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Cover

Document Filed	Quarterly Securities Report (“Shihanki Hokokusho”)
Applicable Law	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
File to	Director, Kanto Local Finance Bureau
Filing Date	August 10, 2023
Fiscal Year	The Second Quarter of the 23rd Business Term (From April 1, 2023 to June 30, 2023)
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
Phone No.	+81 3 (5287) 3110
Contact Person	Shinichi Nakamoto, Director and CFO
Contact Address	6-27-30 Shinjuku, Shinjuku-ku, Tokyo
Phone No.	+81 3 (5287) 3110
Contact Person	Shinichi Nakamoto, Director and CFO
Place Available for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

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Part 1: Company Information

Item 1: Company Overview

1. Changes in Major Management Indicators

		FY2022/2Q Cumulative period	FY2023/2Q Cumulative period	FY2022
Reporting period		January 1, 2022 – June 30, 2022	January 1, 2023 – June 30, 2023	January 1, 2022 – December 31, 2022
Net sales	(thousand yen)	11,628,833	15,620,221	25,487,727
Ordinary profit	(thousand yen)	922,515	2,462,376	2,422,500
Profit attributable to owners of parent	(thousand yen)	566,263	1,614,116	1,548,610
Comprehensive income	(thousand yen)	629,082	1,658,951	1,616,566
Net assets	(thousand yen)	11,010,255	13,844,261	12,039,996
Total assets	(thousand yen)	16,080,485	20,153,203	17,951,550
Basic earnings per share	(yen)	11.78	32.98	31.96
Diluted earnings per share	(yen)	11.55	32.66	31.51
Equity-to-asset ratio	(%)	68.4	68.1	67.0
Cash flow from operating activities	(thousand yen)	45,038	2,294,769	1,539,646
Cash flow from investing activities	(thousand yen)	-627,737	-859,966	-1,200,976
Cash flow from financing activities	(thousand yen)	171,375	-25,829	137,047
Cash and cash equivalents at end of period	(thousand yen)	7,289,249	9,623,627	8,185,773

		FY2022/2Q	FY2023/2Q
Reporting period		April 1, 2022 – June 30, 2022	April 1, 2023 – June 30, 2023
Basic earnings per share	(yen)	6.61	13.76

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

2. Description of Business

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

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Item 2: Business Overview

1. Business Risks

During the second quarter of the current consolidated cumulative period, there are no significant changes related to business conditions or accounting conditions described in this quarterly report that may have a material effect on investors' decisions or any material change in "business and other risks" described in the annual securities report for the previous fiscal year.

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

This report contains certain forward-looking statements that are based on the Group's (the Company and subsidiaries) judgments as of the last day of the current quarterly consolidated fiscal period.

(1) Financial position and operating results

During the first half of the current fiscal year, the Japanese economy has been recovering, with customer spending and capital investing gradually picking up.

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, it is important that we pay close attention to the spread of COVID-19 variations and infections.

Within this economic environment, the Group has focused on its core business, the GLOBAL WiFi business, the Information and Communications service business, and the Glamping/Tourism business, and strived to respond flexibly to consumer needs.

As a result, net sales, operating profit, ordinary profit, and profit attributable to owners of parent for the first half of the current consolidated period all exceeded the results of the previous year.

	FY2023/2Q Result (million yen)	FY2022/2Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	15,620	11,628	3,991	34.3
Operating profit	2,428	921	1,506	163.4
Ordinary profit	2,462	922	1,539	166.9
Profit attributable to owners of parent	1,614	566	1,047	185.0

Business results by segment are as follows.

From the previous consolidated fiscal year, the Group has changed the business segments described as reportable segments, and comparisons and analyzes for the second quarter of the current consolidated cumulative period are based on the classifications after the change. Details are as described in "Item 4: Financial Information 1. Quarterly Consolidated Financial Statements Notes (Segment Information, etc.)".

