207
Securities whose reported amounts in the consolidated balance sheets do not exceed acquisition cost			
Shares	48,684	53,424	−4,739
Subtotal	48,684	53,424	−4,739
Total	136,757	129,289	7,468

Note: Unlisted stocks (consolidated balance sheet amount: 76,380 thousand yen) are not included in "Available-for-sale securities" in the above table because they have no market price.

Current Consolidated Fiscal Year (December 31, 2022)

Division	Consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities whose reported amounts in the consolidated balance sheets exceed acquisition cost			
Shares	7,704	7,344	360
Subtotal	7,704	7,344	360
Securities whose reported amounts in the consolidated balance sheets do not exceed acquisition cost			
Shares	100,961	121,945	−20,984
Subtotal	100,961	121,945	−20,984
Total	108,665	129,289	−20,624

Note: Unlisted stocks (consolidated balance sheet amount: 51,594 thousand yen) are not included in "Available-for-sale securities" in the above table because they have no market price.

2. Other securities sold during the consolidated fiscal year

Previous Consolidated Fiscal Year (December 31, 2021)

Division	Sale amount (thousands of yen)	Total gain on sale (thousands of yen)	Total loss on sale (thousands of yen)
Shares	—	—	—
Total	—	—	—

Current Consolidated Fiscal Year (December 31, 2022)

Division	Sale amount (thousands of yen)	Total gain on sale (thousands of yen)	Total loss on sale (thousands of yen)
Shares	8,610	1,230	—
Total	8,610	1,230	—

3. Impairment loss caused by securities

For the previous consolidated fiscal year, impairment of 27,977 thousand yen was made for available-for-sale securities.

For the current consolidated fiscal year, impairment of 17,405 thousand yen was made for available-for-sale securities.

If the market value of available-for-sale securities with market quotations declines by 50% or more compared to the acquisition cost at the end of the consolidated fiscal year, all such securities are written down, and in the event that the market value declines by 30% to 50%, the amount deemed necessary in consideration of the possibility of recovery of the relevant amount is written down.

In the case of impairment of unlisted stocks whose fair value is deemed extremely difficult to determine, the Company determines whether impairment is necessary by assessing the recoverability of each stock on an individual basis when its real value has declined significantly due to deterioration of its financial condition.

(Concerning Stock Options)

1. Amount and title of expense recognized for stock options

Not applicable.

2. Amount recorded as profit due to lapsed unsettled rights

	Previous Consolidated Fiscal Year (January 1, 2021 - December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 - December 31, 2022)
Gain on reversal of subscription rights to shares	14,940 thousands of yen	— thousands of yen

3. Description, scale, and changes in stock options

The Company conducted a 100-for-1 stock split on January 1, 2015, a 2-for-1 stock split on July 1, 2017, and a 3-for-1 stock split on October 1, 2019, and the following figures reflect these stock splits.

(1) Details of Stock Option

Company	Submitting Company	Submitting Company	Submitting Company
Date of resolution	May 1, 2012 Resolution by the Board of Directors First stock acquisition rights	February 1, 2013 Resolution by the Board of Directors Second stock acquisition rights	March 1, 2022 Resolution by the Board of Directors Fourth stock acquisition rights
Classification and number of persons to be issued	Company directors: 3 Company employees: 25	Company directors: 1 Company employees: 8	Company directors: 3 Company employees: 27 Subsidiary company directors: 2
Class and number of shares granted (Note 1)	Ordinary stock 1,482,600 shares	Ordinary stock 81,000 shares	Ordinary stock 720,000 shares
Date of issuance	May 2, 2012	February 4, 2013	March 18, 2022
Vesting conditions	(Note 2)	(Note 3)	(Note 4)
Subject service period	There is no fixed subject service period.	There is no fixed subject service period.	There is no fixed subject service period.
Exercise period	May 2, 2014 – May 1, 2022	February 4, 2015 – February 3, 2023	April 1, 2024 – March 31, 2032

Note 1. The number of shares is converted into the number of shares.

2. (1) The grantee of stock acquisition rights must maintain the position of director, corporate auditor, or employee of the Company at the time of exercising the rights. However, this shall not apply if the grantee has obtained the approval of the Board of Directors of the Company to exercise the rights.

(2) In the event of the death of a stock acquisition right holder, inheritance of stock acquisition rights shall not be permitted. However, this shall not apply if approved by the Board of Directors.

(3) The stock acquisition rights may be exercised from May 2, 2014 or one year from the date the shares are listed on a financial instruments exchange, whichever is later.

(4) Other conditions for exercise shall be as set forth in the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the grantee of the stock acquisition rights.

3. (1) The person who has received an allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company at the time of exercising the rights. However, this shall not apply in cases where the Board of Directors of the Company has given its approval for the right to exercise the rights.

(2) In the event of the death of a stock acquisition right holder, inheritance of stock acquisition rights shall not be permitted. However, this shall not apply if approved by the Board of Directors.

(3) The stock acquisition rights may be exercised from February 4, 2015 or one year from the date the shares are listed on a financial instruments exchange, whichever is later.

(4) Other conditions for exercise shall be as set forth in the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the grantee of the stock acquisition rights.

4. (1) Persons who have received allotment of stock acquisition rights (hereinafter referred to as "stock acquisition right holders") shall be entitled to exercise the stock acquisition rights for the fiscal years ending December 31, 2023 through December 31,

2027, in accordance with the provisions of the "Stock Acquisition Rights Allotment Agreement" concluded between the Company and the allottee of stock acquisition rights. The Company's operating income (if the Company does not prepare a consolidated statement of income, the statement of income) for the fiscal years ending December 31, 2023 through December 31, 2027 (or, if the Company does not prepare a consolidated statement of income, the statement of income) shall be the ratio set forth in ① or ② below (the "exercisable ratio"). Any fraction of less than one Stock Acquisition Right that becomes exercisable in the calculation of such exercisable ratio shall be rounded down.

① If operating income exceeds 4 billion yen in any fiscal year from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2025

Exercisable ratio: 50%

② If operating income exceeds 5 billion yen in any fiscal year from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2027

Exercisable ratio: 100%

In the event that the Board of Directors determines that it is not appropriate to use the actual figures shown in the Company's standards or an event such as a corporate acquisition that has a significant impact on the Company's performance, the Company shall exclude the impact of such a corporate acquisition within a reasonable range and use such figures for the determination. If the Board of Directors determines that it is not appropriate to decide based on the actual figures shown in the Company's consolidated statements of income, the Company may adjust the actual figures used in the determination to eliminate the effect of the acquisition, etc. to a reasonable extent. In the event that stock compensation expenses related to the Stock Acquisition Rights are recorded in the relevant consolidated statement of income, the judgment shall be made based on the operating income before deduction of stock compensation expenses, eliminating the impact of such expenses.

(2) Holders of stock acquisition rights must be directors, corporate auditors or employees of the Company or its affiliates at the time of exercising their stock acquisition rights. However, this shall not apply in the event of retirement from office due to expiration of term of office, mandatory retirement age, or when the Board of Directors recognizes other justifiable reasons.

(3) The exercise of the Stock Acquisition Rights by the heirs of the holders of the Stock Acquisition Rights shall not be permitted.

(4) If the exercise of the Stock Acquisition Rights would cause the total number of shares issued by the Company to exceed the total number of shares authorized to be issued at the time of such exercise, such Stock Acquisition Rights may not be exercised.

(5) No less than one of each Stock Acquisition Right may be exercised.

(2) Changes in the scale of stock options

Stock options that existed during the current consolidated fiscal year (ended December 31, 2022) are covered, and the number of stock options has been converted into the number of shares.

①Amount of stock options

Company name	Submitting Company	Submitting Company	Submitting Company
Date issued	May 1, 2012 Resolution by the Board of Directors First stock acquisition rights	February 1, 2013 Resolution by the Board of Directors Second stock acquisition rights	March 1, 2022 Resolution by the Board of Directors Fourth stock acquisition rights
Before vested rights (shares)			
At the end of the previous fiscal year	—	—	—
Granted	—	—	720,000
Forfeiture	—	—	—
Vested	—	—	—
Unvested balance	—	—	720,000
After vested rights (shares)			
At the end of the previous fiscal year	1,160,400	78,000	—
Vested	—	—	—
Exercise	1,154,400	76,800	—
Forfeited	6,000	—	—
Unexercised balance	—	1,200	—

② Unit price

Company name	Submitting Company	Submitting Company	Submitting Company
Date issued	May 1, 2012 Resolution by the Board of Directors First stock acquisition rights	February 1, 2013 Resolution by the Board of Directors Second stock acquisition rights	March 1, 2022 Resolution by the Board of Directors Fourth stock acquisition rights
Exercise price (yen)	170	170	1,162
Average stock price at the time of exercise (yen)	1,207	1,293	—
Fair valuation unit price at grant date (yen)	—	—	800

4. Estimation method of fair value for stock options granted in the current fiscal year

(1) Valuation technique used: Monte Carlo simulation

(2) Principal underlying values and estimation method

Stock price volatility (Note 1)	54.81%
Expected remaining life (Note 2)	10 years
Expected dividend (Note 3)	0.00%
Risk-free interest rate (Note 4)	0.219%

Note 1. Calculated based on the actual share price from March 3, 2016 to March 18, 2022.

2. The period from the allotment date to the expiration date of the exercise period.

3. The calculation is based on the actual results for the fiscal year ended December 31, 2021.

4. The yield of government bonds corresponding to the expected remaining period.

5. Estimation of the number of stock options vested

Basically, since it is difficult to reasonably estimate the number of future lapses, the Company adopts a method that reflects only the actual number of lapses.

