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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 29, 2024
Fiscal Year	FY2023 (from January 1, 2023 to December 31, 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 160-0022, Japan
Phone No.	+81 3 (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 103-8224, Japan)

Item 1: Company Information

Part 1: Company Overview

1. Changes in Key Performance Indicators

(1) The Group - Consolidated Basis

Fiscal year		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year end		December 2019	December 2020	December 2021	December 2022	December 2023
Net sales	(thousands of yen)	27,318,168	16,654,475	18,100,837	25,487,727	31,807,789
Ordinary profit	(thousands of yen)	3,358,939	227,947	1,143,772	2,422,500	4,337,990
Profit (loss) attributable to owners of parent	(thousands of yen)	2,226,322	(1,183,960)	729,129	1,548,610	3,025,895
Comprehensive income	(thousands of yen)	2,215,382	(1,152,432)	732,472	1,616,566	3,079,547
Net assets	(thousands of yen)	10,905,176	8,769,171	10,122,215	12,039,996	14,607,635
Total assets	(thousands of yen)	15,173,575	11,313,034	14,932,162	17,951,550	21,366,505
Net assets per share	(yen)	226.80	185.79	212.52	245.75	297.72
Basic earnings per share	(yen)	46.05	(25.07)	15.47	31.96	61.87
Diluted earnings per share	(yen)	44.49	—	15.03	31.51	61.21
Shareholder's equity ratio	(%)	71.7	77.3	67.7	67.0	67.3
Return on equity	(%)	21.5	(12.1)	7.7	14.0	22.9
Price earnings ratio	(multiplier)	39.3	—	75.0	43.9	19.9
Cash flows from operating activities	(thousands of yen)	3,549,957	(395,722)	1,412,746	1,539,646	5,054,619
Cash flows from investing activities	(thousands of yen)	(1,435,748)	(375,121)	(554,277)	(1,200,976)	(1,840,186)
Cash flows from financing activities	(thousands of yen)	(1,164,999)	(1,035,553)	30,807	137,047	(1,040,520)
Cash and cash equivalents at the end of the year	(thousands of yen)	8,485,363	6,679,580	7,631,688	8,185,773	10,410,612
Number of employees [Average number of contract employees]	(people)	649 [146]	616 [120]	607 [133]	649 [150]	744 [152]

(Note) 1. The Company conducted a stock split at a ratio of 3 shares per common stock on October 1, 2019. As a result, net assets per share, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split was conducted at the beginning of FY2019.

2. Diluted earnings per share for FY2020 is not stated because it is a net loss per share although there are potential shares.

3. Price earnings ratio for FY2020 is not stated because it is a loss attributable to owners of parent.

4. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is applied from the beginning of FY2022, and the key management indicators for FY2022 and subsequent fiscal years are after the application of such accounting standards.

(2) The Company - Non-consolidated Basis

Fiscal year		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year end		December 2019	December 2020	December 2021	December 2022	December 2023
Net sales	(thousands of yen)	25,442,235	15,350,845	16,964,191	22,782,562	28,332,214
Ordinary profit	(thousands of yen)	3,046,185	40,822	864,499	2,229,164	4,144,511
Net income (loss)	(thousands of yen)	2,041,905	(1,465,119)	548,171	1,520,957	2,959,652
Capital	(thousands of yen)	2,363,734	2,363,785	2,387,915	2,535,941	2,571,601
Total number of shares issued	(shares)	49,027,200	49,027,800	49,091,100	50,422,200	50,505,300
Net assets	(thousands of yen)	10,058,682	7,644,334	8,771,289	10,574,153	13,033,350
Total assets	(thousands of yen)	14,214,274	10,227,597	12,254,973	14,814,855	18,387,433
Net assets per share	(yen)	209.16	161.92	184.18	215.92	265.15
Dividend per share [Interim dividend per share]	(yen)	— [—]	— [—]	— [—]	— [—]	— [—]
Basic earnings per share	(yen)	42.24	(31.03)	11.63	31.39	60.51
Diluted earnings per share	(yen)	40.80	—	11.30	30.95	59.87
Shareholder's equity ratio	(%)	70.6	74.5	71.5	71.3	69.7
Return on equity	(%)	21.3	(16.6)	6.7	15.7	25.3
Price earnings ratio	(multiplier)	42.9	—	99.8	44.7	20.3
Dividend payout ratio	(%)	—	—	—	—	—
Number of employees [Average number of contract employees]	(people)	502 [126]	535 [109]	485 [115]	500 [109]	563 [110]
Total shareholder return [Comparative indicator: TOPIX total return index]	(%) (%)	142.9 [118.1]	81.7 [126.8]	91.5 [143.0]	110.6 [139.5]	97.0 [178.9]
Highest share price	(yen)	6,140 *1,883	1,873	1,664	1,504	1,952
Lowest share price	(yen)	3,585 *1,521	492	866	905	1,097

(Note) 1. The Company conducted a stock split at a ratio of 3 shares per common stock on October 1, 2019. As a result, net assets per share, basic earnings per share, and diluted earnings per share are calculated assuming that the stock split was conducted at the beginning of FY2019.

2. Diluted earnings per share for FY2020 is not stated because it is a net loss per share although there are potential shares.
3. Price earnings ratio for FY2020 is not stated because it is a net loss.
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 FY2019 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 stock.
6. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) is applied from the beginning of FY2022, and the key management indicators for FY2022 and subsequent fiscal years are after the application of such accounting standards.

2. History of the Company

Vision LLC 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, Vision Co., Ltd., in April 1996 for business expansion and development. (Vision Business Solutions Inc., which was established in December 2001, merged with Vision Co., Ltd. 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 agency service for broadband subscription (broadband business).
January 2010	Started “e-ca,” a mobile Wi-Fi router rental service for domestic business travelers and tourists.
June 2011	Started “Vision WiMAX,” a high-capacity mobile Wi-Fi router rental service for domestic business travelers and tourists.
July 2011	Opened a helpdesk / call center called “Vision Future Business Center (VFBC)” in Saga City, Saga.
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 mobile Wi-Fi router rental service for overseas travelers. Established Vision Mobile Taiwan Co. Ltd., 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 mobile Wi-Fi router rental service for short-term use aimed at domestic business as well as leisure travel.
October 2013	Transferred consumer broadband business from Best Link Inc.
December 2013	Started MVNO (Mobile Virtual Network Operator) business for domestic business travelers and tourists.
March 2014	Established VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY, a subsidiary (now consolidated subsidiary), in Vietnam.
April 2014	Established Vision Mobile Shanghai Ltd., a subsidiary (now consolidated subsidiary), in China (Shanghai).
November 2014	Established Global WiFi 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 WiFi,” a mobile Wi-Fi router 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. In October 2023, the trade name was changed to Vision Technologies Inc.
August 2020	Sold all shares of ProDrivers Inc.
December 2020	Dissolved Ra-Pid Corporation.
December 2021	Made “adval Corp.” a subsidiary.
January 2022	Made “Koshikano Onsen K.K.” 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.

February 2023	Merged with subsidiary Promotion Plus Co., Ltd.
June 2023	Made “ZORSE Co., Ltd.” a subsidiary.

(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 Business,” “Information and Communications Service Business,” and “Glamping and Tourism Business.” The reporting segments, business segments, business summaries, and corresponding affiliated companies in the Group are as follows.

Reporting Segment	Business Segment	Business Summary	Corresponding Affiliated Company
GLOBAL WiFi Business	Overseas Business	Mobile Wi-Fi routers rental business for those traveling from Japan to overseas or from overseas to overseas. Data communications are provided by telecommunication carriers.	Vision Inc. Best Link Inc. Vision Mobile Korea Inc. Vision Mobile Hawaii Inc. Vision Mobile Taiwan Co. Ltd. Vision Mobile Hong Kong Limited GLOBAL WIFI.COM PTE. LTD. GLOBAL WIFI.UK LTD
	Domestic Business	Mobile Wi-Fi router rental business for foreign visitors to Japan, domestic travel, business trips, and remote work. Data communications are provided by telecommunication carriers.	Vision Mobile Shanghai Ltd. Global WiFi France SAS Vision Mobile Italia S.r.l. VISION MOBILE USA CORP. Vision Mobile New Caledonia SAS
Information and Communications Service Business	Fixed-Line Telecommunication Business	Subscription agency business offering fixed-line telecommunication services called “Otoku Line” provided by SoftBank Corp.	Vision Inc. Members Net Inc.
	Mobile Telecommunication Business	Sales of mobile phone devices, etc. provided by SoftBank Corp. and subscription agency business of mobile telecommunication services	Vision Inc. BOS Inc.
	Broadband Business	Subscription agency business offering broadband service called “FLET’S” provided by NTT	Vision Inc. Best Link Inc. Members Net Inc.
	Office Automation Equipment Sales Business	Sales of mainly Canon manufactured MFP (multifunction peripheral), business phone, and UTM (unified threat management) products	Vision Inc. Alpha Techno Inc. BOS Inc.
	Internet Media Business	Sale of online advertising products (such as website creation)	Vision Inc.
	Other	Meeting space rental business Sales improvement support services business	Vision Inc. adval Corp. ZORSE Co., Ltd.
Glamping and Tourism Business	Glamping Business	Management of glamping facilities	Vision Inc. Koshikano Onsen K.K.
Other		Media business, ASKUL Corporation mail order business	Vision Inc. Vision Ad Inc.

* Vision Digital Marketing Inc. changed its name to Vision Technologies Inc.

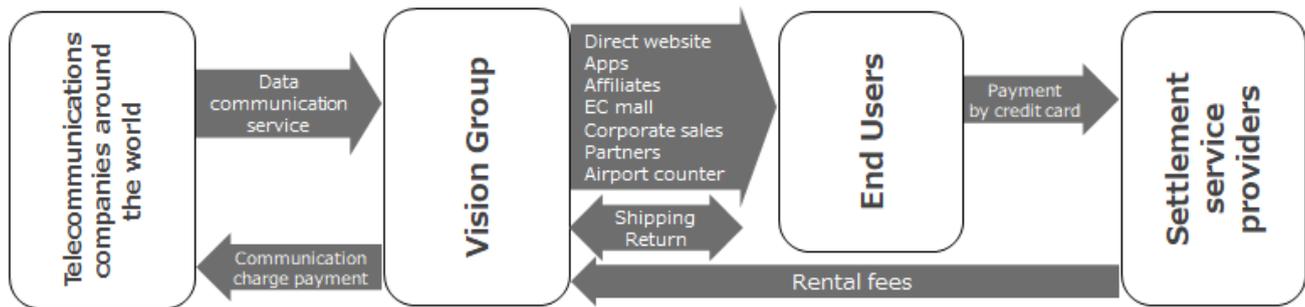
* Vision Technologies Inc. and VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY are development centers and database operators for the Group.

(1) GLOBAL WiFi Business

Centering on the Vision Inc., Best Link Inc., Vision Mobile Korea Inc., Vision Mobile Hawaii Inc., and Vision Mobile Taiwan Co. Ltd., 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, apps, corporate sales, partners*, and airport counters.