(GLOBAL WiFi Business)

During the first half of the current consolidated period, the number of regular international flights has approximately recovered by 60% of its pre-COVID-19 level and the extent of recovery in travel demand tended to be high.

The number of foreign visitors to Japan from January to June reached 10.71 million, 64.4% recovery compared to 2019, with visitors from East Asia, Europe, the United States, Australia, and the Middle East.

The number of outbound Japanese also increased steadily, reaching a combined total of 3.61 million between January to June, recovering by a total of 37.9% compared to 2019. Although still recovering the number of outbound travelers has reached a total of 700,000 in the month of June alone, showing a steady increase. (Source: Japan National Tourism Organization (JNTO))

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

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As for outbound sales, the demand for the “Unlimited Data Plan” and the high-speed data communication plan “5G Plan” was high, and we were able to archive a high number of sales per customer.

Additionally, we took different measures against the rise in costs of overseas telecommunication services due to the weak yen by reviewing contracts and improving the efficiency of data operations.

As a result, both net sales and segment profit for the first half of the current fiscal year significantly exceeded those of the previous year.

GLOBAL WiFi Business	FY2023/2Q Result (million yen)	FY2022/2Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	9,012	5,793	3,219	55.6
Segment profit	2,613	952	1,660	174.3

(Information and Communications Service Business)

According to the “172nd Survey of Business Conditions of Small and Medium Enterprises” (Source: Japan Finance Corporation Research Institute), during the first half of the current consolidated fiscal year, the Diffusion Index of sales and profits of small and medium-sized enterprises (SMEs), which are the main service sectors provided by our business, showed signs of improvement with an increase in points for two consecutive quarters.

In this business environment, sales of office automation equipment and mobile communication devices remained strong.

In addition, we strived to expand sales of monthly subscription-based in-house services by maximizing lifetime value (customer lifetime value), such as future up-selling and cross-selling, reducing long-term churn rates, and generating continuous income through stock products.

As a result, net sales and segment profit for the first half of the current fiscal year have exceeded those of the same period of the previous year.

Information and Communications Service Business	FY2023/2Q Result (million yen)	FY2022/2Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	6,132	5,619	513	9.1
Segment profit	655	606	48	8.0

(Glamping/Tourism Business)

This is a new business segment that launched the previous fiscal year.

Glamping is an outdoor activity that gets away from crowds, and its demand continuously growing with a record number of facilities opening in 2022. (Source: Japan Glamping Association)

As domestic travel demand increases, more and more customers are choosing glamping as their accommodation, seeking extraordinary experiences not found in existing hotels and inns.

In this business environment, Vision Group opened “VISION GLAMPING Resort & Spa Koshikano Onsen” (Kirishima City, Kagoshima Prefecture) in April 2022, which is a renovation of “Koshikano Onsen”, and opened “VISION GLAMPING Resort & Spa Yamanakako” (Yamanakako, Yamanashi Prefecture) in December 2022.

As a result, both net sales and segment profit for the first half of the current fiscal year have exceeded those of the same period of the previous year.

Glamping/Tourism Business	FY2023/2Q Result (million yen)	FY2022/2Q Result (million yen)	Change (million yen)	YoY (%)
Net sales	427	135	292	215.2
Segment profit	21	-5	27	—

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Analysis of financial position

(Assets)

Total assets at the end of the second quarter consolidated fiscal period are 20,153 million yen (2,201 million yen more than at the end of the previous consolidated fiscal year).

Current assets totaled 14,429 million yen (1,576 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 1,437 million yen increase in cash and deposits.

Fixed assets totaled 5,723 million yen (624 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 384 million yen increase in property, plant, and equipment and a 179 million yen increase in goodwill resulting from making ZORSE Co., Ltd. a subsidiary.

(Liabilities)

Total liabilities at the end of the second quarter consolidated fiscal period are 6,308 million yen (397 million yen more than at the end of the previous consolidated fiscal year).