6. Total intrinsic value of stock options as of the end of the fiscal year under review when calculated based on the intrinsic value per unit of stock options and total intrinsic value of stock options exercised during the fiscal year under review as of the date of exercise

(1) Total intrinsic value at the end of the current fiscal year

1,479 thousand yen

(2) Total intrinsic value of stock options exercised during the fiscal year at the date of exercise

1,382,851 thousand yen

(Additional Information)

(Application of the "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions")

Application of "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions (ASBJ PITF No. 36, January 12, 2018; hereinafter referred to as "PITF No. 36") For transactions in which paid stock acquisition rights with vesting conditions were granted to employees, etc. prior to the date, the accounting treatment that was previously adopted will be continued based on Practical Response Report No. 36, Paragraph 10 (3).

The Company conducted a 3-for-1 stock split on October 1, 2019, and the following figures reflect the stock split.

1. Overview of Stock Acquisition Rights with Allotted Conditions

(1) Contents of Stock Acquisition Rights with Allotted Conditions

	Third stock acquisition rights
Classification and number of persons to be granted	Company Directors: 3 people Company Employees: 155 people Subsidiary Company Employees: 5 people
Number of stock options by type of stock (Note 1)	Ordinary stocks 4,068,000 shares
Date of issuance	November 30, 2017
Vesting conditions	(Note 2)
Subject service period	There is no fixed subject service period.
Exercise period	April 1, 2019 - March 31, 2025

Note 1. The number of shares has been converted into the number of shares.

2. (1) In the event that the operating income of the Company satisfies the conditions set forth below, the holders of stock acquisition rights shall, in accordance with the satisfied conditions, receive the stock acquisition rights allocated to each holder of stock acquisition rights at the ratio set forth in each of the relevant items (hereinafter referred to as the "Exercisable Ratio").

① If operating income for the fiscal year ending December 31, 2018 exceeds 2.1 billion yen and operating income for the fiscal year ending December 31, 2019 exceeds 2.6 billion yen, the exercisable ratio is 30%.

② If operating income for the fiscal year ending December 31, 2020 exceeds 3.1 billion yen, the exercisable ratio is 30%

If both conditions ① and ② are met, the exercisable ratio shall be 60%.

③ Notwithstanding ① and ② above, if operating income for any fiscal year from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2021 exceeds 3.6 billion yen, the exercisable ratio is 100%.

In determining operating income, reference shall be made to operating income as shown in the consolidated statements of income (or statements of income if consolidated statements of income are not prepared) included in the Company's annual securities report. If there is a significant change in the concept of items to be referenced due to the application of International Financial Reporting Standards or other reasons, the Company's Board of Directors shall separately determine the indicators to be referenced. In addition, in calculating the exercisable ratio, any fraction less than one (1) in the number of Stock Acquisition Rights exercisable by each Stock Acquisition Rights Holder shall be rounded down to the nearest whole number.

(2) Notwithstanding (1) above, if the operating income for any fiscal year from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2021 falls below 1.6 billion yen, the stock acquisition right holder may not exercise the stock acquisition rights thereafter, except for the stock acquisition rights that have already become exercisable in accordance with (1) above.

(3) Holders of stock acquisition rights must be directors (excluding outside directors; hereinafter the same) or employees of the Company or employees of a subsidiary of the Company at the time of exercising their rights. However, this shall not apply in cases where the Board of Directors recognizes that the person has retired due to expiration of his/her term of office, mandatory retirement age or other justifiable reasons.

(4) Notwithstanding the provisions of (3) above, in the event of the death of the Stock Acquisition Rights Holder and the Board of Directors of the Company approves in writing the exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights Holder in consideration of various circumstances, the heirs may exercise the Stock Acquisition Rights that would have

been exercisable if the Stock Acquisition Rights Holder had been alive.

(5) Except as provided in (4) above, succession of the Stock Acquisition Rights by inheritance shall not be permitted. If the heir of a stock acquisition right holder dies, the stock acquisition rights shall not be inherited again.

(6) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed the total number of shares authorized to be issued at the time, the Stock Acquisition Rights may not be exercised.

(7) Each Stock Acquisition Right may not be exercised for less than one (1) Stock Acquisition Right.

(8) Other conditions for the exercise of rights shall be as set forth in the Stock Acquisition Rights Allotment Agreement to be executed between the Company and the grantee of the Stock Acquisition Rights.

(2) Extent and Fluctuation Status of Stock Acquisition Rights with Allotted Conditions

Stock options that existed during the current consolidated fiscal year (ended December 31, 2022) are covered, and the number of stock options has been converted into the number of shares.

The Company conducted a 3-for-1 stock split on October 1, 2019, and the following figures reflect this stock split.

① Amount of stock options

	Third stock acquisition rights
Before vested rights (shares)	
At the end of the previous consolidated fiscal year	—
Granted	—
Forfeiture	—
Vested	—
Unvested balance	—
After vested rights (shares)	
At the end of the previous fiscal year	1,146,900
Vested	—
Exercise	99,900
Forfeited	—
Unexercised balance	1,047,000

② Unit price

Exercise price (yen)	863
Average stock price at exercise (yen)	1,306

2. Overview of the Adopted Accounting Method

(Accounting treatment prior to the vesting date)

(1) The amount paid by employees for the grant of stock acquisition rights with vesting conditions is recorded as stock acquisition rights in the net assets section.

(2) The portion of the paid-in amount recognized as stock acquisition rights that corresponds to the forfeiture due to non-vested rights is recognized as income.

(Accounting treatment after the vesting date)

(1) When stock acquisition rights with vesting conditions are exercised and new shares are issued in response, the portion of the amount recorded as stock acquisition rights corresponding to the exercise of such rights shall be transferred to paid-in capital.

(2) In the event of forfeiture due to non-exercise of rights, the portion of the amount recorded as stock acquisition rights that corresponds to such forfeiture shall be recorded as income. This accounting treatment shall be made in the period in which the relevant lapse is fixed.

(Concerning Tax Effect Accounting)

1. Breakdown by cause of occurrence of deferred tax assets and deferred tax liabilities

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Deferred tax assets		
Accrued bonuses	83,135 thousands of yen	106,292 thousands of yen
Accrued enterprise tax	19,619 thousands of yen	38,092 thousands of yen
Asset adjustment account	9,947 thousands of yen	1,758 thousands of yen
Accrued social insurance premiums	10,432 thousands of yen	12,365 thousands of yen
Allowance for doubtful accounts	49,700 thousands of yen	62,048 thousands of yen
Allowance for short-term surrender losses	16,781 thousands of yen	17,031 thousands of yen
Loss on valuation of investment securities	136,535 thousands of yen	140,356 thousands of yen
Advance received	20,888 thousands of yen	25,951 thousands of yen
Accrued salaries	21,345 thousands of yen	21,073 thousands of yen
Asset retirement obligations	32,199 thousands of yen	37,055 thousands of yen
Excess depreciation	3,799 thousands of yen	36,430 thousands of yen
Excess amortization of deferred assets	6,411 thousands of yen	9,805 thousands of yen
Net operating loss carried forward for tax purposes (Note 1)	611,709 thousands of yen	332,143 thousands of yen
Impairment loss	145,847 thousands of yen	100,709 thousands of yen
Loss on valuation of merchandise	3,894 thousands of yen	4,132 thousands of yen
Other	16,154 thousands of yen	21,532 thousands of yen
Subtotal of deferred tax assets	1,188,401 thousand yen	966,781 thousands of yen
Valuation allowance for tax loss carryforwards (Note 1)	−324,870 thousands of yen	−332,143 thousands of yen
Valuation allowance for total temporary differences, etc.	−220,929 thousands of yen	−253,997 thousands of yen
Subtotal of valuation allowance	−545,799 thousands of yen	−586,140 thousands of yen
Total deferred tax assets	642,601 thousands of yen	380,640 thousands of yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	−3,738 thousands of yen	— thousands of yen
Reserve for reduction entry of fixed assets	−17,662 thousands of yen	−16,655 thousands of yen
Assets against asset retirement obligations	−6,822 thousands of yen	−7,749 thousands of yen
Total deferred tax liabilities	−28,222 thousands of yen	−24,405 thousands of yen
Net deferred tax assets	614,378 thousands of yen	356,235 thousands of yen

Note 1. Tax loss carryforwards and their deferred tax asset carryforwards by expiration

Previous Consolidated Fiscal Year (December 31, 2021)

	Under a year	Over 1 year, under 2 years	Over 2 years, under 3 years	Over 3 years, under 4 years	Over 4 years, under 5 years	Over 5 years	Total
Net operating loss carryforwards for tax purposes (a)	—	—	—	300	25,263	586,145	611,709 thousands of yen
Valuation allowance	—	—	—	−300	−25,263	−299,306	−324,870 thousands of yen
Deferred tax assets	—	—	—	—	—	286,839	(b) 286,839 thousands of yen

(a) Tax loss carried forward is the amount of tax loss carried forward multiplied by the legal effective tax rate.

(b) Deferred tax assets of 286,839 thousand yen are recognized for the tax loss carried forward of 611,709 thousand yen. The deferred tax assets related to such tax loss carryforwards are deemed collectible based on the estimated future taxable income.

Current Consolidated Fiscal Year (December 31, 2022)

	Under a year	Over 1 year, under 2 years	Over 2 years, under 3 years	Over 3 years, under 4 years	Over 4 years, under 5 years	Over 5 years	Total
Net operating loss carryforwards for tax purposes (c)	—	—	300	25,263	—	306,579	332,143 thousands of yen
Valuation allowance	—	—	−300	−25,263	—	−306,579	−332,143 thousands of yen
Deferred tax assets	—	—	—	—	—	—	— thousands of yen

(c) Tax loss carryforwards are multiplied by the statutory tax rate.