* The 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 has 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)
Corporate Sales (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 services on an ongoing basis. (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., we provide services such as subscription agency for various communication services, sales of mobile communication equipment and office automation equipment, and website creation for newly established companies, venture companies, and other general companies.

In an era where information and communications technology is evolving rapidly, we will expand web 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 7 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.

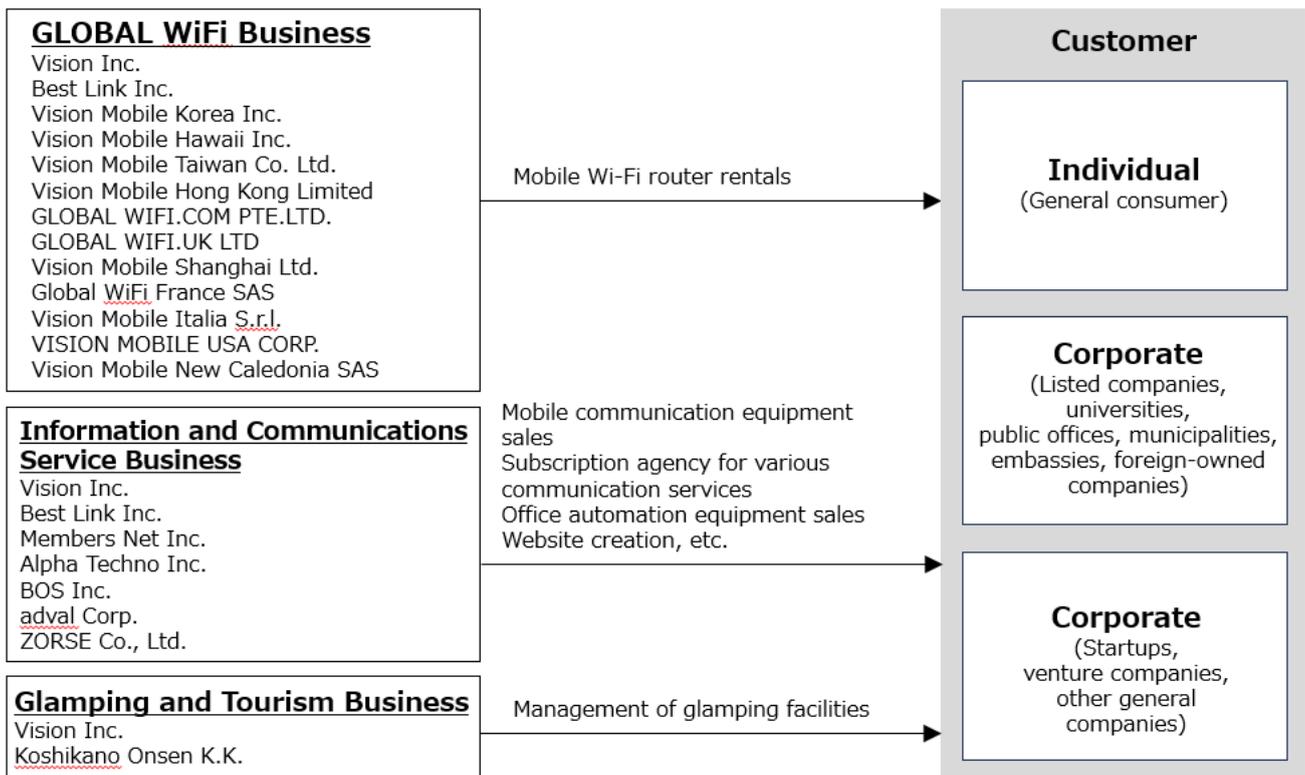
(Note) SOHO (Small Office/Home Office) businesses: A name for businesses that use computers and other information and communications equipment to conduct business in small offices, homes, etc.

(3) Glamping and Tourism Business

Vision Inc. and Koshikano Onsen K.K. operate glamping facilities and earn revenue from guests who stay at the facilities.

Business Organizational Chart

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



* Vision Ad Inc. is engaged in the media business, which is classified as the “other” segment.

* Vision Technologies Inc. and VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY are system development centers and database operators for the Group.

Overview of Office Locations

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

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

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

4. Affiliated Companies

Name	Address	Capital (thousands of yen)	Main Business	Voting rights held percentage (%)	Relation Details
(Consolidated Subsidiaries)					
Members Net Inc.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	100.0	New telephone line installation and billing service, etc., Concurrent directors, etc.
Best Link Inc.	Shinjuku-ku, Tokyo	10,000	GLOBAL WiFi Business Information and Communications Service Business	100.0	Outsourcing of administrative operations, Outsourcing of fixed-line communications business, Concurrent directors, etc.
Alpha Techno Inc.	Shinjuku-ku, Tokyo	50,000	Information and Communications Service Business	100.0	Outsourcing of construction work, Concurrent directors, etc.
BOS Inc.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	100.0	Outsourcing of mobile communications business, Concurrent directors, etc.
Vision Ad Inc.	Shinjuku-ku, Tokyo	10,000	Other	60.0	Loan of funds, Concurrent directors, etc.
Vision Technologies Inc. (Note 2)	Shinjuku-ku, Tokyo	10,000	IT Business (Programming, etc.)	100.0	Outsourcing of system and database development, etc.
adval Corp.	Shinjuku-ku, Tokyo	10,000	Information and Communications Service Business	50.1	Loan of funds, Concurrent directors, etc.
Koshikano Onsen K.K.	Kirishima, Kagoshima	53,880	Glamping and Tourism Business	100.0	Loan of funds, Concurrent directors, etc.
ZORSE Co., Ltd.	Miyagino-ku, Sendai, Miyagi	5,000	Information and Communications Service Business	60.0	Outsourcing of sales improvement support services
Vision Mobile Korea Inc.	Seoul, South Korea	Thousands of KRW 300,000	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
Vision Mobile Hawaii Inc.	Hawaii, U.S.	Thousands of USD 150	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
Vision Mobile Hong Kong Limited	Hong Kong, China	Thousands of HKD 300	GLOBAL WiFi Business	100.0	Overseas operation base, Loan of funds, Concurrent directors, etc.
GLOBAL WIFI.COM PTE.LTD.	Singapore	Thousands of SGD 160	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
Vision Mobile Taiwan Co. Ltd.	Taipei, Taiwan	Thousands of TWD 5,000	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
GLOBAL WIFI.UK LTD	London, U.K.	Thousands of GBP 40	GLOBAL WiFi Business	100.0	Overseas operation base, etc.
VISION VIETNAM ONE MEMBER LIMITED LIABILITY COMPANY	Ho Chi Minh City, Vietnam	Thousands of VND 2,100,000	IT Business (Programming, etc.)	100.0	Outsourcing of system and database development, etc.
Vision Mobile Shanghai Ltd.	Shanghai, China	Thousands of USD 1,700	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
Global WiFi France SAS	Paris, France	Thousands of EUR 220	GLOBAL WiFi Business	100.0	Overseas operation base, Loan of funds, Concurrent directors, etc.
Vision Mobile Italia S.r.l.	Milan, Italy	Thousands of EUR 220	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
VISION MOBILE USA CORP.	California, U.S.	Thousands of USD 470	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.
Vision Mobile New Caledonia SAS	Noumea, New Caledonia	Thousands of XPF 1,000	GLOBAL WiFi Business	100.0	Overseas operation base, Concurrent directors, etc.

(Equity-method affiliates) eeats Co., Ltd.	Toshima-ku, Tokyo	10,000	Information and Communications Service Business	50.0	Concurrent directors, etc.
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(Note) 1. None of the companies have submitted a securities registration statement or securities report.

2. Effective October 1, 2023, Vision Digital Marketing Inc. changed its name to Vision Technologies Inc.

5. Employees

(1) The Group - Consolidated Basis

As of December 31, 2023

Segment	Number of Employees
GLOBAL WiFi Business	223 (41)
Information and Communications Service Business	378 (74)
Glamping and Tourism Business	18 (31)
Total Reporting Segments	619 (146)
Other	22 (3)
Corporate (Common)	103 (3)
Total	744 (152)

- (Note) 1. The number of employees does not count employees who have transferred to other companies from the Group and does not include employees who have transferred to the Group from other companies.
2. The figures in parentheses in the "Number of Employees" column represent the annual average number of temporary employees (converted to 8 hours per day).
3. The Corporate (Common) segment consists of employees in administrative departments such as general affairs and accounting.
4. The number of employees increased by 95 from the end of FY2022. This is mainly due to an increase in hiring during the period as a result of business expansion.

(2) The Company - Non-consolidated Basis

As of December 31, 2023

Number of Employees	Average Age	Average Employment Length (year)	Average Annual Salary (thousands of yen)
563 (110)	34.6	7.4	5,698

Segment	Number of Employees
GLOBAL WiFi Business	195 (38)
Information and Communications Service Business	289 (55)
Glamping and Tourism Business	10 (11)
Total Reporting Segments	494 (104)
Other	22 (3)
Corporate (Common)	47 (3)
Total	563 (110)

- (Note) 1. The number of employees does not count employees who have transferred to other companies from the Group and does not include employees who have transferred to the Group from other companies.
2. The figures in parentheses in the "Number of Employees" column represent the annual average number of temporary employees (converted to 8 hours per day).
3. Average annual salary includes bonuses and extra wages.
4. The Corporate (Common) segment consists of employees in administrative departments such as general affairs and accounting.
5. The number of employees increased by 63 from the end of FY2022. This is mainly due to an increase in hiring during the period as a result of business expansion.

(3) Labor Union

There is no labor union.

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

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and differences in wages between male and female workers

① The Company

FY2023					Supplementary explanation
Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1, 3)			
		All workers	Permanent full-time worker	Part-time/fixed-term workers	
8.5%	61.5%	62.8%	71.8%	90.8%	A higher percentage of women are part-time / fixed-term workers, and the wage differentials for all workers are larger.

(Note) 1. Calculated in accordance with the provisions of the “Law Concerning the Promotion of Active Roles of Women in Their Professional Lives” (Law No. 64, 2015).

2. Based on the provisions of the “Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Law No. 76, 1991), the percentage of employees who took child care leave, etc. as stipulated in Article 71-4-1 of the “Enforcement Regulations of the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Ministry of Labor Ordinance No. 25, 1991) was calculated.

3. The difference in wages between men and women workers is the ratio of the average annual wage of women to the average annual wage of men, which is 100.

② Consolidated subsidiaries

Consolidated subsidiaries are not subject to the obligation to disclose information under the provisions of the “Law Concerning the Promotion of Women’s Advancement in Employment” (Law No. 64, 2015) and the “Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Law No. 76, 1991), so this information is omitted.

Item 2: Business Overview

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

(1) Management Policy

Under the management philosophy of “To contribute to the global information and communications revolution,” the Group aims to be a company that contributes to the world through our “GLOBAL WiFi Business” that provides an environment for easy and safe use of the Internet around the world, our “Information and Communications Service Business” that provides telecommunications infrastructure suited to the growth stages of companies, and our “Glamping and Tourism Business” that provides a unique and completely private space as an inbound-related service business.

Future matters in this report are based on the judgment of the Group as of the end of FY2023.