Current liabilities are 5,428 million yen (555 million yen more than at the end of the previous consolidated fiscal year), mainly due to a 288 million yen increase in notes and accounts payable-trade, a 160 million yen increase in current portion of long-term loans payable, and a 403 million yen increase in income taxes payable, while accounts payable decreased in 469 million yen.

Fixed liabilities amounted to 880 million yen (158 million yen less than at the end of the previous consolidated fiscal year), due to a 156 million yen decrease in long-term loans payable.

(Net assets)

Net assets at the end of the second quarter consolidated fiscal period are 13,844 million yen (1,804 million yen more than at the end of the previous consolidated fiscal year). The main factors are a 1,614 million yen increase in retained earnings due to the posting of profit attributable to owners of parent and a 103 million yen increase in stock acquisition rights due to the posting of stock compensation expenses.

(2) Cash flow conditions

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the second quarter consolidated fiscal period increased by 1,437 million yen from the end of the previous consolidated fiscal year to 9,623 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities during the second quarter of the current consolidated cumulative period amounted to 2,294 million yen (45 million yen increase in the same period of the previous year). This was mainly due to income before income taxes of 2,447 million yen, 226 million yen in depreciation, an increase of 287 million yen in notes and accounts receivable-trade, and a decrease of 632 million yen in accounts payable.

(Cash flows from investing activities))

Net cash used in investing activities during the second quarter of the current consolidated cumulative period amounted to 859 million yen (627 million yen decrease in the same period of the previous year). This was mainly due to the acquisition of 588 million yen in property, plant, and equipment and the acquisition of 211 million yen in shares of a subsidiary due to a change in consolidation.

(Cash flows from financing activities)

Net cash provided by financing activities during the second quarter of the current consolidated cumulative period amounted to 25 million yen (171 million yen increase in the same period of the previous year). This was mainly due to long-term loan repayments of 60 million yen and the proceeds of 41 million yen from the exercise of stock options.

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

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

(4) Research and development activities

Not applicable.

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3. Important Material Contracts, etc.

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

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Item 3: Information Related to the Company

1. Information Related to the Company's Shares

(1) Total number of shares

① Shares

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

② Issued shares

Class	Number of shares issued as of the end of the period (shares) (June 30, 2023)	Number of shares issued as of the filing date (shares) (August 10, 2023)	Stock exchange on which the Company is listed	Summary
Common stock	50,471,700	50,485,200	Tokyo Stock Exchange Prime Market	One unit of shares is 100 shares.
Total	50,471,700	50,485,200	—	—

Note: Number of shares issued as of the filing date does not include the number of shares issued by exercising stock acquisition rights from August 1, 2023 to the filing date of this quarterly securities report.

(2) Status of stock acquisition rights

① Information on stock option limits

Not applicable.

② Status of other stock acquisition rights

Not applicable.

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

Not applicable.

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

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in capital (thousand yen)	Balance of capital (thousand yen)	Changes in capital reserve (thousand yen)	Balance of capital reserve (thousand yen)
March 1, 2023 – June 30, 2023	23,100	50,471,700	10,029	2,557,013	10,029	2,375,011

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

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(5) Status of major shareholders

As of June 30, 2023

Name	Address	Shares owned (thousand shares)	Percentage from total number of issued shares (excluding treasury stocks)
Custody Bank of Japan, Ltd. (Investment Trust)	1-8-12 Harumi, Chuo-ku, Tokyo	8,239	16.83
The Master Trust Bank of Japan, Ltd. (Investment Trust)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	6,599	13.48
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730078)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	4,051	8.27
Kenichi Sano	Shinjuku-ku, Tokyo	2,649	5.41
INTERACTIVE BROKERS LLC	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA	2,353	4.81
MORGAN STANLEY&CO. LLC	1585 BROADWAY NEW YORK, NEW YORK 10036, U.S.A.	1,361	2.78
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730079)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.76
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730080)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.76
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730081)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.76
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	1 CHURCHILL PLACE LONDON- NORTH OF THE THAMES UNITED KINGDOM E14 5HP	983	2.01
Total	—	30,829	61.85

Note: Mizuho Trust & Banking Securities Management Trust (Kenichi Sano Account No. 0730078), (Kenichi Sano Account No. 0730079), (Kenichi Sano Account No. 0730080), and (Kenichi Sano Account No. 0730081) are trust assets entrusted by Kenichi Sano, who is the executive of the voting rights.