2. Significant differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting, by major cause of such differences

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Statutory effective tax rate	30.62 %	30.62 %
(Adjustment)		
Change in valuation allowance	0.96 %	1.00 %
Per capita corporate inhabitant tax	2.16 %	1.23 %
Difference in tax rates between consolidated subsidiaries	1.54 %	1.44 %
Entertainment expenses and other items not permanently deductible for income tax purposes	0.08 %	0.10 %
Tax deductions	— %	−1.98 %
Amortization of goodwill	— %	2.00 %
Other	0.05 %	−0.27 %
Effective tax rate after application of tax effect accounting	35.41 %	34.14 %

(Concerning Asset Retirement Obligations)

The Group recognizes the obligation to restore offices and other properties to their original state at the time of vacating based on real estate lease contracts as asset retirement obligations, but this information has been omitted because the total amount of such obligations is immaterial.

Instead of recording a liability, the asset retirement obligation at the end of the current fiscal year is recorded as an expense based on a reasonable estimate of the amount of the security deposit related to the real estate lease contract that is not expected to be collected in the end, and the amount that belongs to the burden of the current fiscal year.

(Notes on Revenue Recognition)

1. Information that disaggregates revenue arising from customer contracts

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022) (Unit: thousands of yen)

	Reporting segment				Other (Note 1)	Total
	GLOBAL WiFi Business	Information and Communications Services Business	Glamping/Tourism Business	Subtotal		
Data Communications	6,794,050	—	—	6,794,050	—	6,794,050
Airport Operations	4,881,025	—	—	4,881,025	—	4,881,025
OA Equipment	—	3,543,529	—	3,543,529	—	3,543,529
Mobile Communications	—	2,730,724	—	2,730,724	—	2,730,724
Internet Media	—	766,259	—	766,259	—	766,259
Broadband Lines	—	488,881	—	488,881	—	488,881
Fixed Communication Lines	—	482,486	—	482,486	—	482,486
Glamping	—	—	338,295	338,295	—	338,295
Other	1,034,783	1,548,707	—	2,583,490	186,750	2,770,241
Revenue from Customer Contracts	12,709,860	9,560,588	338,295	22,608,745	186,750	22,795,495
Other Revenues (Note 2)	1,680,090	1,012,140	—	2,692,231	—	2,692,231
Sales to External Customers	14,389,950	10,572,729	338,295	25,300,976	186,750	25,487,727

Note 1. "Other" is a business segment not included in the reportable segments and includes media business, catalog sales business, etc.
2. "Other revenues" are revenues based on accounting standards for lease transactions.

2. Basis for understanding revenues arising from contracts with customers

Information that forms the basis for understanding revenues is as described in "4. Accounting Policies (4) Basis for Recognition of Significant Revenues and Expenses".

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that exist at the end of the current fiscal year to be recognized in the following fiscal year or later

(1) Outstanding contract liabilities

(unit: thousands of yen)

Contractual Liabilities (balance at the beginning)	324,972
Contractual Liabilities (balance at the ending)	433,336

In the consolidated balance sheets, contract liabilities are included in "Other current liabilities". Contract liabilities consist primarily of advances received from customers. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current period that was included in the contract liability balance at the beginning of the period was 324,972 thousand yen.

(2) Transaction prices allocated to remaining performance obligations

The Group has no material transactions with an initially expected contract term exceeding one year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price. The practical expedient method is applied in the notes to the transaction prices allocated to the remaining performance obligations, and contracts with an initially expected term of one year or less are not included in the scope of the notes.

(Segment Information)

Segment information

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group has established business divisions by product and service, and the Sales Division, which oversees the business divisions, formulates domestic and overseas business strategies for the products and services it handles and develops business activities.

Accordingly, the Group is composed of segments by product and service and has three reportable segments: “GLOBAL WiFi Business”, “Information and Communications Service Business”, and “Glamping/Tourism Business”.

(2) Type of products and services belonging to each reportable segment

The “GLOBAL WiFi Business” includes the rental of Wi-Fi routers in Japan and overseas. The “Information and Communications Service Business” provides services such as subscription agency services for various communication services, sales of mobile communication devices, sales of office automation equipment, website production, and meeting room space rental. The “Glamping/Tourism Business” operates glamping facilities.

(3) Changes in reportable segments

The glamping/tourism business was newly added in the current consolidated fiscal year with the opening of VISION GLAMPING Resort & Spa Yamanakako and the acquisition of all shares of Koshikano Onsen Inc., making it a consolidated subsidiary.

2. Method of calculating sales, profit or loss, assets, and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Basis of Presenting Consolidated Financial Statements. Profits of reportable segments are based on operating income. Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on net sales, income or loss, assets and other items by reported segment

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

(Unit: thousands of yen)

	Reporting Segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	GLOBAL WiFi Business	Information and Communications Service Business	Total				
Sales							
Net sales to external customers	9,070,846	8,803,751	17,874,597	226,239	18,100,837	—	18,100,837
Intersegment net sales and transfers between segments	—	895	895	9,105	10,000	−10,000	—
Total	9,070,846	8,804,646	17,875,492	235,345	18,110,837	−10,000	18,100,837
Segment Profit or Loss (-)	1,033,511	1,116,461	2,149,973	−94,146	2,055,826	−950,789	1,105,037
Segment Assets	2,275,503	4,251,406	6,526,910	412,534	6,939,445	7,992,716	14,932,162
Other items							
Depreciation	40,978	47,257	88,235	4,906	93,142	24,396	117,538
Amortization of goodwill	—	19,869	19,869	—	19,869	—	19,869
Increase in property, plant and equipment and intangible	96,004	158,928	254,933	42,075	297,008	1,862	298,871

assets							

Note 1. "Other" is a business segment that is not included in the reportable segments and includes the hired time-sharing service business, media business, and catalog sales business.

2. The details of adjustments are as follows.

(1) The adjustment of segment income of -950,789 thousand yen is corporate expenses that are not allocated to each reportable segment and is mainly general administrative expenses that do not belong to any reportable segment.

(2) The adjustment of segment assets of 7,992,716 thousand yen is corporate assets that are not allocated to each reportable segment, and mainly consist of cash and deposits that do not belong to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated financial statements.

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

(Unit: thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	GLOBAL WiFi Business	Information and Communications Service Business	Glamping/ Tourism Business	Total				
Sales								
Net sales to external customers	14,389,950	10,572,729	338,295	25,300,976	186,750	25,487,727	—	25,487,727
Intersegment net sales and transfers between segments	—	42,343	1,885	44,228	10,902	55,131	−55,131	—
Total	14,389,950	10,615,073	340,181	25,345,205	197,652	25,542,858	−55,131	25,487,727
Segment Profit or Loss (-)	3,078,378	765,747	−122,953	3,721,172	−119,844	3,601,327	−1,186,761	2,414,565
Segment Assets	3,538,859	4,645,863	1,627,283	9,812,007	403,012	10,215,019	7,736,531	17,951,550
Other items								
Depreciation	117,169	63,598	38,291	219,060	3,695	222,755	19,034	241,790
Amortization of goodwill	4,542	179,617	—	184,160	—	184,160	—	184,160
Increase in property, plant and equipment and intangible assets	221,819	66,146	1,086,647	1,374,614	—	1,374,614	85,775	1,460,390

Note 1. "Other" is a business segment that is not included in the reportable segments and includes the media business and catalog sales business.

2. The details of adjustments are as follows.

(1) The adjustment of segment income of −1,186,761 thousand yen is corporate expenses that are not allocated to each reportable segment and is mainly general administrative expenses that do not belong to any reportable segment.

(2) The adjustment of segment assets of 7,736,531 thousand yen is corporate assets that are not allocated to each reportable segment, and mainly consist of cash and deposits that do not belong to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated financial statements.

Related Information

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

1. Information by product and service

Information by product and service has been omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3. Important Client Information

(Unit: thousands of yen)

Client name	Sales	Related segment
Members Mobile Inc.	3,200,069	Information and Communications Service Business

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

1. Information by product and service

Information by product and service has been omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3.Important Client Information

(Unit: thousands of yen)

Client name	Sales	Related segment
Members Mobile Inc.	3,320,376	Information and Communications Service Business
Narita Airport Quarantine Office	2,706,749	GLOBAL WiFi Business

Information on Impairment Losses on Fixed Assets by Reporting Segment

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

Not applicable.

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

Not applicable.

Information on amortization and unamortized balance of goodwill by reporting segment

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

	Reporting Segments			Other	Adjustment	Total
	GLOBAL WiFi Business	Information and Communications Service Business	Total			
Balance at the end of the period	17,000	1,315,425	1,332,425	—	—	1,332,425

Note: Information on amortization of goodwill is omitted because the same information is disclosed in the segment information.

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

	Reporting Segments				Other	Adjustment	Total
	GLOBAL WiFi Business	Information and Communications Service Business	Glamping/Tourism Business	Total			

Balance at the end of the period	14,444	1,144,702	–	1,159,147	–	–	1,159,147

Note: Information on amortization of goodwill is omitted because the same information is disclosed in the segment information.

Information on gain on negative goodwill by reportable segment

Not applicable.

Information on Related Parties

1. Transactions with related parties

(1) Transactions between the company submitting the consolidated financial statements and related parties

① Unconsolidated subsidiaries and affiliates of companies submitting consolidated financial statements

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

Type	Name	Location	Capital or investment (thousands of yen)	Business description	Percentage of held voting rights (%)	Relationship with related parties	Transaction details	Transaction amount (thousands of yen)	Account	Balance at end of term (thousands of yen)
Unconsolidated Subsidiary	Koshikano Onsen	Kirishima City, Kagoshima	53,880	Glamping Business	None	Loan of funds	Loan of funds Receipt of interest	300,000 552	Long-term loans receivable from affiliates	300,000

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

Not applicable.