The strength of the Group lies in our “Vision Hybrid Synergy model,” a business model that we have developed over the 25 years since our founding. This model has enabled us to develop pull-type and push-type sales activities with high efficiency. Specifically, we efficiently capture apparent demand through web marketing, and the Customer Loyalty Team (CLT) grasps requests and issues through contact with customers and improves the order rate through the sales force’s ability to make proposals. Furthermore, the accumulated database is analyzed to formulate strategies, which seamlessly circulate and interact with each other.

With these strengths as a background, we are developing our business based on the following basic strategies.

① Niche and Focus Strategy

We discover issues created by gaps in the market and develop new markets. We understand the wants and needs of our targets and use a strategy that combines various marketing initiatives to gain market share.

② Price and Quality / Leadership Strategy

While maintaining the quality of service, we will thoroughly pursue production efficiency, diversify monetization points, and further reduce procurement costs through volume discounts. This will establish a competitive advantage in price competition.

③ Up-selling / Cross-selling Strategy

Through communication with customers, we understand the attractiveness of products and points for improvement, and provide services at the appropriate timing and price. This maximizes customer lifetime value and builds long-term relationships.

(2) Business Environment

Economic activities in Japan have normalized with the transition of COVID-19 to a “category 5” infection in May 2023. Although the economy stalled in some areas, a gradual recovery trend was seen due in part to increased exports and a recovery in inbound demand. On the other hand, the outlook remains uncertain due to continued global monetary tightening and rising prices.

In this economic environment, the Group believes that it is important for us to develop our business activities while improving productivity in our existing businesses and expanding new businesses and services.

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)

The business environment is on the road to recovery mainly due to the recovery of inbound demand.

In this business, in order to respond to various telecommunication demands for outbound, inbound, and domestic use, we offer various telecommunication plans that meet the needs of our customers. We will reduce the impact of higher purchase prices for overseas telecommunications costs due to the weak yen and increase price competitiveness by developing low-cost operations, such as controlling telecommunications costs by reviewing procurement terms and improving the efficiency of data operations, unmanned airports, and reducing outsourcing costs by expanding in-house production of shipments.

(Information and Communications Service Business)

Although the economy is in a gradual recovery trend, there are signs of weakness in domestic demand such as consumer spending and capital investment.

In this business segment, we provide services that are not easily affected by the economy, leading to “sales improvement,” “cost reduction,” “business efficiency improvement,” “communication revitalization,” and “DX (Digital Transformation) promotion” for our customers.

In addition, our multiple business segments allow us to flexibly respond to changes in the external environment, such as economic conditions and trends.

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 and Tourism Business)

This is a new business that began in FY2022, and we are approaching the domestic travel market, which exceeds 17 trillion yen, by developing glamping facilities based on a unique concept equipped with exclusive open-air baths.

In this business, we will effectively utilize the sales channels, business structure, and customer base we have cultivated to date to capture not only domestic but also inbound demand and establish the new form of glamping as the third category of resort accommodation, following hotels and inns.

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

The Group has set a target operating profit 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.

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast
Operating profit (millions of yen)	3,325	103	1,105	2,414	4,280	5,254
Operating profit margin (%)	12.2	0.6	6.1	9.5	13.5	14.5

(4) Priority Business and Financial Issues to be Addressed

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

① Increase brand recognition

In order to encourage greater use of our services, we aim to improve the name recognition of various brands by strengthening promotions.

② Strengthen inbound and overseas business

We will build a foundation to expand our business globally by strengthening inbound (foreign visitors to Japan) and overseas-to-overseas use of our services.

③ Expand stable earnings

We will strengthen sales of “GLOBAL WiFi for Biz,” an in-house permanent type for corporate customers, in order to expand stable earnings.

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

① Respond to changes in the external environment

We will effectively utilize multiple businesses and sales channels through flexible business operations based on an accurate understanding of the times and customer needs.

② Improve productivity of existing businesses

We will enhance team management and improve productivity by leveraging the strengths of web marketing, sales, CLT (Customer Loyalty Team), escalation (cooperation among divisions, customer referrals) and the Group Companies.

③ Build long-term stable earnings base

We will build long-term stable earnings base by increasing stable stock earnings through sales expansion and continuous use of in-house developed recurring-revenue services.

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

① Establish an attractive category

To realize sustainable growth, we will not let the glamping lodging category end as a transient boom, but will systematically implement effective capital investment with the aim of establishing it as a new and attractive category alongside resort hotels and inns.

② Strengthen customer attraction

We will establish effective promotion and branding to attract not only Japanese tourists but also foreign visitors to Japan.

③ Strengthen tourism business

We will develop inbound tourism business for foreign visitors to Japan and seek synergy between glamping accommodation and use of GLOBAL WiFi, etc.

We recognize that M&A to maximize business synergies and the continuous recruitment and development of excellent human resources are important to resolve the “issues to be addressed” by the Group. We will strive to raise our name recognition through the improvement of service quality and the establishment of branding, and to secure and develop the necessary excellent human resources.

2. Approach to Sustainability and Initiatives

The Group’s philosophy and efforts on sustainability are as follows.

The forward-looking statements in the text are based on our judgment as of the end of FY2023.

Vision Group Sustainability Basic Policy

Our management philosophy is “To Contribute to the Global Information and Communications Revolution.” Based on this philosophy, the Group regards sustainability initiatives as an important management issue and conducts management with an emphasis on sustainability. Specifically, we will contribute to the universal philosophy of “sustainable growth” through our business, with the aim of contributing to the global environment and realizing a sustainable society and economic growth.

(1) Governance

We have established ESG Management Promotion Committee to promote ESG management. The committee identifies issues related to climate change and other sustainability issues, examines countermeasures, monitors and analyzes the status of initiatives, and regularly reports to the Board of Directors by the Representative Director and President.

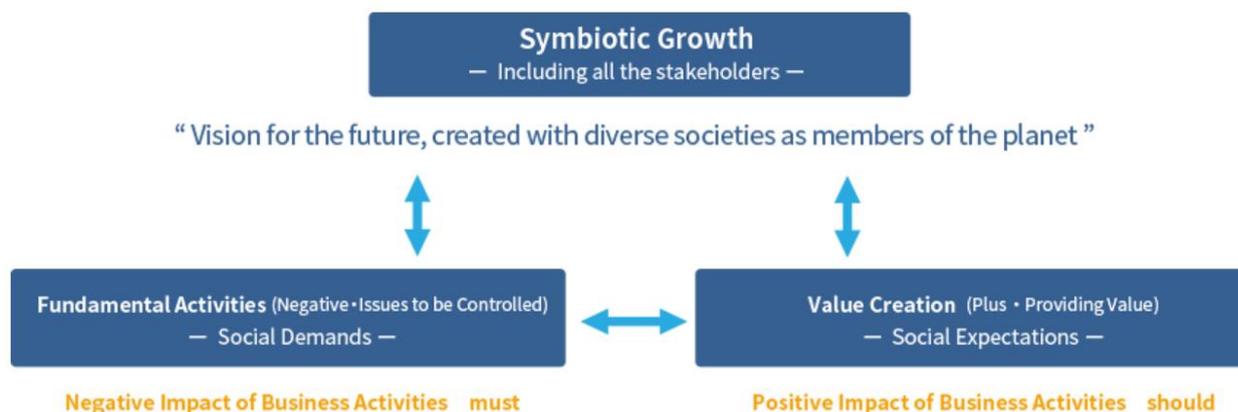
ESG Management Promotion Committee, chaired by the Representative Director and President, is composed of members of ESG Management Promotion Project, which is recommended by senior management and managers from various divisions. We also incorporate the advice of outside experts as necessary to ensure fair and appropriate deliberations.

Specifically, the Committee regularly reports and discusses the formulation of medium-to long-term sustainability (important issues) by project members and the extent to which specific business activities based on them have an impact on the environment and stakeholders.

(2) Strategy

The Group’s slogan (Vision’s Slogan), “Vision for the future, created with the diverse societies as a member of the planet,” is the most important guideline for all of our business activities. Based on this vision, we have established “Fundamental Activities” and “Value Creation,” each of which describes its specific initiatives.

In addition, in consideration of the Sustainable Development Goals (SDGs) adopted by the United Nations, we are promoting ESG management by identifying materiality (key issues).



① Formulation of Materiality

All employees discussed, decided, pushed forward, and formulated the materiality.

Specifically, project members were recruited from all employees, and the “Vision’s Materiality” was formulated while gathering opinions, etc. mainly from the relevant members, and this materiality was further evaluated by stakeholders.

The following are the 4 materiality initiatives of the Group.

• Fundamental Activities: Negative / Issues to be Controlled

(Environmental Conservation) Contributing to the prevention of global warming and environmental conservation, and efforts to realize a carbon-free society

- a. Reducing electricity costs by proposing LED and new electric power
- b. Promoting CO2 savings by selling carbon offsets products
- c. EV stations installed in glamping facilities

(Workstyle Reform) A company that enables all employees to work in diverse ways and with peace of mind

- a. Flexible working styles such as shorter working hours and flexible working hours
- b. Actively take childcare leave regardless of gender
- c. Career support for employees through the establishment of a career design office

• Value Creation: Plus / Providing Value

(Regional Revitalization) Contributing to the economic activities of local communities as a whole by creating jobs

- a. Remote work through regional hiring and telework
- b. Promoting local products and tourism resources through Glamping business
- c. Proactive employment of people with disabilities in all regions where they work

(Creating the Future) Contributing to society through education disparities and the elimination of medical disparities for children who will play a leading role in the future, and through education support and medical support

- a. Creating a stable working environment for parents by providing Vision Kids nursery school
- b. Promoting on-line classes through the provision of GLOBAL WiFi
- c. Sponsorship of events sponsored by PEACE DAY

② Strategy on Climate Change

As a company that contributes to the realization of a sustainable society, the Group regards climate change as an important management issue and is working to mitigate it.

Specifically, we began calculating CO2 emissions in FY2022, and have set indicators and targets for FY2030.

In line with TCFD recommendations, the Group will take measures to address the impact of the risks and opportunities on the strategic plan based on scenario-based analyses.

Furthermore, as a medium-term target, we will work to acquire the certification of SBT (Science Based Targets), an initiative on reducing CO2 emissions, in our efforts to reduce CO2 emissions.

③ Strategy on Human Capital

a. Policy on human resource development, including securing diversity in human resources

The Group's business philosophy is to become a corporate group that emphasizes "human resources," "databases," and "mechanisms" and devotes themselves to customer thinking efficiently and effectively.

In particular, with regard to "human resources," we advocate conducting business activities in good faith, understanding our management philosophy and management policies, rather than placing emphasis on academic background, background, gender, nationality, race, disability, and sexual orientation.

Diversity is promoted by appointing the right person to the right position, and the diversity required in terms of merit and ability is secured.

b. Policy on in-house environmental improvement

The Group sees all employees as important stakeholders, recognizes diverse ways of working, and aims to create an environment in which employees can work with peace of mind.