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(6) Voting status

① Issued shares

As of June 30, 2023

Classification	Number of stock (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 1,501,600	—	—
Shares with full voting rights (other)	Common stock 48,961,900	489,619	—
Shares representing less than one unit	Common stock 8,200	—	—
Number of issued shares	50,471,700	—	—
Total number of voting rights	—	489,619	—

Note: The number of shares in “shares less than one unit” includes treasury stocks 81 shares held by the Company.

② Treasury stock

As of June 30, 2023

Owner's name	Owner's address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total number of shares held (shares)	Ownership percentage of total number of shares outstanding (%)
(Treasury stock) Vision Inc.	6-27-30 Shinjuku, Shinjuku-ku, Tokyo	1,501,600	—	1,501,600	2.98
Total	—	1,501,600	—	1,501,600	2.98

2. Changes in Directors and Company Auditors

Not applicable.

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Item 4: Financial Information

1. Preparation method of the condensed consolidated financial statements

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

2. Independent auditor’s report on quarterly review

Based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the quarterly consolidated financial statements for the second quarter (from April 1, 2023 to June 30, 2023) and the first half of the current fiscal year (from January 1, 2023 to June 30, 2023) have been reviewed by KPMG AZSA LLC.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	8,156,512	9,594,365
Accounts receivable-trade	3,658,679	3,684,672
Products	224,171	223,537
Supplies	15,939	9,301
Other	916,571	1,069,634
Allowance for doubtful accounts	-119,196	-151,914
Total current assets	12,852,677	14,429,597
Fixed assets		
Tangible fixed assets	2,185,266	2,570,042
Intangible fixed assets		
Goodwill	1,159,147	1,338,218
Other	172,775	177,869
Total intangible fixed assets	1,331,922	1,516,087
Investments and other assets		
Other	1,648,980	1,710,004
Allowance for doubtful accounts	-67,295	-72,528
Total investments and other assets	1,581,684	1,637,475
Total fixed assets	5,098,873	5,723,605
Total assets	17,951,550	20,153,203
Liabilities		
Current liabilities		
Notes and accounts payable-trade	820,701	1,109,405
Current portion of long-term debt	120,097	280,573
Accounts payable	2,180,363	1,710,694
Income taxes payable	499,182	902,348
Provision for bonuses	366,769	348,532
Other	885,824	1,077,175
Total current liabilities	4,872,939	5,428,729
Fixed liabilities		
Long-term debt	847,078	690,182
Other	191,536	190,029
Total fixed liabilities	1,038,615	880,212
Total liabilities	5,911,554	6,308,942
Net assets		
Shareholders' equity		
Share capital	2,535,941	2,557,013
Capital surplus	2,602,056	2,623,128
Retained earnings	8,637,117	10,251,233
Treasury stock	-1,862,967	-1,863,040
Total shareholders' equity	11,912,147	13,568,334
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	-14,198	1,794
Foreign currency translation adjustment	124,419	152,727
Total other accumulated comprehensive income	110,220	154,522
Subscription rights to shares	11,344	114,586
Non-controlling interests	6,284	6,817
Total net assets	12,039,996	13,844,261
Total liabilities and net assets	17,951,550	20,153,203

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

Quarterly Consolidated Statement of Profit or Loss
Consolidated Cumulative Second Quarter

(Thousands of yen)