② Directors and major shareholders (limited to individuals) of the company submitting the consolidated financial statements

Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)

Not applicable.

Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)

Type	Name	Location	Capital or investment (thousands of yen)	Occupation	Percentage of held voting rights (%)	Relationship with related parties	Transactions details	Transaction amount (thousand yen)	Account	Balance at end of term (thousands of yen)
Director	Kenichi Sano	–	–	President and Representative Director of the Company	(Ownership) Direct 23.5	–	Exercise of stock options (Note 1) Loan of funds Collection of funds	174,522 500,000 500,000	– – –	– – –
Director	Shinichi Nakamoto	–	–	Director of the Company	(Ownership) Direct 0.6	–	Exercise of stock options (Note 1)	46,890	–	–

Note 1. The table shows the exercise of stock options granted based on the resolution of the General Meeting of Shareholders of the Company during the fiscal year under review. The "Transaction amount" column indicates the amount obtained by multiplying the number of shares granted upon exercise of stock option rights in the current fiscal year by the amount to be paid in.

2. Transaction terms and policy for determining transaction terms

Applicable interest rates for loans are determined by reference to prevailing market prices and market interest rates.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Directors and major shareholders of significant subsidiaries of the company submitting the consolidated financial statements

Previous Consolidated Fiscal Year (January 1, 2021 through December 31, 2021)

Type	Name	Location	Capital or investment (thousands of yen)	Occupation	Percentage of held voting rights (%)	Relationship with related parties	Transaction details	Transaction amount (thousand yen)	Account	Balance at end of term (thousands of yen)
Subsidiary Director	Kunihito Nakano	—	—	Representative Director of Subsidiary Company	(Ownership) Direct 0.3	Financing Dept Coverage	Financing	—	Short-term debt	25,000
							Guarantee of bank loans (Note 1)	511,723	—	—
							Guarantee of lease contracts (Note 2)	102,555	—	—

Note 1. The Company guarantees borrowings from financial institutions. The transaction amount is the balance of guaranteed liabilities at the end of the fiscal year. No guaranteed fee is paid.

2. The Company has received debt guarantees for the rent of its head office and other properties. The transaction amount is the annual rent of the property for which the Company has received a debt guarantee. No guaranteed fee is paid.

Current Consolidated Fiscal Year (January 1, 2022 through December 31, 2022)

Type	Name	Location	Capital or investment (thousands of yen)	Occupation	Percentage of held voting rights (%)	Relationship with related parties	Transaction details	Transaction amount (thousands of yen)	Account	Balance at end of term (thousands of yen)
Subsidiary Director	Kunihito Nakano	—	—	Representative Director of Subsidiary Company	(Ownership) Direct 0.3	Financing Dept Coverage	Repayment of funds	25,000	—	—
							Guarantee of bank loans (Note 1)	422,969	—	—
							Guarantee of lease contracts (Note 2)	131,759	—	—

Note 1. The Company guarantees borrowings from financial institutions. The transaction amount is the balance of guaranteed liabilities at the end of the fiscal year. No guaranteed fee is paid.

2. The Company has received debt guarantees for the rent of its head office and other properties. The transaction amount is the annual rent of the property for which the Company has received a debt guarantee. No guaranteed fee is paid.

2. Notes on Parent Company and Significant Affiliates

Not applicable.

(Information per Share)

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Net assets per share	212.52 yen	245.75 yen
Net income per share	15.47 yen	31.96 yen
Diluted net income per share	15.03 yen	31.51 yen

Note: Basis for calculation of net income per share and diluted net income per share is as follows.

	Previous Consolidated Fiscal Year (January 1, 2021 – December 31, 2021)	Current Consolidated Fiscal Year (January 1, 2022 – December 31, 2022)
Net income per share		
Net income attributable to owners of the parent (thousand yen)	729,129	1,548,610
Amount not attributable to common shareholders (thousand yen)	―	―
Net income attributable to shareholders of the parent company related to common stock (thousands of yen)	729,129	1,548,610
Average number of shares of common stock during the period (stock)	47,138,222	48,461,177
Diluted net income per share		
Adjustment of net income attributable to owners of the parent (thousands of yen)	―	―
Increase in common stock (shares)	1,389,372	678,083
(of which stock acquisition rights (shares))	(1,389,372)	(678,083)
Summary of potential stock not included in the calculation of diluted net income per share due to the absence of dilutive effects	All stock acquisition rights (2,801,400 shares of common stock) pursuant to the resolution of the Board of Directors on November 13, 2017 were extinguished as of March 29, 2021 after it was determined that the exercise conditions were not met.	Stock acquisition rights (720,000 shares of common stock) pursuant to a resolution of the Board of Directors on March 1, 2022

(Significant subsequent events)

Not applicable.

⑤ Consolidated Supplementary Schedule

Schedule of Company Bonds

Not applicable.

Schedule of Borrowings

Segment	Balance at the beginning of the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	50,000	—	—	—
Long-term debt due within one year	89,002	120,097	1.57	—
Lease obligations due within one year	15,088	12,977	1.31	—
Long-term debt (excluding current portion)	733,904	847,078	1.56	May 2035
Lease obligations (excluding current portion)	14,294	1,317	1.31	May 2024
Other interest-bearing liabilities	—	—	—	—
Total	902,288	981,470	—	—

Note 1. "Average interest rate" is the weighted average interest rate for the balance of borrowings at the end of the fiscal year.

2. Total amount of lease obligations (excluding current portion) to be repaid per year within 5 years after the consolidated settlement date.

Segment	Over 1 year under 2 years (thousands of yen)	Over 2 years under 3 years (thousands of yen)	Over 3 years under 4 years (thousands of yen)	Over 4 years under 5 years (thousands of yen)
Long-term debt	128,926	128,380	100,367	73,754
Lease obligation	1,317	—	—	—

Schedule of Asset Retirement Obligations

This information is omitted because the amount of asset retirement obligations at the beginning and end of the current consolidated fiscal year is less than 1% of the total liabilities and net assets at the beginning and end of the current consolidated fiscal year.

(2) Other

① Quarterly information for the current consolidated fiscal year

(Cumulative Period)		First Quarter	Second Quarter	Third Quarter	Current Consolidated Fiscal Year
Net sales	(thousands of yen)	5,609,090	11,628,833	18,478,002	25,487,727
Quarterly (current) net income before tax adjustment	(thousands of yen)	406,154	920,420	1,941,691	2,357,315
Quarterly (current) net income attributable to owners of parent	(thousands of yen)	245,908	566,263	1,270,543	1,548,610
Quarterly (current) net income per share	(yen)	5.16	11.78	26.29	31.96

(Accounting Period)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net income per share	(yen)	5.16	6.61	14.42	5.69

② Litigation

The Company has been sued by Okura Co., Ltd., a supplier, over the cancellation of a hygiene products purchase due to nonconformity of the product contract and delay in delivery, which is a predetermined reason for cancellation.

The Company has determined that the cancellation is appropriate, claimed our legitimacy in court, and are in dispute in Tokyo District Court.

2. Financial Statements, etc.

(1) Financial Statements

① Balance Sheet

(Unit: thousands of yen)

	Previous Fiscal Year As of December 31, 2021	Current Fiscal Year As of December 31, 2022
Assets		
Current assets		
Cash and deposits	6,101,981	6,165,387
Account receivable	*1 1,944,223	*1 3,346,749
Leased investment assets	15,088	12,977
Products	196,531	212,411
Supplies	5,324	15,906
Advance payment	217,259	213,275
Prepaid expenses	119,054	108,536
Short-term loans receivable from subsidiaries and affiliates	－	81,721
Other	*1 272,884	*1 336,024
Allowance for doubtful accounts	−53,614	−99,065
Total current assets	8,818,733	10,393,925
Fixed assets		
Tangible fixed assets		
Buildings	209,562	758,245
Structures	6,731	111,603
Machinery and equipment	10,338	107,355
Vehicles	0	661
Tools, equipment, and fixtures	24,973	77,897
Rental assets	26,280	127,853
Land	35,289	309,710
Construction in progress	31,155	30,019
Total tangible fixed assets	344,331	1,523,346
Intangible fixed assets		
Software	132,464	100,522
Total intangible fixed assets	132,464	100,522
Investments and other assets		
Investment securities	213,137	160,259
Affiliated company stock	863,584	941,821
Capital	3,412	3,327
Long-term loan	19,006	3,915
Affiliated company long-term loan	635,450	685,450
Lease investment assets	14,294	1,317
Bankruptcy rehabilitation claims	17,106	18,675
Long-term prepaid expenses	3,780	12,109
Deferred tax asset	558,826	301,040
Other	*1 709,696	*1 749,849
Allowance for doubtful accounts	−78,853	−80,706
Total investments and other assets	2,959,443	2,797,060
Total fixed assets	3,436,239	4,420,929
Total assets	12,254,973	14,814,855

(Unit: thousands of yen)