Specifically, we are focusing on reducing long working hours and working on days off, encouraging employees to take annual paid holidays, utilizing flexible schedules and telecommuting schemes, promoting the use of paid holidays on an hourly basis, and providing childcare and nursing care support to support employees in balancing work and daily life.

In addition, we have established a career design office within the company to provide support for work-related concerns, career development, and career return support.

(3) Risk Management

The Group has established the Risk Management Committee, which is chaired by the Representative Director and President and comprises members who participate in the Management Committee. This Committee deliberates on issues related to all risks related to the Group's corporate activities and actions, and adopts a system for supervision and promotion. The Committee prioritizes responses by defining important risks that need to be addressed on a company-wide basis.

In particular, "Climate Change" and "Human Capital" are selected as critical risks for business continuity. The content of discussions by the Committee is reported to the Board of Directors through the Management Committee, and the Board of Directors discusses and decides policies as important management issues.

① Climate Change

With regard to risk management related to climate change, it is important to assess climate change-related risks and opportunities and understand their impact on the Group. Assessing the impact of climate change will be carefully examined through scenario-based analyses in line with TCFD recommendations. In addition, because of the possibility of financial risks, such as paying a large amount of carbon taxes due to the sharp rise in fossil fuels caused by the impact of climate change, we are taking steps as needed to reduce electricity consumption and fossil fuels in preparation for risks, and are conducting evaluations and verifications to determine whether reductions are made on a regular basis.

② Human Capital

In order to further expand the Group's business, we will bring together a diverse range of human resources, and each and every one of them will make the most of their capabilities. If we are unable to acquire and develop human resources as planned, and if the number of retirees increases, we will not be able to secure the human resources necessary to maintain and expand our business. We believe that the biggest risk is that the organizational strength of our group will decline.

We will strive to reduce risks by providing all employees with opportunities for growth and creating an environment that makes it easier for them to thrive.

(4) Indicators and Targets

① Climate Change Indicators and Targets

In order to contribute to the realization of a decarbonized society and sustainable development of society by proactively working to solve environmental issues, the Group has been measuring CO2 emissions since FY2022 and working to mitigate them over the medium to long term.

The Group has not established any indicators for managing climate-related risks and opportunities. We will discuss the purpose and necessity of establishing indicators in the future, and will consider establishing indicators as necessary.

(Unit: tons of CO2 equivalent)

Classification	FY2022 (Result)	FY2030 (Target)
Scope 1	91.64	At 1.5°C level, 4.2% reduction per year
Scope 2 (Location-based)	857	
Scope 2 (Market-based)	808	
Scope 3	6,264.77	2.5% reduction per year for 2/3 at the Well Below 2°C level

(Standards used to calculate emissions)

- CO2 emissions from IEA burning
- Global Warming Prevention Law (Japan)

② Human Capital Indicators and Targets

Classification	Target	FY2023 (Result)	FY2026 (Target)
Percentage of female managers	8.0%	8.5%	12.0% or more
Male childcare leave rate	10% or more	61.5%	Maintain 40% or more
Percentage of annual paid leave taken	Promotion of leave taking	66.8%	Continued promotion
Average monthly overtime	Time reduction	19.58 hours	Continued reduction

3. 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 FY2023.

(1) Risks relating to the nature of our business

① Risk of outbreak and spread of COVID-19

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 the Group's purchasing conditions from carriers deteriorate, it may affect the 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 filing date 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

The 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. 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.

In addition, we are increasing purchases in accordance with appropriate sales forecasts to prevent lost sales opportunities due to out-of-stocks and excess inventory. However, the increased complexity of management associated with increased inventory may hinder proper management.

*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. Therefore, we limit their use to about 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 the 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, the situation in the Middle East, 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 telecommunications 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 carriers, and a significant change in the terms and conditions due to a change in the management policy of the carriers may affect the business performance and financial position of the 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 communication 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 and 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. Although trade receivables tend to increase with the expansion of business performance, we prepare for losses from bad debts by conducting adequate credit management and providing a certain amount of allowance for doubtful accounts for 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 relating 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, which may affect the financial position and business performance of the Group.

⑦ Risks relating 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, 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 the Group.

⑧ Risks relating 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 relating to legal regulations

The Group's business is subject to legal regulations such as "Act against Unjustifiable Premiums and Misleading Representations," "Act on Specified Commercial Transactions," "Telecommunications Business Act," "Food Sanitation Act," and "Hotel Business Act." In addition, in the GLOBAL WiFi business, we purchase telecommunication services from local telecommunication 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 lawsuit

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

Dilution of share value due to exercise of stock acquisition rights

The Group issues stock acquisition rights through stock options to its directors and employees with the aim of motivating them to improve performance. As of December 31, 2023, the number of shares to be issued upon exercise of the stock acquisition rights is as follows: "Item 4: Status of the Company 1. Stocks, etc. (2) 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.

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

(1) Overview of 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 FY2023.

① Financial position and operating results

During the consolidated fiscal year, the Japanese economy has been slowly recovering, although there are some signs of a standstill. However, the downturn in overseas economies, including the impact of global monetary tightening and concerns about the outlook of the Chinese economy, poses downward pressure risks to the economy. It is important that we pay close attention to the effects of rising prices, the situation in the Middle East, and fluctuations in financial and capital markets, etc.

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

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

	FY2023 (millions of yen)	FY2022 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	31,807	25,487	6,320	24.8
Operating profit	4,280	2,414	1,866	77.3
Ordinary profit	4,337	2,422	1,915	79.1
Profit attributable to owners of parent	3,025	1,548	1,477	95.4

Business results by segment are as follows.

(GLOBAL WiFi Business)

During the consolidated fiscal year, the extent of recovery in travel demand tended to be high since the removal of waterfront measures in April, particularly inbound travel.

The number of foreign visitors to Japan exceeded 100% of the same month in 2019 for the first time in October as a single month, and cumulative annual total has recovered to 78.6% of the 2019 level.

As for the number of outbound Japanese travelers, the cumulative annual total reached 9.62 million, 47.9% of the total for 2019, and is still on the way to recovery, but the number exceeded 1 million in August, September and November alone. (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.

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 achieve 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 consolidated fiscal year significantly have exceeded those of the previous year.

GLOBAL WiFi Business	FY2023 (millions of yen)	FY2022 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	18,728	14,389	4,338	30.1
Segment profit	5,032	3,078	1,954	63.5

(Information and Communications Service Business)

According to the “174th Survey of Business Conditions of Small and Medium Enterprises” (Source: Japan Finance Corporation Research Institute), during the third quarter of the current consolidated cumulative period, the Diffusion Index (Diffusion Index: Index of various estimations by companies on business conditions, facilities, excess or deficiency of employees, etc.) of business conditions for all industries for small and medium-sized enterprises (SMEs), which are the main service sectors provided by our business, decreased by 6.1 points in the October-December 2023 period compared to the previous period.

In this business environment, we enjoyed brisk sales due to the ease of product shortages caused by factors such as the shortage of semiconductors for the office automation equipment, which had continued since the previous fiscal year, and the strengthening of sales personnel hiring.

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

As a result, both net sales and segment profit for the consolidated fiscal year have exceeded those of the previous year.

Information and Communications Service Business	FY2023 (millions of yen)	FY2022 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	12,108	10,615	1,492	14.1
Segment profit	1,040	765	275	35.9

(Glamping and Tourism Business)

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

According to the Japan Tourism Agency’s “Survey on Consumption Trends of Foreigners Visiting Japan,” inbound foreign travel spending in 2023 is estimated to be 5,292.3 billion yen (up 9.9% from the same period in 2019).

Looking at the composition of inbound travel spending by expense category, lodging spending accounted for the largest share at 34.6%, with the composition of lodging spending increasing compared to the same period in 2019.

Glamping is a market with even higher expectations.

In this business environment, more and more guests are choosing “VISION GLAMPING Resort & Spa Koshikano Onsen” (Kirishima City, Kagoshima Prefecture) and “VISION GLAMPING Resort & Spa Yamanakako” (Yamanakako, Yamanashi Prefecture) opened in December 2022 as their lodging destination, seeking extraordinary experiences not found in existing hotels and inns.

As a result, both net sales and segment profit for the consolidated fiscal year have exceeded those of the previous year.

Glamping and Tourism Business	FY2023 (millions of yen)	FY2022 (millions of yen)	Change (millions of yen)	YoY (%)
Net sales	913	340	572	168.4
Segment profit (loss)	88	(122)	211	—

Financial Analysis

(Assets)

Total assets were 21,366 million yen (3,414 million yen more than the end of the previous consolidated fiscal year).

Current assets were 15,446 million yen (2,593 million yen more than the end of the previous consolidated fiscal year). The main reason for this was that cash and deposits increased by 2,064 million yen.

Fixed assets were 5,920 million yen (821 million yen more than the end of the previous consolidated fiscal year). The main reasons were increases of 172 million yen in buildings and structures, 268 million yen in rental assets, and 449 million yen in land.

(Liabilities)

Total liabilities were 6,758 million yen (847 million more than the end of the previous consolidated fiscal year).

Current liabilities were 5,973 million yen (1,100 million yen more than the end of the previous consolidated fiscal year). The main reasons for this were due to increases in notes and accounts payable - trade by 408 million yen and income taxes payable by 704 million

yen.

Fixed liabilities were 785 million yen (253 million yen less than the end of the previous fiscal year), mainly due to a 245 million yen decrease in long-term loans payable.

(Net Assets)

Total net assets were 14,607 million yen (2,567 million yen more than the end of the previous consolidated fiscal year). The main factors were a 3,025 million yen increase in retained earnings and a 206 million yen increase in stock acquisition rights due to the posting of profit attributable to owners of the parent company, and a 782 million yen decrease due to the purchase of treasury stock.

② Cash flow conditions

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the consolidated fiscal year was 10,410 million yen which was 2,224 million yen more than the end of the previous consolidated fiscal year.

(Cash flows from operating activities)

Net cash increased as a result of operating activities amounted to 5,054 million yen (net cash increase of 1,539 million yen in the previous fiscal year). This was mainly due to net income before tax adjustment of 4,387 million yen, depreciation of 544 million yen, and an increase in trade payables of 397 million yen, while corporate taxes paid totaled 727 million yen.

(Cash flows from investing activities)

Net cash decreased as a result of investing activities amounted to 1,840 million yen (net cash decrease of 1,200 million yen in the previous fiscal year). This was mainly due to outflows of 1,766 million yen for payments for purchase of property, plant, and equipment.

(Cash flows from financing activities)

Net cash decreased as a result of financing activities amounted to 1,040 million yen (net cash increase of 137 million yen in the previous fiscal year). This was mainly due to the repayment of long-term loans payable in the amount of 308 million yen and the purchase of treasury stock in the amount of 782 million yen.

③ 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	3,846	49.0
Information and Communications Service Business	3,948	1.5
Glamping and Tourism Business	337	509.6
Total	8,132	24.6

(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	18,728	30.1
Information and Communications Service Business	12,086	14.3
Glamping and Tourism Business	902	266.9
Total Reporting Segments	31,717	25.4
Other	90	(51.7)
Total	31,807	24.8

(Note) 1. Inter-segment transactions are eliminated.