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)	FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)
Net sales	11,628,833	15,620,221
Cost of sales	6,174,140	7,143,508
Gross profit	5,454,693	8,476,713
Selling, general, and administrative expenses	* 4,532,771	* 6,048,607
Operating profit	921,922	2,428,105
Non-operating income		
Interest income	1,599	338
Dividends earned	1,500	3,768
Subsidy income	4,897	27,887
Insurance surrender value	—	12,233
Other	4,301	7,627
Total non-operating income	12,299	51,856
Non-operating expenses		
Interest expense	5,560	5,379
Equity in losses of affiliates	2,007	5,647
Exchange loss	961	4,473
Other	3,176	2,085
Total non-operating expenses	11,706	17,585
Ordinary profit	922,515	2,462,376
Extraordinary income		
Gain on sales of fixed assets	81	—
Gain on sales of investment securities	1,230	—
Return profit on cancellation of contract	—	9,370
Total extraordinary income	1,311	9,370
Extraordinary loss		
Loss on retirement of fixed assets	3,406	24,034
Total extraordinary loss	3,406	24,034
Income before tax adjustment	920,420	2,447,711
Corporate, resident, and business taxes	221,965	846,250
Income before income taxes	129,890	-13,188
Total income taxes	351,855	833,062
Quarterly profit	568,564	1,614,649
Quarterly profit attributable to non-controlling interests	2,300	533
Quarterly profit attributable to owners of parent	566,263	1,614,116

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Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Second Quarter

(Thousands of yen)

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)	FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)
Quarterly profit	568,564	1,614,649
Other comprehensive income		
Valuation difference on available-for-sale securities	-12,131	15,993
Foreign currency translation adjustment	72,648	28,308
Total other comprehensive income	60,517	44,301
Quarterly comprehensive income	629,082	1,658,951
(Breakdown)		
Quarterly comprehensive income related to owners of the parent	626,781	1,658,417
Quarterly comprehensive income related to non-controlling interests	2,300	533

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(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)	FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)
Cash flow from operating activities		
Income before income taxes	920,420	2,447,711
Depreciation	105,312	226,994
Amortization of goodwill	91,992	96,411
Share-based compensation expenses	—	103,500
Increase or decrease in allowance for doubtful accounts (- is decreased)	23,396	37,938
Increase or decrease in allowance for bonuses (- is decreased)	23,363	-20,229
Interest and dividend income	-3,100	-4,107
Subsidy income	-4,897	-27,887
Interest expenses	5,560	5,379
Equity in earnings of affiliates (- is profit)	2,007	5,647
Loss or gain on sales of fixed assets (- is profit)	-81	—
Loss on disposal of fixed assets	3,406	24,034
Loss or gain on sales of investment securities (- is profit)	-1,230	—
Decrease or increase in notes and accounts receivable- trade (- is increase)	-941,871	12,873
Decrease or increase in inventories (- is increase)	23,798	7,760
Increase or decrease in notes and accounts payable- trade (- is decreased)	-18,306	287,498
Increase or decrease in accounts payable-other (- is decreased)	61,613	-632,593
Increase or decrease in accrued consumption tax (- is decreased)	-145,385	99,609
Other	28,909	51,667
Subtotal	174,908	2,722,208
Interest and dividends received	3,068	4,075
Subsidies received	4,897	27,887
Interest expenses paid	-5,560	-5,303
Income taxes paid	-132,275	-454,098
Net cash provided by operating activities	45,038	2,294,769
Cash flow from investing activities		
Payments for acquisition of property, plant, and equipment	-695,257	-588,590
Payments for acquisition of intangible assets	-31,609	-34,521
Proceeds from sales of non-current assets	81	—
Proceeds from sales of investment securities	8,610	—
Payments of loans receivable	-500,000	—
Collection of loans receivable	500,000	—
Collection of long-term loans	—	6,164
Payments for acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	-211,738
Proceeds from acquisition of subsidiary shares resulting in change in scope of consolidation	117,807	—
Payments for lease and guarantee deposits	-69,828	-115,410
Collection of lease and guarantee deposits	32,904	69,248
Other	9,554	14,881
Net cash provided by investing activities	-627,737	-859,966
Cash flow from financing activities		
Repayment of short-term loans payable	-35,000	—
Repayment of long-term debt	-45,062	-60,028
Proceeds from exercise of stock options	253,261	41,886