	Previous Fiscal Year As of December 31, 2021	Current Fiscal Year As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	*1 854,509	*1 763,576
Lease obligations	15,088	12,977
Accounts payable – not trade	*1 1,320,199	*1 2,027,403
Accrued expenses	80,513	89,672
Income taxes payable	128,221	419,364
Advances received	174,926	—
Contractual liabilities	—	228,015
Deposits received	*1 337,562	*1 339,039
Allowance for bonuses	251,409	291,042
Allowance for short-term cancellation refunds	43,484	—
Other	258,240	51,577
Total current liabilities	3,464,153	4,222,670
Fixed liabilities		
Lease obligations	14,294	1,317
Other	5,235	16,714
Total fixed liabilities	19,530	18,031
Total liabilities	3,483,683	4,240,701
Net assets		
Shareholders' equity		
Capital	2,387,915	2,535,941
Capital surplus		
Capital reserve	2,205,914	2,353,939
Other capital surplus	248,116	248,116
Total capital surplus	2,454,031	2,602,056
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	40,020	37,738
Retained earnings brought forward	5,741,000	7,264,239
Total retained earnings	5,781,020	7,301,978
Treasury stock	−1,862,904	-1,862,967
Total shareholders' equity	8,760,063	10,577,007
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities, net of taxes	5,109	−14,198
Total valuation and translation adjustments	5,109	−14,198
Stock acquisition rights	6,116	11,344
Total net assets	8,771,289	10,574,153
Total liabilities and net assets	12,254,973	14,814,855

② Profit and Loss Statement

(Unit: thousands of yen)

	Previous Fiscal Year (January 1, 2021 – December 31, 2021)	Current Fiscal Year (January 1, 2022 – December 31, 2022)
Net sales	*1 16,964,191	*1 22,782,562
Cost of sales	*1 8,842,208	*1 11,712,095
Gross profit	8,121,983	11,070,466
Selling, general, and administrative expenses	*1,*2 7,334,484	*1,*2 8,904,948
Operating profit	787,499	2,165,518
Non-operating income		
Interest income	*1 5,336	*1 15,484
Dividends earned	4,615	4,615
Profit on currency exchange	25,132	—
Subsidy income	*1 45,363	*1 46,547
Other	8,408	5,528
Total non-operating income	88,857	72,174
Non-operating expenses		
Interest expense	5	—
Foreign exchange loss	—	6,493
Consumption tax difference	1,026	1,431
Provision for allowance for doubtful accounts	*1 3,342	—
Commission fee paid	5,953	—
Other	1,530	603
Total non-operating expenses	11,857	8,528
Ordinary income	864,499	2,229,164
Extraordinary income		
Gain on reversal of subscription rights to shares	14,940	—
Gain on sales of fixed assets	623	274
Gain on sales of investment securities	—	1,230
Total extraordinary income	15,563	1,504
Extraordinary loss		
Loss on retirement of fixed assets	8,309	3,432
Loss on valuation of investment securities	27,977	17,405
Headquarters relocation costs	—	19,718
Total extraordinary loss	36,287	40,555
Income before income taxes and minority interests	843,776	2,190,112
Corporate, resident, and business taxes	84,318	402,585
Deferred income tax	211,286	266,569
Total income taxes	295,604	669,155
Net income	548,171	1,520,957

Cost of Sales Statement

		Previous Fiscal Year (January 1, 2021 – December 31, 2021)		Current Fiscal Year (January 1, 2022 – December 31, 2022)	
Segment	Notes	Cost (thousands of yen)	Ratio (%)	Cost (thousands of yen)	Ratio (%)
I. Original sales price					
Commodity inventory at the beginning of the period		113,161		196,531	
Current product revenue		4,871,064		5,517,972	
Subtotal		4,984,225		5,714,504	
End of the period		196,531		212,411	
Original sales price		4,787,693	54.1	5,502,093	47.0
II. Labor costs		232,290	2.6	212,155	1.8
III. Expenses	*	3,822,224	43.2	5,997,846	51.2
Cost of sales		8,842,208	100.0	11,712,095	100.0

Note *: The main breakdown of expenses is as follows.

Segment	Previous Fiscal Year (January 1, 2021 – December 31, 2021)	Current Fiscal Year (January 1, 2022 – December 31, 2022)
Outsourcing cost (thousands of yen)	3,599,761	5,644,043

③ Statement of Changes in Consolidated Shareholders' Equity

Previous Fiscal Period (January 1, 2021 through December 31, 2021)

(Unit: thousands of yen)

	Shareholders' Equity						
	Capital stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	
Balance at the beginning of the period	2,363,785	2,181,783	214,460	2,396,243	42,303	5,190,546	5,232,849
Variation amount for the period							
Issuance of new shares (exercise of subscription rights to shares)	24,130	24,130		24,130			
Reversal of reserve for reduction of fixed assets					−2,282	2,282	―
Net income						548,171	548,171
Acquisition of treasury stock							
Increase due to stock issuance			33,656	33,656			
Net changes of items other than shareholders' equity							
Total variation during the period	24,130	24,130	33,656	57,787	−2,282	550,453	548,171
Balance at the end of the current period	2,387,915	2,205,914	248,116	2,454,031	40,020	5,741,000	5,781,020

	Shareholders' equity		Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of the period	−2,416,784	7,576,093	47,618	−721	46,897	21,344	7,644,334
Variation amount for the period							
Issuance of new shares (exercise of subscription rights to shares)		48,261					48,261
Reversal of reserve for reduction of fixed assets		―					―
Net income		548,171					548,171
Acquisition of treasury stock	−57	−57					−57
Increase due to stock issuance	553,937	587,594					587,594
Net changes of items other than shareholders' equity			−42,508	721	−41,787	−15,227	−57,014
Total variation during the period	553,880	1,183,970	−42,508	721	−41,787	−15,227	1,126,955
Balance at the end of the period	−1,862,904	8,760,063	5,109	―	5,109	6,116	8,771,289

Current Fiscal Period (January 1, 2022 through December 31, 2022)

(Unit: thousands of yen)

	Shareholders' Equity						
	Capital	Capital surplus			Retained earnings		
					Other retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	2,387,915	2,205,914	248,116	2,454,031	40,020	5,741,000	5,781,020
Variation for the period							
Issuance of new shares (exercise of subscription rights to shares)	148,025	148,025		148,025			
Reversal of reserve for reduction of fixed assets					−2,282	2,282	—
Net income						1,520,957	1,520,957
Acquisition of treasury stock							
Net changes of items other than shareholders' equity							
Total variation during the period	148,025	148,025	—	148,025	−2,282	1,523,239	1,520,957
Balance at the end of the period	2,535,941	2,353,939	248,116	2,602,056	37,738	7,264,239	7,301,978

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the period	−1,862,904	8,760,063	5,109	5,109	6,116	8,771,289
Variation for the period						
Issuance of new shares (exercise of subscription rights to shares)		296,050				296,050
Reversal of reserve for reduction of fixed assets		—				—
Net income		1,520,957				1,520,957
Acquisition of treasury stock	−63	−63				−63
Net changes of items other than shareholders' equity			−19,308	−19,308	5,227	−14,081
Total variation during the period	−63	1,816,944	−19,308	−19,308	5,227	1,802,863
Balance at the end of the period	−1,862,967	10,577,007	−14,198	−14,198	11,344	10,574,153

Notes

(Important Accounting Policies)

1. Securities valuation standards and methods for securities

(1) Stocks of subsidiaries and affiliates

Stated at cost using the moving average method

(2) Other marketable securities

Securities with market value

Market value method (Unrealized gains and losses are reported in a separate component of net assets and the cost of securities sold is determined by the moving average method.)

Securities where a market value is unavailable

Stated at cost using the moving average method

2. Valuation standards and methods for inventories

Merchandise and supplies

Stated at cost using the first-in, first-out method (method of reducing book value when the contribution of inventories to profitability declines)

3. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

The declining-balance method is adopted. However, for buildings (excluding facilities attached to buildings), rental assets, and facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is used.

The main lifespans are as follows:

Buildings	3 – 50 years
Structures	10 – 45 years
Machines and equipment	10 – 17 years
Vehicles	2 years
Tools, equipment, and fixtures	2 – 16 years
Rental assets	2 years

(2) Intangible fixed assets

The straight-line method is adopted.

Software for internal use is amortized over the estimated useful life (5 years).

(3) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied, where the lease period is set as the useful life and the residual value is set at zero.

4. Accounting standards for allowances

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amounts determined by reference to specific doubtful receivables.

(2) Reserve for bonuses

To provide for the payment of bonuses to employees, an allowance is provided based on the estimated amount to be paid in the current fiscal year.

5. Basis for recording significant revenues and expenses

The following is a description of the main performance obligations in the Company's principal business relating to revenue from contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized).

(1) GLOBAL WiFi

The GLOBAL WiFi business mainly rents router terminals for mobile data communication. The Company is obligated to provide communication services during the rental period based on the contract and recognizes revenue upon satisfaction of the performance obligation for the rental period. Lease revenue included in rentals is recognized in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

In addition, contracted airport services represent sales of services related to quarantine procedures at airport quarantine stations upon entry into Japan. The Company is obligated to provide services to customers based on service contracts entered into with them and recognizes revenue when such performance obligations are satisfied because the performance obligations are fulfilled by the provision of services.

The consideration for these services is generally received within one month, and the amount of consideration does not include a significant financial component.

(2) Information and Communications Service

The Information and Communications Service business, which includes brokering of communication lines, sales of devices and network equipment, and production of websites, is obligated to provide goods and services to customers based on service provision contracts concluded with them, and the main performance obligation is satisfied by delivery of deliverables or provision of services. The Company recognizes revenue when these obligations are satisfied by the delivery of deliverables or provision of services. The consideration for these services and goods provided is generally received within one month, and the amount of consideration does not include a significant financial component.

In addition, in the case of telecommunication line agency services, the Company recognizes as a refund liability the estimated amount of refunds to be received when a customer cancels the telecommunication line within a short period of time.