2. Sales by major customer and percentage of total sales

Main Customers	FY2022 (January 1, 2022 - December 31, 2022)		FY2023 (January 1, 2023 - December 31, 2023)	
	Sales (millions of yen)	Ratio (%)	Sales (millions of yen)	Ratio (%)
Members Mobile Inc.	3,320	13.0	3,185	10.0
Narita Airport Quarantine Station	2,706	10.6	—	—

(2) Management's analysis and discussion 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 FY2023.

① Recognition, analysis, and discussion of financial condition and operation results

The financial position and operating results for FY2023 are as described in "Item 2: Business Overview 4. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flow Conditions (1) Overview of business results."

The Group sets its operating profit target because of the importance it attaches to profitability in its core business of operating activities. Net sales, operating profit, ordinary profit, and profit attributable to owners of the parent company for FY2023 exceeded the full-year forecast announced on August 10, 2023.

	FY2023 (millions of yen)	Revised Forecast as of August 10 (millions of yen)	Change (millions of yen)	Ratio of Change (%)
Net sales	31,807	30,095	1,712	5.7
Operating profit	4,280	4,019	261	6.5
Operating profit margin (%)	13.5	13.4	—	—
Ordinary profit	4,337	4,053	284	7.0
Profit attributable to owners of parent	3,025	2,673	352	13.2

As a result, assets, liabilities, and net assets each increased from FY2022.

The current ratio was 233.3% (242.5% at the end of FY2022), and the shareholder's equity ratio was 67.3% (67.0% at the end of FY2022), ensuring financial soundness.

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 operating results by segment are as follows.

As a result of the initiatives described in “Item 2: Business Overview 4. 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	FY2023 (millions of yen)	Revised Forecast as of August 10 (millions of yen)	Change (millions of yen)	Ratio of Change (%)
GLOBAL WiFi Business	5,032	4,592	440	9.6
Information and Communications Service Business	1,040	1,123	(82)	(7.4)
Glamping and Tourism Business	88	59	29	49.3

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 FY2023 is described in “Item 2: Business Overview 4. 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, installation costs for glamping facilities, 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 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements Notes (Significant Accounting Estimates)”.

5. Important Management Contracts, etc.

Not applicable.

6. Research and Development Activities

Not applicable.

Item 3: Facility and Equipment

1. Overview of Capital Investment

The capital investment for FY2023 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. In the Information and Communications Service business, investments were mainly in buildings and tools, furniture and fixtures increased mainly due to the renewal of our offices. In addition, in the Glamping and Tourism business, assets related to glamping facilities such as land and buildings have increased. There were no other investments or sales or removal of assets that had a significant impact on management.

Capital investment for FY2023 includes both tangible fixed assets and software.

Segment	FY2023
GLOBAL WiFi Business	583,522 thousands of yen
Information and Communications Service Business	294,637 thousands of yen
Glamping and Tourism Business	692,128 thousands of yen
Total Reporting Segments	1,570,288 thousands of yen
Other and Corporate	12,666 thousands of yen
Total	1,582,955 thousands of yen

2. Major Facility and Equipment

(1) The Company

As of December 31, 2023

Office (Location)	Segment	Summary of Facility and Equipment	Carrying Amount (thousands of yen)							Number of Employees	
			Buildings and structures	Machinery and delivery equipment	Tools, equipment, and fixtures	Land (Area m ²)	Rental assets	Software	Construction in progress		Total
Headquarters, Shinjuku Offices (Shinjuku-ku, Tokyo)	All Businesses and Corporate	Office equipment, supplies, software	148,780	—	71,762	—	435,717	72,057	—	734,579	377
VISION GLAMPING Resort & Spa Yamanakako (Yamanakako, Yamanashi)	Glamping and Tourism Business	Glamping facility	584,109	78,589	23,662	275,389 (12,946)	—	—	31,265	993,017	11
Call Center (Saga City, Saga)	All Businesses	Call center	161,556	8,042	3,948	33,752 (811)	—	—	—	207,299	35

(Note) There are no major facility and equipment currently out of service.

(2) Domestic subsidiaries

As of December 31, 2023

Company	Office (Location)	Segment	Summary of Facility and Equipment	Carrying Amount (thousands of yen)						Number of Employees
				Buildings and structures	Machinery and delivery equipment	Tools, equipment, and fixtures	Land (Area m ²)	Construction in progress	Total	
Koshikano Onsen K.K.	Koshikano Onsen (Kirishima, Kagoshima)	Glamping and Tourism Business	Glamping and ryokan facility	460,443	3,397	13,177	25,297 (12,660)	53,533	555,850	8

(Note) There are no major facility and equipment currently out of service.

(3) International subsidiaries

There are no major facility and equipment.

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

Not applicable.

Item 4: Status of the Company

1. Stocks, etc.

(1) Total number of shares, etc.

① Total number of shares

Type	Total number of authorized shares
Common Stock	123,000,000
Total	123,000,000

② Issued shares

Type	Number of issued shares on last day of FY2023 (December 31, 2023)	Number of issued shares on filing date (March 29, 2024)	Name of listed financial exchange or registered financial association	Summary
Common Stock	50,505,300	50,510,700	Tokyo Stock Exchange (Prime Market)	A unit equivalent to 100 shares.
Total	50,505,300	50,510,700	—	—

(Note) Number of issued shares on filing date does not include the number of shares issued by exercising stock acquisition rights from March 1, 2024 to the filing date of this Annual Securities Report.

(2) Stock acquisition rights, etc.

① Summary of stock options system

Resolution date	Board of Directors Resolution: November 13, 2017
Classification and number of grantees	Directors: 3 Employees: 160
Number of stock acquisition rights *	3,217 [3,199] (Note 1)
Type, content, and number of shares subject to stock acquisition rights *	Common stock 965,100 [959,700] (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's Board of Directors.
Matters concerning the issuance of stock acquisition rights related to corporate reorganization *	(Note 4)

*The contents as of the end of FY2023 (December 31, 2023) are described. For matters that have been changed from the end of FY2023 to the end of the month preceding the filing date (February 29, 2024), the numbers as of the end of the month preceding the filing date are shown in []. Other matters remain unchanged from the end of FY2023.

(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 1 share resulting from the adjustment shall be rounded down.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × Split (or reverse split) ratio

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 1 yen resulting from the adjustment shall be rounded up to the nearest yen.

Adjusted Exercise Price = Exercise Price before adjustment × $\frac{1}{\text{Split (or reverse split) ratio}}$

In the event that the Company issues shares for subscription (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) at a price lower than the market price after the allotment date of stock acquisition rights, the subscription amount shall be adjusted in accordance with the following formula, and any fraction of less than 1 yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment} \times \left(\frac{\text{Number of new shares issued} \times \text{Amount to be paid in per share}}{\text{Market price per share before issuance of new shares}} \right)}{\text{Number of shares outstanding} + \text{Number of new shares issued}}$$

3. (1) In the event that the operating profit 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 profit is first satisfied.

① If operating profit for FY2018 exceeds 2.1 billion yen and operating profit for FY2019 exceeds 2.6 billion yen, Exercisable ratio: 30%

- ② If operating profit for FY2020 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 profit exceeds 3.6 billion yen for any fiscal year from FY2018 to FY2021,
Exercisable ratio: 100%.

In determining operating profit, reference shall be made to operating profit 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 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 profit for any fiscal year from FY2018 to FY2021 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 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.
4. In the event that 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 "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
It 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
It shall be the Common stock of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights
It shall be determined in accordance with (Note 1), taking into consideration the conditions of the Corporate Reorganization.
 - (4) Value of assets to be contributed upon exercise of stock acquisition rights
It 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 Corporate Reorganization.
 - (5) Period during which the stock acquisition rights may be exercised
It shall begin on the later of the first day of the exercise period or the effective date of the Corporate Reorganization and end on the last day of the exercise period.
 - (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 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 calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than 1 yen resulting from the calculation shall be rounded up

to the nearest 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 *	Common stock 720,000 (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's Board of Directors.
Matters concerning the issuance of stock acquisition rights related to corporate reorganization *	(Note 8)

* The contents are as of the end of FY2023 (December 31, 2023). As of the end of the month prior to the filing date (February 29, 2024), there has been no change.

(Note) 1. Type and number of shares underlying stock acquisition rights

The number of shares underlying 1 stock acquisition right (the "Number of Shares Granted") shall be 100 shares of the Company's common stock.

If the Company has, subsequent to the allotment date of the stock acquisition rights, conducted a stock split (including, hereinafter, gratis allotment of the Company's common stock) or reverse stock split, the Number of Shares Granted shall be adjusted using the formula shown below; provided that such adjustment shall be made only for the number of shares underlying the unexercised stock acquisition rights at that point in time, and any fraction less than 1 share resulting from the adjustment shall be rounded down to the nearest whole number:

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × Split (or reverse split) ratio

If the Company has, subsequent to the allotment date of the stock acquisition rights, carried out a merger, company split, share exchange or share delivery, or otherwise needed to adjust the Number of Shares Granted in a manner similar to these, the Number of Shares Granted shall be appropriately adjusted to the extent deemed reasonable.

2. Value of property to be contributed upon exercise of stock acquisition rights and methods of calculation thereof

The value of property to be contributed upon exercise of stock acquisition rights shall be determined by multiplying the amount to be paid in per share (the "Exercise Price") by the Number of Shares Granted.

The Exercise Price shall be 1,162 yen.

If the Company has, subsequent to the allotment date of the stock acquisition rights, effected a stock split or reverse stock split, the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest yen:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Split (or reverse split) ratio}}$$

If the Company has, subsequent to the allotment date of the stock acquisition rights, issued new shares or disposed treasury stock at a price below the market value of the common stock of the Company (excluding cases where new shares are issued or treasury stock is disposed of based on the exercise of stock acquisition rights or where new shares are issued or treasury stock is delivered as a result of a merger, company split, share exchange, or share delivery), the Exercise Price shall be adjusted using the following formula. Any fraction less than 1 yen resulting from the adjustment shall be rounded up to the nearest yen:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of new shares issued} \times \text{Amount to be paid in per share}}{\text{Market price per share before issuance of new shares} + \frac{\text{Number of new shares issued}}{\text{Number of shares outstanding} + \text{Number of new shares issued}}}$$

In the formula above, the "Number of shares outstanding" shall be the total number of issued shares of the Company's common stock, less the number of treasury stock of the Company's common stock; and in the event that treasury stock of the Company's common stock are disposed of, the "Number of new shares issued" shall be read as the "Number of treasury stock disposed of." Furthermore, if the Company has, subsequent to the allotment date of the stock acquisition rights, carried out a merger with another company, a company split, share exchange, share delivery or otherwise needs to adjust the Exercise Price in a manner similar to these, the Company may appropriately adjust the Exercise Price to the extent deemed reasonable.

3. Period during which stock acquisition rights may be exercised

The period during which the stock acquisition rights may be exercised (the “Exercise Period”) shall be from April 1, 2024 to March 31, 2032.