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(Thousands of yen)

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)	FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)
Proceeds from issuance of stock acquisition rights	5,760	—
Payments for purchase of treasury stock	-63	-72
Repayment of lease obligations	-7,520	-7,614
Net cash provided by financing activities	171,375	-25,829
Effect of exchange rate changes on cash and cash equivalents	68,886	28,879
Net increase or decrease in cash and cash equivalents (- is decreased)	-342,438	1,437,853
Cash and cash equivalents at beginning of period	7,631,688	8,185,773
Cash and cash equivalents at end of period	* 7,289,249	* 9,623,627

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Notes

(Change in scope of consolidation or application of equity method)

(Change in scope of consolidation)

Effective from the first quarter of the current fiscal year, Promotion Plus, Co., Ltd, which had been a consolidated subsidiary, was excluded from the scope of consolidation due to its merger with the Company.

Effective from the second quarter of the current consolidated fiscal year, ZORSE Co., Ltd. was included in the scope of consolidation due to the acquisition of its shares. ZORSE Co., Ltd. has a deemed acquisition date of June 30, 2023, and only its balance sheet is consolidated during the second quarter of the current fiscal year.

(Change in accounting policy, etc.)

(Change in method of calculating tax expenses)

Effective from the first quarter of the current fiscal year, however, in order to further improve the efficiency of quarterly closing operations of some consolidated subsidiaries, the Company has changed its method of calculating tax expenses by rationally estimating the effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year, and multiplying quarterly income before income taxes and minority interests by this estimated effective tax rate. The effect of this change is immaterial.

Since the impact of this change is negligible, the change has not been applied retrospectively.

(Special accounting methods applied in the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses for certain consolidated subsidiaries are calculated by multiplying income before income taxes by an effective tax rate that is reasonably estimated by applying tax effect accounting to estimated income before income taxes for the consolidated fiscal year including this second quarter.

However, in cases where calculating tax expenses using such estimated effective tax rate would significantly lack rationality, tax expenses are calculated by multiplying the quarterly income before income taxes by the statutory effective tax rate, after adjusting significant differences that do not fall under temporary differences.

(Notes to Quarterly Consolidated Statements of Income)

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

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)		FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)	
Provision of allowance for doubtful accounts	46,259	thousand yen	58,114	thousand yen
Salary allowance	1,233,975	thousand yen	1,344,822	thousand yen
Provision for bonus reserve	290,580	thousand yen	292,560	thousand yen

(Notes to Quarterly Consolidated Statements of Cash Flow)

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

	FY2022/2Q Cumulative period (January 1, 2022 – June 30, 2022)		FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)	
Cash and deposits	7,259,988	thousand yen	9,594,365	thousand yen
Deposits received (“Other” in current asset)	29,261	thousand yen	29,261	thousand yen
Cash and cash equivalents	7,289,249	thousand yen	9,623,627	thousand yen

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(Shareholders' equity)

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

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

FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)

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

(Combined Business)

(Combined Business through acquisition)

(1) Outline of the combined business acquisition

① Name of acquired company and its business

Name of acquired company: ZORSE Co., Ltd.

Business description: OMO business (Management of official SNS accounts, etc.)

② Main reason for the business acquisition

ZORSE Co., Ltd. provides services through "Official Account DX", which offers account management and mini-application development for official LINE accounts.

The collaboration between Vision Inc. and ZORSE Co., Ltd. will enable Vision to further increase the value provided to customers and to grow its business and develop the company.