(3) Glamping and Tourism business

The glamping and tourism business provides services incidental to glamping facilities, and revenue is recognized when the customer obtains control over the goods or services at the time of delivery and the Group's performance obligations are satisfied. The consideration for these services is generally received within one month and does not include any significant financial component.

6. Standards for converting foreign currency denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the balance sheet date.

(Critical Accounting Estimates)

The following is a list of items for which an accounting estimate has been recorded in the financial statements for the current fiscal year and which may have a significant effect on the financial statements for the following fiscal year.

Valuation of Shares of Affiliated Company (Adval Corp.)

(1) Amount recorded in the financial statements for the current fiscal year

(Unit: thousand yen)

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Shares of affiliates	863,584	941,821

(2) Information on significant accounting estimates related to identified items

The Company acquired shares of Adval Corp. in the current fiscal year and recorded 581,860 thousand yen of stocks of affiliated companies on the balance sheet, and the acquisition price includes the portion of excess earning capacity evaluated.

The necessity of impairment of stocks of subsidiaries and affiliates is determined by comparing the acquisition cost with the actual value, and in the event of a significant decline in the actual value, impairment is recognized unless the possibility of recovery can be supported by sufficient evidence.

Significant estimates in the valuation of stocks of subsidiaries and affiliates include excess earning capacity based on the issuing company's business plan, etc. The key assumptions used are described in "Notes (Significant Accounting Estimates) 1. Valuation of Goodwill Recognized upon the Acquisition of Shares of Adval Corp.

If the major assumptions used in the estimates need to be revised due to changes in the economic environment or other factors, it may have a significant impact on the number of shares of affiliated companies in the next fiscal year.

(Notes on 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 “revenue accounting standard”) was adopted from the beginning 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 has been transferred to the customer.

The Company followed the transitional treatment prescribed in Paragraph 84 of the revenue accounting standard, and the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year was added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy was applied from such beginning balance. As a result, there is no effect on the balance of retained earnings at the beginning of the current fiscal year. The adoption of the new accounting standard did not have a material impact on the consolidated financial statements.

Due to the application of the revenue accounting standard, “advances received”, which was included in “current liabilities” in the consolidated balance sheet in the previous consolidated fiscal year, is now included in “contract liabilities” from the current consolidated fiscal year. Also, “provision for short-term cancellation refunds”, which was included in “current liabilities” has changed the method of recognizing “refundable liabilities” from the current fiscal year and is now included in “other”.

However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation.

(Application of Accounting Standard for Measurement of Market Value)

The Company applied “Accounting Standard for Market Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “market value accounting standard”), from the beginning of the current fiscal year. The new accounting policy stipulated by the market value accounting standard will be applied prospectively from the beginning of the current fiscal year, in accordance with the transitional treatment stipulated in paragraph 19 of the market value accounting standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the consolidated financial statements.

(Notes on Changes in Presentation Methods)

(Non-Consolidated Income Statement)

“Consumption tax difference” (1,026 thousand yen), which was included in “Other” under “Non-operating income” in the previous fiscal year, is stated separately in the current fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, 2,556 thousand yen presented as “Other” in “Non-operating expenses” in the profit and loss statement for the previous fiscal year has been reclassified as “Consumption tax difference” of 1,026 thousand yen and “Other” of 1,530 thousand yen.

(Additional Information)

(Application of the "Treatment of Transactions Granting Stock Acquisition Rights with Vesting Conditions to Employees, etc." (Practical Issues Task Force No. 36)

For transactions in which stock acquisition rights with vesting conditions were granted to employees, etc. prior to the date of application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Practical Issues Task Force No. 36, issued on January 12, 2018), the accounting treatment previously applied is continued in accordance with Paragraph 10 (3).

For an overview of stock acquisition rights with vesting conditions and the accounting treatment used, please refer to “Item 5. (1) Notes on Consolidating Financial Statements (Related to Stock Options)”.

(Balance Sheet Related)

*1. Monetary claims and liabilities to subsidiaries and affiliates (excluding those presented separately)

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Short-term monetary claims	336,261 thousands of yen	159,302 thousands of yen
Long-term monetary claims	4,800 thousands of yen	4,800 thousands of yen
Short-term monetary liabilities	352,985 thousands of yen	399,138 thousands of yen

*2. Overdraft agreement

The Company has entered into overdraft and commitment line agreements with two banks for the purpose of efficient procurement of working capital.

The following table shows the balance of unused lines of credit related to overdraft and commitment line agreements at the end of the fiscal year.

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Total amount of overdrafts and loan commitment agreements	3,700,000 thousands of yen	3,700,000 thousands of yen
Balance of borrowings	— thousands of yen	— thousands of yen
Net amount	3,700,000 thousands of yen	3,700,000 thousands of yen

(Profit and Loss Statement Related)

*1. Transactions with subsidiaries and affiliates

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Operating transactions		
Net sales	3,250,837 thousands of yen	248,532 thousands of yen
Purchases	546,090 thousands of yen	874,016 thousands of yen
Other operating transactions	225,188 thousands of yen	266,146 thousands of yen
Transactions other than operating transactions	51,370 thousands of yen	60,964 thousands of yen

*2. The major items and amounts of selling, general and administrative expenses and their approximate percentages are as follows.

	Previous Fiscal Year (January 1, 2021 – December 31, 2021)	Current Fiscal Year (January 1, 2022 – December 31, 2022)
Salaries and allowances	2,053,928 thousands of yen	2,108,977 thousands of yen
Sales promotion expenses	966,741 thousands of yen	1,449,826 thousands of yen
Commissions paid	984,167 thousands of yen	1,315,872 thousands of yen
Depreciation and amortization	61,060 thousands of yen	55,676 thousands of yen
Provision of allowance for doubtful accounts	43,962 thousands of yen	64,266 thousands of yen
Provision for bonuses	236,149 thousands of yen	276,452 thousands of yen
Approximate percentage		
Selling expenses	36%	39%
General and administrative expenses	64%	61%

(Securities)

The market value of stocks of subsidiaries is not stated because the stocks of subsidiaries have no market price, etc. The carrying amounts of subsidiary stocks of non-marketable stocks, etc. on the balance sheets are as follows.

(unit: thousands of yen)

Segment	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Subsidiary Stock	863,584	941,821

(Income Tax Allocation)

1. Breakdown by cause of occurrence of deferred tax assets and deferred tax liabilities

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Deferred Tax Assets		
Allowance for bonuses	76,981 thousands of yen	89,117 thousands of yen
Accrued enterprise tax	15,809 thousands of yen	31,377 thousands of yen
Accrued social insurance premiums	9,580 thousands of yen	11,064 thousands of yen
Loss on valuation of investment securities	134,856 thousands of yen	138,626 thousands of yen
Loss on valuation of stocks of subsidiaries and affiliates	17,605 thousands of yen	17,605 thousands of yen
Allowance for doubtful accounts	40,564 thousands of yen	55,046 thousands of yen
Allowance for short-term cancellation refunds	13,314 thousands of yen	13,919 thousands of yen
Accrued salaries	19,406 thousands of yen	19,010 thousands of yen
Asset retirement obligations	11,779 thousands of yen	16,412 thousands of yen
Excess depreciation	3,709 thousands of yen	30,741 thousands of yen
Excess amortization of deferred assets	6,397 thousands of yen	9,791 thousands of yen
Loss carried forward	286,839 thousands of yen	— thousands of yen
Loss on valuation of merchandise	3,894 thousands of yen	4,119 thousands of yen
Loss on impairment of fixed assets	145,847 thousands of yen	100,709 thousands of yen
Other	11,349 thousands of yen	21,405 thousands of yen
Subtotal of deferred tax assets	797,936 thousands of yen	558,948 thousands of yen
Valuation allowance for net operating loss carryforwards for tax purposes	— thousands of yen	— thousands of yen
Valuation allowance for total future deductible temporary differences, etc.	−217,709 thousands of yen	−241,253 thousands of yen
Subtotal of valuation allowance	−217,709 thousands of yen	−241,253 thousands of yen
Total deferred tax assets	580,227 thousands of yen	317,695 thousands of yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities		
Deferred gains or losses on hedges	−3,738 thousands of yen	— thousands of yen
Reserve for advanced depreciation of fixed assets	−17,662 thousands of yen	−16,655 thousands of yen
Total deferred tax liabilities	−21,400 thousands of yen	−16,655 thousands of yen
Net deferred tax assets	558,826 thousands of yen	301,040thousands of yen

2. Significant differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting, by major cause of such differences

	Previous Fiscal Year (December 31, 2021)	Current Fiscal Year (December 31, 2022)
Statutory effective tax rate	30.62 %	— %
(Adjustment)		
Change in valuation allowance	1.39 %	— %
Per capita corporate inhabitant tax	2.82 %	— %
Entertainment expenses and other items not permanently deductible for income tax purposes	0.09 %	— %
Other	0.11 %	— %
Effective tax rate after application of tax effect accounting	35.03 %	— %

Note: For the fiscal year under review, the difference between the statutory tax rate and the effective tax rate after the application of tax effect accounting is less than 5/100 of the statutory tax rate, so notes are omitted.

(Revenue Recognition)

Notes have been omitted because the information that forms the basis for understanding revenue from contracts with customers is identical to the information presented in the “Notes (Revenue Recognition)” section of the consolidated financial statements.

(Significant subsequent events)

There are no applicable items.