4. Matters concerning increases in stated capital and legal capital surplus

- ① In the event of shares being issued upon exercise of the stock acquisition rights, an increase in the amount of stated capital shall be one-half of the maximum amount of increase in capital, etc., calculated in accordance with Paragraph 1, Article 17 of the Ordinance on Accounting of Companies. Any fraction less than 1 yen resulting from the calculation shall be rounded up to the nearest yen.
- ② In the event of shares being issued upon exercise of the stock acquisition rights, an increase in the amount of legal capital surplus shall be the amount obtained by subtracting the increase in capital in the above ① from the maximum amount of increase in capital, etc. stated in the above ①.

5. Restriction on acquisition of stock acquisition rights through 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 exercising stock acquisition rights

- ① The person who received the allotment of stock acquisition rights (the “Stock Acquisition Rights Holder”) shall be entitled to exercise the stock acquisition rights for FY2023 through FY2027, in accordance with the Company’s consolidated statement of income (or the statement of income if the Company does not prepare a consolidated statement of income. The same applies hereinafter). The allotted stock acquisition rights may be exercised only when the operating profit stated in (a) or (b) below is satisfied. Any fraction of less than 1 stock acquisition right that becomes exercisable in the calculation of such exercisable ratio shall be rounded down.

(a) If operating profit exceeds 4 billion yen in any fiscal year from FY2023 to FY2025,
Exercisable ratio: 50

(b) If operating profit exceeds 5 billion yen in any fiscal year from FY2023 to FY2027,
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 profit, 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 profit before deduction of stock compensation expenses after eliminating the effect of such expenses.

- ② Stock Acquisition Rights Holder must be Directors, Audit & Supervisory Board Members, 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 Stock Acquisition Rights Holder 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 1 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.
- ② If a Stock Acquisition Rights 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 upon Corporate Reorganization

In the event that 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 “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
It 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
It shall be the Common stock of the Reorganized Company.
- ③ Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights
It shall be determined in accordance with (Note 1), taking into consideration the conditions of the Corporate 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 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 Corporate Reorganization.
- ⑤ Period during which the stock acquisition rights may be exercised
It shall begin on the later of the first day of the exercise period stipulated in (Note 3) above or the effective date of the Corporate Reorganization and end on the last day of the exercise period stipulated in (Note 3) above.
- 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
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 stock acquisition rights
To be determined in accordance with (Note 6) above.
- ⑨ Reasons and conditions for stock acquisition 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 Other stock acquisition rights, etc.

Not applicable.

(3) 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, etc.

Date	Change in issued shares (shares)	Balance of issued shares (shares)	Change in capital (thousands of yen)	Balance of capital (thousands of yen)	Change in capital reserve (thousands of yen)	Balance of capital reserve (thousands of yen)
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
January 1, 2023 - December 31, 2023 (Note 1)	83,100	50,505,300	35,660	2,571,601	35,660	2,389,599

(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, 2024 to February 29, 2024, the total number of issued shares increased by 5,400 shares, the capital increased by 2,344 thousand yen, and the capital reserve increased by 2,344 thousand yen due to the exercise of stock acquisition rights.

(5) Status by holder

As of December 31, 2023

Classification	Status of stocks (100 shares per stock unit)								Shares less than one unit (shares)
	Government and local public entities	Financial institutions	Financial instruments business	Other corporations	Foreign corporations		Individual, other	Total	
					Non-individual	Individual			
Number of shareholders	—	16	26	86	153	50	10,483	10,814	—
Number of shares held	—	230,584	20,000	14,227	124,494	677	114,965	504,947	10,600
Percentage of shares held (%)	—	45.66	3.96	2.82	24.65	0.13	22.77	100.00	—

(Note) 2,171,681 treasury stock include 21,716 units in “Individual, other” and 81 shares in “Shares less than one unit.”

(6) Major Shareholders

As of December 31, 2023

Shareholder	Location	Number of shares held (Thousands of share)	Ratio of shares held to total number of shares issued (excluding treasury stock) (%)
Custody Bank of Japan, Ltd. (Investment Trust)	1-8-12 Harumi, Chuo-ku, Tokyo	8,035	16.62
The Master Trust Bank of Japan, Ltd. (Investment Trust)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	5,902	12.21
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730078)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	4,051	8.38
Kenichi Sano	Shinjuku-ku, Tokyo	2,611	5.40
INTERACTIVE BROKERS LLC (Standing Proxy Interactive Brokers Securities Japan Inc.)	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo)	2,413	4.99
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730079)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.79
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730080)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.79
Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730081)	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,350	2.79
GOVERNMENT OF NORWAY (Standing Proxy Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	1,267	2.62
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd	1-9-7 Otemachi, Chiyoda-ku, Tokyo	1,153	2.39
Total	—	29,486	61.01

(Note) Mizuho Trust and Banking Co., Ltd. Investment Trust (Kenichi Sano Account No. 0730078, 0730079, 0730080, and 0730081) are trust assets entrusted by Kenichi Sano, who has reserved the right to instruct the exercise of voting rights.

(7) Voting rights

① Issued shares

As of December 31, 2023

Classification	Number of shares (shares)	Number of voting rights (units)	Summary
Non-voting rights	—	—	—
Voting rights restricted stock (treasury stock)	—	—	—
Voting rights restricted stock (other)	—	—	—
Full voting rights stock (treasury stock)	(Treasury stock) Common stock 2,171,600	—	—
Full voting rights stock (other)	Common stock 48,323,100	483,231	—
Shares less than one unit	Common stock 10,600	—	—
Total number of issued shares	50,505,300	—	—
Voting rights of all shareholders	—	483,231	—

(Note) “Shares less than one unit” includes the 81 shares of treasury stock held by the Company.

② Treasury stock

As of December 31, 2022

Holder	Holder’s address	Number of shares held in own name (shares)	Number of shares held in other name (shares)	Total number of shares held (shares)	Ratio of shares held to total number of shares issued (%)
(Treasury stock) Vision Inc.	6-27-30 Shinjuku, Shinjuku-ku, Tokyo	2,171,600	—	2,171,600	4.30
Total	—	2,171,600	—	2,171,600	4.30

(8) Details of stock ownership plan for the director and employee

The Company aims to clarify the linkage between the remuneration of Directors (excluding Outside Directors; the same shall apply hereinafter) and our performance and share value, and to raise the awareness of the importance of contributing to the enhancement of medium-to long-term business performance and corporate value by sharing not only the benefits of the rise in stock prices but also the risks of the decline in stock prices with our shareholders. The introduction of “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter referred to as the “Plan”) for the Company’s Directors, a new performance-based stock compensation plan, was approved and passed at the 23rd Ordinary General Meeting of Shareholders held on March 28, 2024.

① Overview of the Plan

The Plan is a performance-linked stock compensation plan under which the Company’s shares are acquired through a trust (hereinafter referred to as the “Trust”) in which the Company’s shares are contributed as funds, and an amount equivalent to the amount calculated by converting the Company’s shares and the Company’s shares at market price is provided to the Directors in accordance with the Share Benefit Regulations for Officers as set forth by the Company through the Trust. In principle, the period when a Director receives payment of the Company’s shares shall be fixed every year, and the period when a Director receives payment of money equivalent to the amount calculated by converting the Company’s shares at market price shall be the period when a Director resigns as a rule. In the event that a Director receives the benefit of the Company’s Shares during the term of office, the Director will enter into a transfer restriction agreement with us prior to the payment of the Company’s Shares. As a result, the disposition of the Company’s shares for which the Directors received benefits during their tenure will be restricted by transfer, etc. until the retirement of the said Directors.

② Total number of shares to be acquired by officers

350,000 shares

- ③ Persons eligible for the Plan
Directors (Outside Directors are excluded.)

2. Acquisition of Treasury Stock, etc.

Stock category: Acquisition of common stock pursuant to Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisition by Resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition by Resolution of the Board of Directors

Classification	Number of shares (shares)	Total value (thousands of yen)
Board of Directors' Meeting held on November 13, 2023 (Acquisition period: November 15, 2023 - March 31, 2024)	670,000	1,000,000
Treasury stock acquired prior to FY2023	—	—
Treasury stock acquired in FY2023	670,000	782,901
Total number and value of remaining resolution shares	—	217,098
Unexercised ratio as of the end of FY2023 (%)	—	21.71
Treasury stock acquired during the period	—	—
Unexercised ratio as of the filing date (%)	—	21.71

(3) Details of items not based on resolutions of the General Meeting of Shareholders or the Board of Directors

Classification	Number of shares (shares)	Total value (thousands of yen)
Treasury stock acquired in FY2023	39	72
Treasury stock acquired during the period	30	33

(Note) Treasury stock acquired during the acquisition period does not include the number of shares purchased for shares less than one unit from March 1, 2024 to the filing date of the Annual Securities Report.

(4) Disposal and holding of acquired treasury stock

Classification	FY2023		Acquisition period	
	Number of shares (shares)	Total disposal price (thousands of yen)	Number of shares (shares)	Total disposal price (thousands of yen)
Acquired treasury stock offered to subscribers	—	—	—	—
Acquired treasury stock for cancellation	—	—	—	—
Acquired treasury stock through a merger, share exchange, share issuance, or corporate split	—	—	—	—
Other (—)	—	—	—	—
Number of treasury stock held	2,171,681	—	2,171,711	—

(Note) Treasury stock acquired during the acquisition period does not include the number of shares purchased for shares less than one unit from March 1, 2024 to the filing date of the Annual Securities Report.

3. Dividend Policy

The Group's policy has been to provide a stable and continuous return of profits to shareholders, taking into consideration the business environment in which the Group operates, while securing the internal reserves necessary to strengthen its financial position and expand its business in the future. However, at the Board of Directors meeting held on March 21, 2024, we changed its dividend policy as follows.

“The Group's basic policy is to return profits stably and continuously to shareholders in consideration of the business environment surrounding us, while securing the internal reserves necessary for strengthening our financial position and expanding our business. Based on this policy, we will place top priority on strategic investment for sustainable growth and maximize corporate value. At the same time, we will aim to increase capital efficiency while remaining aware of the cost of capital, and to provide stable and sustainable dividends and stock price formation. We will set a dividend payout ratio of 30-40% as a guideline.

Our basic policy is to pay dividends from surplus twice a year, an interim dividend and a year-end dividend. The decision-making body for dividends is the Board of Directors. In addition, we intend to implement share repurchases and retirements in an appropriate manner in order to improve capital efficiency and to execute a flexible capital policy in response to changes in the business environment.”

4. 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 Audit & Supervisory Board Members and has established the General Meeting of Shareholders, the Board of Directors, and the Board of Audit & Supervisory Board Members. In addition, the Nominating and Compensation Committee has been established as an advisory committee to the Board of Directors. The organizations involved in management decision-making, execution, and supervision are as follows.

(a) Board of Directors

The Board of Directors consists of 7 Directors (including 4 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) Officers" below.

The activities of the Board of Directors during FY2023 are as follows.