③ Date of business acquisition

June 1, 2023

④ Legal form of business acquisition

Share acquisition

⑤ Name of the company after the acquisition

There is no change in the name of the company after the acquisition.

⑥ Percentage of voting rights acquired

60% of voting rights acquired.

⑦ Main basis for determining the acquiring company

Acquisition of the shares in exchange for cash.

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(2) Acquisition cost of the acquired company and breakdown by type of acquisition		
Compensation of Acquisition	Cash	216,000,000 yen
<hr/>		
Acquisition Cost		216,000,000 yen

(3) Description and amount of major acquisition-related expenses

Advisory fees, etc. 5,000,000 yen

(4) Amount of goodwill incurred, reasons for incurrence, method and period of amortization

① Amount of goodwill incurred

276,145,000 yen

② Reasons for incurrence

Mainly due to excess earning expected from future business development.

③ Method and period of amortization

Equal amortization for over 5 years

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(Segment Information, etc.)

Segment Information

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

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

(Thousands of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Quarterly consolidated income statement (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping /Tourism	Total				
Net sales								
Sales to external customers	5,793,035	5,610,850	134,698	11,538,583	90,250	11,628,833	—	11,628,833
Intersegment sales and transfers	—	8,427	1,047	9,474	2,603	12,078	-12,078	—
Total	5,793,035	5,619,277	135,745	11,548,058	92,853	11,640,911	-12,078	11,628,833
Segment profit or loss (-)	952,825	606,596	-5,936	1,553,486	-60,665	1,492,821	-570,899	921,922

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

2. Adjustments in the segment profit or loss -570,899 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

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

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

Not applicable.

II. FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)

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

(Thousands of yen)

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

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

2. Adjustments in the segment profit or loss -789,910 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

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

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2. Matters concerning changes in reportable segments, etc.

Effective from the end of the previous consolidated fiscal year, “Glamping/Tourism business”, which was included in the “Other” segment, has been changed to a reportable segment due to its increased importance.

The segment information for the first half of the previous fiscal year is disclosed based on the reporting segment classification after the change.

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

(Significant changes in the amount of goodwill)

In the Information and Communications Service business segment, the Company acquired shares of ZORSE Co., Ltd. and included it in the scope of consolidation. The increase in goodwill due to that was 276,145,000 yen in the first half of the current fiscal year.

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(Relating to revenue recognition)

Breaking down the revenue generated from customer contracts

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

(thousands of yen)

	Reporting segment				Other (Note 1)	Total
	GLOBAL WiFi	Information and Communications Service	Glamping /Tourism	Total		
Data communications	2,562,836	—	—	2,562,836	—	2,562,836
Airport business consignment	2,279,972	—	—	2,279,972	—	2,279,972
Office automation equipment	—	1,907,261	—	1,907,261	—	1,907,261
Mobile communications devices	—	1,470,154	—	1,470,154	—	1,470,154
Internet media	—	389,095	—	389,095	—	389,095
Broadband lines	—	255,022	—	255,022	—	255,022
Fixed communication lines	—	282,689	—	282,689	—	282,689
Glamping	—	—	134,698	134,698	—	134,698
Other	447,065	832,241	—	1,279,306	90,250	1,369,557
Revenue from customer contracts	5,289,873	5,136,465	134,698	10,561,037	90,250	10,651,287
Other revenue (Note 2)	503,161	474,384	—	977,545	—	977,545
External customer sales	5,793,035	5,610,850	134,698	11,538,583	90,250	11,628,833

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

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

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FY2023/2Q Cumulative period (January 1, 2023 – June 30, 2023)

(thousands of yen)