④ Supplementary Statements

Statement of Tangible and Intangible Fixed Assets

(Unit: thousands of yen)

Segment	Assets	Balance at the beginning of the period	Increase during the period	Decrease during the period	Amortization	Balance at the end of the period	Accumulated depreciation and amortization
Tangible Fixed Assets	Buildings	209,562	*1, *3 565,586	1,676	15,227	758,245	102,972
	Structures	6,731	*1 106,378	—	1,506	111,603	3,666
	Machinery and equipment	10,338	*1 99,901	—	2,884	107,355	7,126
	Vehicles	0	721	—	60	661	1,452
	Tools, equipment, and fixtures	24,973	*1, *3 65,327	236	12,167	77,897	176,066
	Rental assets	26,280	*2 165,055	2,453	61,028	127,853	1,351,817
	Land	35,289	*1 274,420	—	—	309,710	—
	Buildings in progress	31,155	—	1,135	—	30,019	—
	Total	344,331	1,277,392	5,502	92,874	1,523,346	1,643,101
Intangible Fixed Assets	Software	132,464	11,061	362	42,641	100,522	372,771
	Total	132,464	11,061	362	42,641	100,522	372,771

Note: The increase in the current period is mainly due to the following.

*1. Facilities for glamping business

Buildings	509,898 thousand yen
Structures	106,378 thousand yen
Machinery and equipment	99,901 thousand yen
Tools, equipment, and fixtures	28,840 thousand yen
Land	274,420 thousand yen

*2. Acquisition of rental mobile WiFi routers

Rental assets	165,055 thousand yen

*3. Headquarters

Building	54,630 thousand yen
Tools, equipment, and fixtures	26,867 thousand yen

Statement of Provisions

(unit: thousands of yen)

Subject	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Allowance for doubtful accounts	132,467	64,266	16,963	179,771
Allowance for bonuses	251,409	291,042	251,409	291,042

(2) Contents of Main Assets and Liabilities

Since consolidated financial statements have been prepared, the contents are omitted.

(3) Other

Litigation

The Company has been sued by Okura Co., Ltd., a supplier, over the cancellation of a hygiene products purchase due to nonconformity of the product contract and delay in delivery, which is a predetermined reason for cancellation.

The Company has determined that the cancellation is appropriate, claimed our legitimacy in court, and are in dispute in Tokyo District Court.

Item 6: Overview of Stock Matters of the Submitting Company

Fiscal Year	Every year from January 1 until December 31
Ordinary General Meeting of Shareholders	Within 3 months of the day after the end of every business year
Reference Date	Annually on December 31
Distribution Date of Dividends from Surplus	Every year on December 31, June 30
Number of Shares Per Unit	100 shares
Purchase of Shares Less Than One Unit	
Handling Location	1 Chome-3-3 Marunouchi, Chiyoda City, Tokyo Mizuho Trust & Banking Co., Ltd. Mizuho Trust Bank Headquarters
Shareholder List Administrator	1 Chome-3-3 Marunouchi, Chiyoda City, Tokyo Mizuho Trust & Banking Co., Ltd.
Agency	-
Purchasing Fee	Amount independently determined as the amount equivalent to the commission earned from stock trading
Method of Posting a Public Notice	Public notices will be posted electronically. However, if it is not possible to make an electronic public notice due to an accident or other unavoidable reasons, it will be posted in the Nikkei Newspaper. URL of public notices: https://www.vision-net.co.jp/
Benefits for Shareholders	Not applicable.

Note: The Articles of Incorporation stipulate that the shareholders of the Company may not exercise any rights other than the following rights with respect to held shares less than one unit.

(1) Rights listed in Article 189-2 of the Companies Act

(2) Right to request pursuant to the provisions of Article 166-1 of the Companies Act

(3) Right to receive allotment of shares and stock acquisition rights based on the number of shares held by shareholders.

(4) The right to request the sale of the number of shares that, combined with the number of shares constituting less than one unit held by the shareholder, will constitute one unit of shares.

Item 7: Reference Information of Submitting Company

1. Information on the Parent Company of the Submitting Company

We do not have a parent company as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The following documents have been submitted between the start date of the current fiscal year and the submission date of the securities report.

(1) Annual Securities Report and Attachments and Confirmation Statement

FY2021 (January 1, 2021 to December 31, 2021) was submitted to the Director-General of the Kanto Local Finance Bureau on March 31, 2022.

(2) Internal control report and attached documents

Submitted to the Kanto Local Finance Bureau on March 31, 2022

(3) Quarterly Report and Written Confirmation

1Q FY2022 (from January 1, 2022 to March 31, 2022) was submitted to the Kanto Local Finance Bureau on May 13, 2022.

2Q FY2022 (from April 1, 2022 to June 30, 2022) was submitted to the Kanto Local Finance Bureau on August 10, 2022.

3Q FY2022 (from July 1, 2022 to September 30, 2022) was submitted to the Kanto Local Finance Bureau on November 11, 2022.

(4) Extraordinary Report

Extraordinary Report pursuant to Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Issuance of Stock Acquisition Rights)

Submitted to Kanto Local Finance Bureau on March 31, 2022

Part 2: Information about the Submitting Company’s Credit Guarantee Company, etc.

Not applicable.

Independent Auditor's Report and Internal Control Audit Report

March 31, 2023

Vision Inc.

Board of Directors

KPMG AZSA LLC
Tokyo Office
Designated limited liability employee
Business executives Certified accountant Naoki Ueno
Designated limited liability employee
Business executives Certified accountant Masato Nagai

＜Audit of Financial Statements＞

Auditor Opinion

We have audited, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, the financial statements of Vision Inc. (the "Company") included in the "Status of Accounting" for the period from January 1, 2022 to December 31, 2022. We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets, the consolidated statement of cash flows, the notes to consolidated financial statements and the related consolidated supplementary schedules.

We have audited, in accordance with accounting principles generally accepted in Japan, the consolidated financial statements referred to above which present fairly, in all material respects, the consolidated financial position of Vision Corporation and consolidated subsidiaries as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan. The Company has not changed the contents of the financial statements.

Basis of Audit Opinion

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

Key Audit Considerations

Key audit considerations are those matters that the auditor, as a professional expert, considered to be of particular importance in the audit of the consolidated financial statements for the current fiscal year. Major audit considerations are matters that were addressed while performing the audit of the consolidated financial statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

<table>
<tr><td colspan="2">Reasonableness of the judgment regarding whether to recognize impairment loss on goodwill recognized at the time of the acquisition of shares of Adval Corp.</td></tr>
<tr><td>Details of major audit considerations and reasons for decisions</td><td>Audit responses</td></tr>
<tr><td>In the current consolidated fiscal year, goodwill of 1,159,147 thousand yen was recorded in the consolidated balance sheets of Vision Inc. (the “Company”). As stated in the Notes (Business Combinations), this includes 1,080,182 thousand yen of goodwill that arose when the company acquired control of Adval Corp. and accounts for approximately 6.0% of total consolidated assets.

As stated in "4. Basis of Presenting Consolidated Financial Statements," (6) Amortization Method and Period of Goodwill, goodwill is amortized regularly by the straight-line method. Goodwill and other assets recognized at the time of acquisition are grouped in larger units, which consist of the asset group related to the business to which the goodwill belongs plus the goodwill. If a larger unit, including goodwill, is deemed to have an indication of impairment, the carrying amount is compared with the total undiscounted future cash flows from the larger unit, including goodwill, to determine whether an impairment loss should be recognized.

Adval Corp. reviewed the impact of the new type of coronavirus infection on its business plan, as well as reviewing its procurement style in response to changes in the market environment, such as an increase in office building vacancy rates, while the shift to remote working is progressing at various companies due to the impact of the COVID-19 pandemic. The Company revised the business plan that had been formulated in the previous fiscal year and examined whether such revision of the business plan indicated a significant deterioration of the business environment in the examination of signs of impairment of asset groups including goodwill.

Whether or not the revised business plan constituted a significant deterioration of the business environment in the review of indications of impairment of asset groups including goodwill was determined based on how the opening of new spaces and the review of the impact of the new COVID-19 cases in accordance with the revision of the purchasing pattern had affected the revised business plan, and such determination was made based on the number of new space openings and revenue per space. These assumptions have a significant impact on the estimates of future cash flows in the revised business plan.

Based on the above, we concluded that the appropriateness of our judgment regarding the indications of impairment of goodwill of Adval Corp. is particularly important in our audit of the consolidated financial statements for the current fiscal year and constitutes a major matter for our audit.</td><td>To assess the appropriateness of the judgment as to whether or not to recognize impairment loss on goodwill recognized at the time of the acquisition of Adval Corp., we mainly performed the following audit procedures.

(1) Assessment of internal control

We evaluated the effectiveness of the design and operation of internal controls related to the determination of whether or not goodwill impairment losses should be recognized. In particular, we evaluated the effectiveness of the estimation of undiscounted future cash flows (including the underlying business plan) used to determine whether a goodwill impairment loss should be recognized. The assessment focused on controls to assess the reasonableness of the estimated undiscounted future cash flows (including the underlying business plan) used to determine whether a goodwill impairment loss should be recognized.

(2) Review of the reasonableness of the estimates of undiscounted future cash flows

To evaluate the appropriateness of the major assumptions used in the preparation of Adval`s business plan, which is the basis for estimating the undiscounted future cash flows, we questioned Adval's management and managers of the company about the basis for the assumptions, and mainly performed the following procedures:
- We mainly conducted the following procedures regarding assumptions on the number of new spaces to be opened and the sales per space, taking into account the impact of the COVID-19 pandemic:
  - We evaluated the accuracy of the business plan by comparing past actual data on the number of space openings and sales per space with future projections, and analyzing the factors causing any differences.
  - We evaluated the reasonableness of the future projections for the number of new space openings by comparing them with external data on demand forecasts and market size estimates.
- We considered whether the implementation of the above procedures, in conjunction with past achievement levels of the business plan, would affect the assessment of impairment indicators when incorporating a certain level of uncertainty into the business plan.</td></tr>
</table>

Other Information

Other statements consist of information contained in the annual report other than the consolidated financial statements and financial statements and the audited reports thereon. Management is responsible for the preparation and disclosure of the other information. The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in establishing and operating the process for reporting the other information.