Position	Name	Number of times held	Number of times attended
Representative Director and Chairman (CEO)	Kenichi Sano	17 times	17 times
Representative Director and President (COO)	Kenji Ota	17 times	17 times
Director (CFO)	Shinichi Nakamoto	17 times	17 times
Independent Outside Director	Shinichiro Naito	17 times	17 times
Independent Outside Director	Shiori Harada	17 times	17 times
Independent Outside Director	Michimasa Naka	17 times	16 times

(b) Nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least 3 members who are Directors selected by a resolution of the Board of Directors, and the majority of these members shall be independent Outside Directors. In addition, the chairperson is to be selected from members who are Outside Directors by resolution of the Committee. It was established by resolution of the Board of Directors on December 21, 2023, for the purpose of further strengthening corporate governance by ensuring rationality, objectivity and transparency in nominating candidates for Directors and determining their compensation. The Committee holds meetings as necessary to deliberate on the appointment and dismissal of Directors and their remuneration, and reports back to the Board of Directors.

There were no activities of the Nominating and Compensation Committee during FY2023.

(c) Management Committee

The Management Committee consists of internal Directors, full-time Audit & Supervisory Board Members, 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.

(d) Board of Audit & Supervisory Board Members

The Board of Audit & Supervisory Board Members consists of 4 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members), 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 Audit & Supervisory Board Members, please refer to "(2) Officers" below.

(e) Internal Audit Office

The Internal Audit Office consists of 2 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.

(f) Accounting Auditor

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

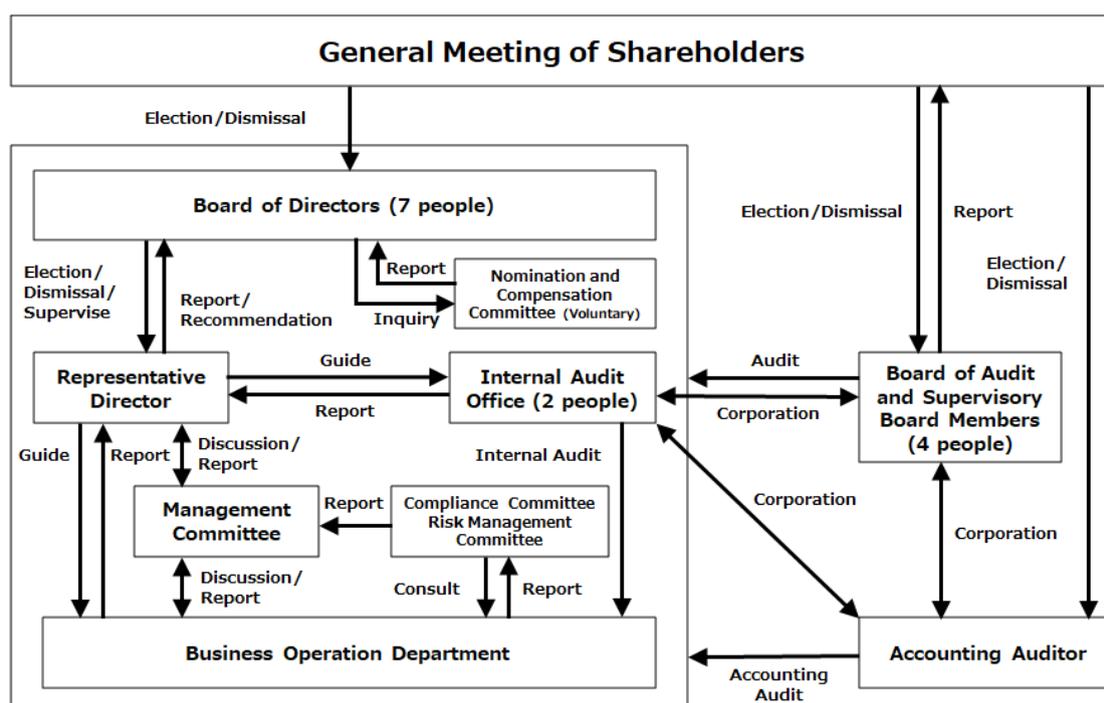
(g) Compliance Committee

The Compliance Committee has been set up as an organization to carry out efforts toward compliance, and is composed of the Representative Director, Director in charge of the administrative department, full-time Audit & Supervisory Board Members, and other general managers, and is held twice a year on a regular basis. In addition, we will hold it as needed.

(h) Risk Management Committee

The Risk Management Committee, chaired by the Representative Director and vice-chaired by the Director in charge of administration, is established to discuss risk prevention measures and to take measures to minimize damage in the event that a serious management risk materializes.

b. Structure of Corporate Governance



③ Other matters relating to corporate governance

a. 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) System to ensure that the execution of duties by Directors and employees complies with laws, 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 Audit & Supervisory Board Members.

- 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 relating to the execution of duties by Directors
- i. In accordance with the Document Management Regulations, the person in charge of management shall preserve the documents (including electromagnetic records, the same shall apply hereinafter.) 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 Committee's meetings and related materials
 - (iv) Minutes and related materials of other important meetings held by Directors
 - (v.) Other important documents relating to the execution of duties by Directors
 - ii. In addition to the above, documents relating 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 Audit & Supervisory Board Members 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) System 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) System to ensure the appropriateness of operations of the Group consisting of the Company and its subsidiaries
- i. With respect to the management of the affiliated 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 the affiliated companies as appropriate.
- (f) Matters relating to employees who are requested by Audit & Supervisory Board Members to assist them in their duties and matters relating to the independence of such employees from Directors
- i. The appointment of employees to assist Audit & Supervisory Board Members in their duties, and the number of employees to be appointed, shall be decided upon consultation between Audit & Supervisory Board Members and the Board of Directors.
 - ii. The employees set forth in the preceding paragraph, when assisting the duties of the Audit & Supervisory Board Members, shall not receive instructions or orders from the Directors.
- (g) System for reporting to Audit & Supervisory Board Members by Directors and employees and other systems for reporting to Audit & Supervisory Board Members
- i. Directors and employees shall report on the status of execution of their duties and other matters as needed in response to requests

from Audit & Supervisory Board Members.

ii. The General Manager of the Accounting Department, etc. shall periodically make reports to the Audit & Supervisory Board Members in accordance with the nature of their duties.

iii. In addition to attending meetings of the Board of Directors, the Audit & Supervisory Board Members appointed by the Board of Audit & Supervisory Board Members shall attend important meetings such as the Management Committee.

(h) Other systems to ensure that Audit & Supervisory Board Members are conducted effectively

The Audit & Supervisory Board Members shall hold regular meetings of the Board of Audit & Supervisory Board Members 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 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 relating to business, both parties shall promise that they are not anti-social forces or individuals or corporations relating to anti-social forces, and if any violation is later discovered, the contract document should include "Provisions for Exclusion of Antisocial Forces," such as the obligation to claim compensation for damages upon termination of the contract.

b. Risk management system

The Group has established a Risk Management Committee to discuss risk prevention measures and to take measures to minimize damage when serious management risks materialize.

We hold a Management Committee's 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 Representative Directors and Audit & Supervisory Board Members.

We have also obtained "Privacy Mark" certification and "ISMS" certification for information security, and are promoting the maintenance and operation of information security-related systems.

c. Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 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 treasury stock 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 Audit & Supervisory Board Members

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 Audit & Supervisory Board Members (including those who were previously Audit & Supervisory Board Members) from the liability for damages stipulated in laws and regulations. The purpose of this exemption is to enable Directors and Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 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 Directors or Audit & Supervisory Board Members perform their duties in good faith and without gross negligence.

j. Summary of Officers' Liability Insurance Contracts

The Company has concluded an Officers' Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. 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 Audit & Supervisory Board Members of the Company and its subsidiaries in their capacity as officers. All insurance fees are borne by the Company.

(2) Officers

① Directors and Audit & Supervisory Board Members

9 male, 2 female (18.2% of officers are female)

Position	Name	Date of birth	Career summary	Tenure	Number of shares held (shares)	
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 November 2014 December 2014 July 2016 August 2016 March 2023	Joined HIKARI TSUSHIN, Inc. Founded Vision LLC President and CEO Founded Vision Co., Ltd. President and CEO Founded Vision Inc. Director Vision Inc. President and CEO Vision Mobile Korea Inc. Representative director Vision Mobile Hawaii Inc. Representative director and president (current) Vision Mobile Hong Kong Limited Chairman of the Board (current) GLOBAL WIFI.COM PTE. LTD. Representative director (current) Vision Mobile Taiwan Co. Ltd. Chairman of the Board (current) Vision Mobile Shanghai Ltd. Chairman of the Board (current) Global WiFi France SAS Président (current) Vision Mobile Italia S.r.l. Presidente del CdA (current) VISION MOBILE USA CORP. Director and President (current) Vision Mobile New Caledonia SAS Président (current) Vision Inc. Chairman and CEO (current)	(Note 3)	2,611,900

Position	Name	Date of birth	Career summary	Tenure	Number of shares held (shares)	
President, Representative Director and COO	Kenji Ota	November 24, 1971	November 1997	Joined Vision Co., Ltd.	(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	Vision Mobile Taiwan Co. Ltd. Board Member (current)		
			October 2012	Best Link Inc. Representative Director (current)		
			April 2014	Vision Mobile Shanghai Ltd. Board Member (current)		
			November 2014	Global WiFi France SAS Directeur Général (current)		
			December 2014	Vision Mobile Italia S.r.l. Consigliere (current)		
			March 2015	Vision Inc. Director and General Manager of Sales Dept.		
			July 2016	VISION MOBILE USA CORP. Director Vice-President (current)		
			August 2016	Vision Mobile New Caledonia SAS Directeur Général (current)		
			February 2018	Alpha Techno Inc. Representative Director		
			March 2018	BOS Inc. Director (current)		
			May 2018	Vision Ad Inc. Director (current)		
			March 2020	Vision Digital Marketing Inc. (Current Vision Technologies Inc.) Representative Director		
			August 2022	Koshikano Onsen K.K. Director (current) adval Corp. Director (current)		
			March 2023	Best Link Inc. Director (current) Alpha Techno Inc. Director (current) Vision Inc. President, Representative Director and COO (current)		

Position	Name	Date of birth	Career summary		Tenure	Number of shares held (shares)
Director and 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 March 2023	Joined HIKARI TSUSHIN, Inc. Joined Vision LLC Vision Co., Ltd. Director Vision Inc. Director Vision Mobile Korea Inc. Director (current) Vision Mobile Hawaii Inc. Director and Vice-president (current) Vision Mobile Taiwan Co. Ltd. Board Member (current) Find Japan, Inc. Director Vision Mobile Shanghai Ltd. Board Member (current) Vision Inc. Director and General Manager of Administration Dept. VISION MOBILE USA CORP. Director Vice-President (current) Koshikano Onsen K.K. Director (current) Vision Inc. Director and CFO (current)	(Note 3)	191,000
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	Joined Recruit Human Resource Center Co., Ltd. (current Recruit Co., Ltd.) Joined Japan Remodel, Inc. Founded PERSONNE and PERSONNE Entertainment Co, Ltd. (current PERSONNE, Inc.) Director Founded Allest Inc. (current Findstar Co., Ltd.) Director Allest Inc. Representative Director (current) Target Media Inc. (current TMH) Director (current) MDK Inc. Representative Director (current) D-POPS Co., Ltd. (current D-POPS Group Co., Ltd.) 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 Co., Ltd. Representative Director (current) Vision Inc. Director (current) TEMONA, Inc. Director (current)	(Note 3)	—