	Reporting segment				Other (Note 1)	Total
	GLOBAL WiFi	Information and Communications Service	Glamping /Tourism	Total		
Data communications	6,318,729	—	—	6,318,729	—	6,318,729
Airport business consignment	1,743,402	—	—	1,743,402	—	1,743,402
Office automation equipment	—	2,276,270	—	2,276,270	—	2,276,270
Mobile communications devices	—	1,460,576	—	1,460,576	—	1,460,576
Internet media	—	487,025	—	487,025	—	487,025
Broadband lines	—	235,958	—	235,958	—	235,958
Fixed communication lines	—	232,781	—	232,781	—	232,781
Glamping	—	—	418,681	418,681	—	418,681
Other	121,369	778,395	—	899,764	63,927	963,691
Revenue from customer contracts	8,183,501	5,471,008	418,681	14,073,191	63,927	14,137,118
Other revenue (Note 2)	829,175	653,927	—	1,483,103	—	1,483,103
External customer sales	9,012,677	6,124,936	418,681	15,556,294	63,927	15,620,221

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

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

Note 3: Effective from the end of the previous consolidated fiscal year, the “Glamping/Tourism business”, which was included in the “Other” segment, has been changed to a reportable segment due to its increased importance. Information that breaks down revenues from contracts with customers for the second quarter of the previous fiscal year is disclosed based on the reporting segment classification after the change.

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(Information on per share)

The basic earnings per share and the diluted earnings per share/basis for calculation are as follows.

Item	FY2022/2Q Cumulative period January 1, 2022 – June 30, 2022	FY2023/2Q Cumulative period January 1, 2023 – June 30, 2023
(1) Basic earnings per share	11.78 yen	32.98 yen
(Basis for calculation)		
Profit attributable to owners of parent (thousands of yen)	566,263	1,614,116
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Profit attributable to owners of parent for common stock (thousands of yen)	566,263	1,614,116
Average number of shares of common stock (shares)	48,050,228	48,945,081
(2) Diluted earnings per share	11.55 yen	32.66 yen
(Basis for calculation)		
Profit adjustment attributable to owners of the parent (thousands of yen)	—	
Increase in common stock (shares)	976,399	478,304
Summary of potential shares that were not included in the calculation of diluted earnings per share because they don't have a diluting effect and changed significantly since the end of the previous consolidated fiscal year	Stock acquisition rights resolved by the Board of Directors on March 1, 2022 (720,000 shares of common stock)	—

2. Other

Not applicable.

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Part 2: Information about Guarantors of the Company

Not applicable.

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

August 10, 2023

The Board of Directors
Vision Inc.

KPMG AZSA LLC
Tokyo Office

Designated Limited Liability Partner
Engagement Partner

Certified accountant Yoshinori Saito

Designated Limited Liability Partner
Engagement Partner

Certified accountant Masato Nagai

Auditor's Conclusion

We have audited the consolidated financial statements of Vision Inc. included in the "Status of Accounting" for the second three months ended December 31, 2023 (April 1, 2023 through June 30, 2023) in accordance with Article 193-2-1 of the Financial Instruments and Exchange Law. We have reviewed the quarterly consolidated financial statements, namely, the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and notes to the quarterly consolidated statements for the second quarter (April 1, 2023 through June 30, 2023) and the first six months (January 1, 2023 through June 30, 2023) of the current consolidated fiscal year.

In our quarterly review, we found that the quarterly consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vision Inc. and its consolidated subsidiaries as of June 30, 2023, and the results of their operations for the six-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan. In our opinion, nothing has come to our attention that causes us to believe that the above quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Vision Inc.

Basis of Auditor's Conclusions

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

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

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

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

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

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

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

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

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

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

The auditor shall report to the audit committee and the board of auditors on compliance with the provisions of professional ethics regarding independence in Japan, as well as on any matters that could reasonably be considered to affect the independence of the auditor and the measures taken to eliminate or mitigate impediments to independence to an acceptable level.

Interests

There are no conflicts of interest that require disclosure under the provisions of the Certified Public Accountants Act between the Company and its consolidated subsidiaries and our auditing firm or engagement personnel.

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

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