Our audit opinion on the consolidated financial statements does not include the other information, and we express no opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the consolidated financial statements, or our knowledge obtained in the audit. We have also noted whether there are any other indications of material errors in the other statements other than such material differences.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts to you.

We have no matters to report with respect to the other entries.

Management's and the Statutory Auditors' and the Board of Statutory Auditors' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan. (ii) The responsibility of the company's auditors and the board of corporate auditors.

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

Auditor's Responsibility in the Audit of Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements that is independent in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment and maintain professional skepticism throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, the auditor obtains sufficient appropriate audit evidence to provide a basis for its opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- In making those risk assessments, the auditor assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of related note disclosures.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the company's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the consolidated financial statements or, if

the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances could cause the entity to cease to exist as a going concern.

- The consolidated financial statements are presented in conformity with accounting principles generally accepted in Japan, and the consolidated financial statements, including the related notes, are presented, organized, and presented fairly, and the consolidated financial statements present fairly the underlying transactions and accounting events. To express an opinion on the consolidated financial statements
- Obtain sufficient appropriate audit evidence concerning the financial information of the Company and its consolidated subsidiaries to enable the auditor to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the company's auditors and the board of corporate auditors on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by auditing standards.

The auditor shall report to the auditors and the Board of Corporate Auditors on compliance with Japanese professional ethics rules 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.

Of the matters discussed with the auditor and the Board of Corporate Auditors, the auditor shall determine the matters that are considered to be particularly important for the audit of the consolidated financial statements for the current fiscal year as major audit considerations and shall include them in the auditor's report. However, the auditor shall not include such matters in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

<Internal Control Audit>

Audit Opinion

We have audited the internal control report of Vision Inc. as of December 31, 2022 for the purpose of providing audit certification in accordance with Article 193-2, Section 2 of the Financial Instruments and Exchange Law.

We have audited the internal control report referred to above, in which Vision Inc. indicated that the internal control over financial reporting as of December 31, 2022 was effective, and our opinion expressed an opinion on the assessment results of the internal control over financial reporting in accordance with the assessment criteria for internal control over financial reporting generally accepted in Japan. In our opinion, the report fairly presents, in all material respects, the financial position and results of operations of the Company and its subsidiaries as of March 31, 2022.

Basis of Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibility is to express an opinion on the internal control over financial reporting based on our audit. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Management's and the Statutory Auditors' and the Board of Statutory Auditors' Responsibility for the Internal Control Report

Management is responsible for designing and operating internal control over financial reporting and preparing and properly presenting an internal control report in accordance with the evaluation standards for internal control over financial reporting generally accepted in Japan.

It is the responsibility of the corporate auditors and the board of corporate auditors to monitor and verify the design and operation of internal control over financial reporting.

It is possible that misstatements in financial reports may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility in Internal Control Audit

The auditor is responsible for obtaining reasonable assurance about whether the internal control report is free of material misstatement based on the internal control audit performed by the auditor and for expressing an opinion on the internal control report from an independent standpoint in the internal control audit report.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the auditor, throughout the course of the audit, exercises judgment as a professional expert and maintains professional skepticism in performing the following.

- Perform audit procedures to obtain audit evidence about the results of our assessment of internal control over financial reporting in the internal control report. Audit procedures for internal control audit are selected and applied at the auditor's discretion, based on the materiality of the effect on the reliability of financial reporting.
- The auditor shall review the presentation of the internal control report as a whole, including the statements made by management regarding the scope of evaluation of internal control over financial reporting, evaluation procedures, and evaluation results.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting in the internal control report. The auditor is responsible for directing, supervising, and performing the audit of the internal control report. The auditor is solely responsible for its audit opinion.

The auditor shall report to the auditors and the board of auditors on the scope and timing of the planned internal control audit, the results of the internal control audit, any significant deficiencies in internal control identified that should be disclosed, the results of their remediation, and any other matters required by the standards for the audit of internal control.

The auditor shall report to the auditors and the board of auditors on compliance with the rules of professional ethics in Japan 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

We have no interest in or relationship with the Company or its consolidated subsidiaries that is required to 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).
2. XBRL data is not included in the quarterly review.

Independent Auditor’s Report

March 31, 2023

Vision Inc.

Board of Directors

Tokyo Office
Designated limited liability employee
Business executives Certified accountant Naoki Ueno
Designated limited liability employee
Business executives Certified accountant Masato Nagai

Auditor Opinion

We have audited the financial statements of Vision Inc. (the "Company") included in the "Status of Accounting" for the 22nd fiscal year from January 1, 2022 to December 31, 2022, which consisted of balance sheet, statement of income, statement of changes in net assets, significant accounting policies, other notes and schedules, for the purpose of providing audit certification in accordance with the provisions of Article 193-2-1 of the Financial Instruments and Exchange Law. We have audited the balance sheet, the statement of income, the statement of changes in net assets, the significant accounting policies, the other notes to financial statements, and the supplementary schedules of Vision Inc.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Auditor Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the financial statements based on our audit. We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Major Audit Considerations

Major audit considerations are those matters that, in the auditor's professional judgment, are particularly important in the audit of the financial statements for the period under review. Major audit considerations are matters that were addressed in the course of performing the audit of the financial statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

Reasonableness of the judgment regarding whether to recognize impairment loss on goodwill recognized at the time of the acquisition of shares of Adval Corp.	
Details of major audit considerations and reasons for decisions	Audit response
Vision Corporation (the "Company") recorded 941,821 thousand yen of stocks of subsidiaries and affiliates in its balance sheet for the current fiscal year, including 581,860 thousand yen of stocks of its subsidiary, Adval Corp., which the Company acquired on December 1, 2021, accounting for approximately 3.9% of total assets. As stated in (Significant Accounting Policies) 1. Securities valuation standards and methods for securities (1) Stocks of subsidiaries and affiliates, these assets are valued at cost using the moving average method. However, shares of Adval Corp. are securities whose objective market value is difficult to determine. Such stocks contain the excess earning power of Adval Corp. and if such excess earning power is impaired and the real value of the stocks declines significantly, the stocks are written down to an impaired value. In valuing the shares of Adval Corp, management compares the acquisition price with the real value of the shares, which reflects the excess earning power. In considering whether there is a significant decrease in real value due to the impairment of excess earning capacity, etc., the highly uncertain assumptions regarding the net increase in membership, which is the basis for the increase in sales, were used, especially in light of the impact of COVID-19. Management's judgment in this regard has a significant impact on the estimates of future cash flows. Based on the above, we concluded that the appropriateness of the judgment regarding the necessity of recording a valuation loss on the shares of Adval Corp. was particularly important in our audit of the financial statements for the current fiscal year and constitutes a major audit consideration.	In order to assess the appropriateness of the judgment as to whether or not to recognize a valuation loss on shares of Adval Corp., we performed the following audit procedures. (1) Assessment of internal control We evaluated the effectiveness of the design and operation of internal controls related to the valuation of unlisted subsidiary stock, including the valuation of Adval Corp. stock and the estimation of its real value. In particular, we focused our evaluation on controls over the calculation of real value, including excess earning capacity. (2) Examination of the reasonableness of the real value The excess earning power, etc. included in the shares of Adval Corp. is recorded as goodwill in the consolidated financial statements. This information is omitted because it is identical to the audit response in the major audit consideration (appropriateness of the judgment as to whether or not to recognize impairment loss on goodwill recognized at the time of the acquisition of Adval Corp. shares) included in the audit report for the consolidated financial statements.

Other Information

Other statements consist of information contained in the annual report other than the consolidated financial statements and financial statements and the audited reports thereon. Management is responsible for the preparation and disclosure of the other information. The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in establishing and operating the process for reporting the other information.

Our audit opinion on the financial statements does not cover the other information and we express no opinion on the other information.

Our responsibility in the audit of the financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the financial statements or our knowledge obtained in the audit, and to note whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no matters to report with respect to the other entries.

Management's and the Statutory Auditors' and the Board of Statutory Auditors' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements on a going concern basis and for disclosing any matter relating to going concern that is required to be disclosed in accordance with accounting principles generally accepted in Japan.

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

Auditor's Responsibility in the Audit of Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements independently in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements.

The auditor shall exercise professional judgment and maintain professional skepticism throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, the auditor obtains sufficient appropriate audit evidence to provide a basis for the auditor's expression of an opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- In making those risk assessments, the auditor evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of related note disclosures.
- Conclude whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express an opinions with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.
- In our opinion, the financial statements and the related notes are in accordance with accounting principles generally accepted in Japan and, accordingly, we evaluate the presentation, organization, and content of the financial statements, including the related notes, and whether the financial statements present fairly the underlying transactions and accounting events.

The auditor shall report to the corporate auditors and the board of corporate auditors on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by auditing standards.

The auditor shall report to the auditors and the Board of Corporate Auditors on compliance with Japanese professional ethics rules 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.

Of the matters discussed with the auditor and the board of auditors, the auditor shall determine the matters that are considered to be particularly important for the audit of the financial statements for the current fiscal year as major audit considerations and shall include them in the auditor's report. However, the auditor shall not report such matters in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

Special Interests

There are no special interests between the company and the audit corporation or audit corporation executives that need to be stated according to the provisions of the Certified Public Accountants Act of Japan.

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2. XBRL data is not included in the quarterly review.