Position	Name	Date of birth	Career summary		Tenure	Number of shares held (shares)
Director	Shiori Harada	June 21, 1974	<p>April 2001 September 2003 February 2006 September 2013 July 2015 July 2016 March 2017 June 2018 December 2019 July 2020 February 2022</p>	<p>Joined SoftBank Commerce Corp. (current Softbank Corp.) Joined Dell Inc. Business Development Manager Trend Micro Inc. Global Marketing Director Tripadvisor, Inc. Representative Director Founded LandReam Inc. Representative Director (current) WILLER, Inc. Director (current) Vision Inc. Director (current) SMARTCAMP Co., Ltd. Director (current) Shanghai Town Check Culture & Service Co. Authorized Representative (current) TOUCH GROUP Co., Ltd. Representative Director (current) TWH, Inc. Director (current)</p>	(Note 3)	—
Director	Michimasa Naka	August 14, 1964	<p>April 1989 December 2004 June 2008 October 2009 December 2009 December 2010 March 2011 July 2014 September 2014 October 2014 November 2014 July 2015 July 2016 June 2017 December 2018 March 2019 May 2020</p>	<p>Joined Salomon Brothers Asia Ltd. (current Citigroup Global Markets Japan Inc.) Nikko Citigroup Securities Co., Ltd. (current Citigroup Global Markets Japan Inc.) Managing Executive Officer and Joint General Manager of the Debt Capital Markets Division Nikko Citigroup Securities Co., Ltd. Managing Executive Officer and General Manager of the Markets and Sales Division Citigroup Global Markets Japan Inc. Director Citigroup Global Markets Japan Inc. Director and Deputy President Founded StormHarbour Japan Ltd. CEO and Representative Director GLM. Co., Ltd. Auditor Asuka Asset Management Co., Ltd. Director eWell Inc. Director istyle Inc. Director (current) StormHarbour Japan Ltd. Chairman and Director Geniece, Inc. Director Prevent SAST Insurance Co., Ltd. (current Mikata SAST Insurance Co., Ltd) Director (current) Founded Boardwalk Capital Inc. Representative Director and President (current) Founded Accelerator Inc. Representative Director and President (current) Boardwalk Trading Co., Ltd. Director (current) Vision Inc. Director (current) VECTOR INC. Director (current)</p>	(Note 3)	11,900

Position	Name	Date of birth	Career summary		Tenure	Number of shares held (shares)
			May 2021	Houyou Inc. Director (current)		
			September 2022	Adrex Corporation Director (current)		
			October 2022	HR Cloud Co., Ltd. Director (current)		
Director	Shieri Mori	March 29, 1989	January 2015	Registered as a practicing attorney (Tokyo Bar Association)	(Note 3)	—
			January 2015	Joined Baba & Sawada Law Office		
			November 2017	Joined K&L Gates LLP		
			October 2018	Integral Law Office Partner attorney (current)		
			March 2024	Vision Inc. Director (current)		

Position	Name	Date of birth	Career summary		Tenure	Number of shares held (shares)
Full-time Audit and Supervisory Board Member	Kazuhiko Umehara	March 3, 1953	April 1975	Joined Toyo Trust and Banking (current Mitsubishi UFJ Trust and Banking Corporation)	(Note 4)	—
			March 2006	M.U. Trust Liquidation Service Managing director		
			June 2008	Mitsubishi UFJ Capital Co., Ltd. Full-time Auditor		
			June 2015	Mitsubishi UFJ Capital Co., Ltd. Corporate Advisor		
			March 2016	Vision Inc. Full-time Audit and Supervisory Board Member (current)		
Full-time Audit and Supervisory Board Member	Tetsuya Niwa	February 10, 1966	February 1996	Joined Fullcast Co., Ltd. (Current Fullcast Holdings Co., Ltd.)	(Note 4)	3,700
			October 2004	Fullcast Co., Ltd. Legal Department General Manager		
			October 2007	Fullcast Co., Ltd. Compliance Department General Manager		
			December 2010	Fullcast Co., Ltd. Director		
			November 2011	Joined Kadokawa Haruki Corporation		
			October 2014	Joined Vision Inc. Legal Department General Manager		
			January 2016	Vision Inc. Legal Department Executive Manager		
			June 2017	Members Net Inc. Auditor Best Link Inc. Auditor BOS Inc. Auditor Vision Mobile Korea Inc. Supervisor Vision Mobile Hawaii Inc. Director Vision Mobile Taiwan Co. Ltd. Inspector Vision Mobile Shanghai Ltd. Inspector VISION MOBILE USA CORP. Director		
			May 2018	Vision Ad Inc. Auditor		
			January 2019	Vision Inc. Executive Officer of Human Resources, General Affairs and Legal Affairs		
			March 2020	Vision Digital Marketing Inc. (current Vision Technologies Inc.) Auditor		
			March 2022	Joined Musashi Seimitsu Industry Co., Ltd.		
			November 2022	Vision Inc. Corporate Advisor		
			March 2023	Vision Inc. Full-time Audit and Supervisory Board Member (current)		

Position	Name	Date of birth	Career summary		Tenure	Number of shares held (shares)
Audit and Supervisory Board Member	Junichi Motai	March 19, 1974	April 1996	Joined Asahi Audit Corporation (current KPMG AZSA LLC)	(Note 4)	—
			September 2005	Joined Clifix certified public tax accountant's corporation		
			June 2006	Start Today Co., Ltd. (current ZOZO, Inc.) Auditor (current)		
			December 2008	Founded Accounting Assist Co., Ltd. Representative Director (current)		
			September 2009	EC Navi Inc. (current CARTA HOLDINGS, INC.) Auditor (current)		
			March 2015	Vision Inc. Audit and Supervisory Board Member (current)		
			March 2016	Cyber Area Research, Inc. (current Geolocation Technology, Inc.) Auditor (current)		
			December 2017	ONGAKUKAN Co., Ltd. Auditor (current)		
			October 2018	Ficha Inc. Director (current)		
			November 2018	Spocale, Inc. Auditor (current)		
			March 2020	REX ADVISORS Co., Ltd. Auditor (current)		
			June 2020	JUNTEN BIO Co. Ltd Auditor (current)		
			June 2021	gooddays holdings, Inc. Director (current)		
Audit and Supervisory Board Member	Jun Houzumi	September 1, 1977	December 2004	Joined Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC)	(Note 4)	—
			October 2007	Joined Ligaya Partners, Inc.		
			October 2010	STREAM Co., Ltd. Representative Director and Vice President (current)		
			April 2012	Shell Partners Accounting Firm Representative Partner		
			April 2014	FIRSTLOGIC, INC. Auditor (current)		
			October 2014	TriFort, Inc. Auditor		
			March 2018	Vision Inc. Audit and Supervisory Board Member (current)		
Total						2,916,200

- (Note) 1. Directors Shinichiro Naito, Shiori Harada, Michimasa Naka, and Shieri Mori are Outside Directors.
2. Audit & Supervisory Board Members Kazuhiko Umehara, Junichi Motai, and Jun Houzumi are Outside Audit & Supervisory Board Members.
3. The term of office of Directors will expire at the close of the Ordinary General Meeting of Shareholders to be held on March 28, 2024, and at the close of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within 1 year after their election.
4. The term of office of Audit & Supervisory Board Members 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 4 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 Outside officers

The Company has 4 Outside Directors and 3 Outside Audit & Supervisory Board Members. They have no personal, capital, business or other interest relationships with the Company, except for the relationships described in “4. Corporate Governance, etc. (2) Officers.” The Company has not established clear criteria for the independence of the appointment of Outside Directors or Outside Audit & Supervisory Board Members, but the Company refers to the Companies Act and the criteria of the Tokyo Stock Exchange for

determining the independence of independent officers and appointing them.

Shinichiro Naito is an Outside 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 Outside 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 Outside Director and has a wealth of experience in the financial industry and global 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.

Shieri Mori is an Outside Director and has a wealth of experience and deep insight as a lawyer. We hope to make use of the expertise to monitor management and contribute to the strengthening of corporate governance by receiving advice on the overall management of the Company.

Kazuhiko Umehara is an Outside Audit & Supervisory Board Member and has a wealth of experience and high level of insight at financial institutions, and is expected to provide objective and neutral auditing duties for the Company based on his experience as a corporate manager.

Junichi Motai is an Outside Audit & Supervisory Board Member and has appropriate knowledge of finance and accounting through his expertise and extensive experience as a certified public accountant, and is expected to perform objective and neutral auditing duties for the Company based on his experience as a corporate manager.

Jun Houzumi is an Outside Audit & Supervisory Board Member and has appropriate knowledge of finance and accounting through his expertise and extensive experience as a certified public accountant, and is expected to perform objective and neutral auditing duties for the Company based on his experience as a corporate manager.

- ③ Mutual collaboration between supervision or auditing by Outside Directors or Outside Audit & Supervisory Board Members and Internal Audit, Audit by Audit & Supervisory Board Member and Accounting Auditor, and relationship with the internal control division

As for the mutual collaboration between supervision or auditing by Outside Directors or Outside Audit & Supervisory Board Members and Internal Audit, Audit by Audit & Supervisory Board Member and Accounting Auditor, and 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 Audit & Supervisory Board Members.

(3) Audits

① Audits by Audit & Supervisory Board Members

a. Board of Audit & Supervisory Board Members

The Board of Audit & Supervisory Board Members consists of 2 full-time Audit & Supervisory Board Members and 2 non-full-time Audit & Supervisory Board Members, 3 of whom are Outside Audit & Supervisory Board Members. The Board of Audit & Supervisory Board Members prepares an audit plan for each fiscal year and conducts audits in accordance with the auditing standards for Audit & Supervisory Board Members established by the Board of Audit & Supervisory Board Members. Junichi Motai and Jun Houzumi are certified public accountants.

b. Activities of the Board of Audit & Supervisory Board Members

In principle, the Board of Audit & Supervisory Board Members meets monthly prior to the Board of Directors' meetings, and also meets, as necessary.

The total number of meetings held during FY2023 was 15, and the attendance of each Audit and Supervisory Board Member was as follows. Each meeting lasted approximately 1 hour.

	Name	Number of times held	Number of times attended
Audit and Supervisory Board Member (Outside)	Kazuhiko Umehara (Full-time)	15 times	15 times
Audit and Supervisory Board Member	Tetsuya Niwa (Full-time)	10 times	10 times
Audit and Supervisory Board Member (Outside)	Yoshinori Nakajima	5 times	5 times
Audit and Supervisory Board Member (Outside)	Junichi Motai	15 times	15 times
Audit and Supervisory Board Member (Outside)	Jun Houzumi	15 times	14 times

(Note) 1. Audit and Supervisory Board Member Yoshinori Nakajima retired from his position at the conclusion of the Ordinary General Meeting of Shareholders held on March 30, 2023. Therefore, the number of times held differs from that of other members.

2. Audit and Supervisory Board Member Tetsuya Niwa is a new member appointed at the Ordinary General Meeting of Shareholders held on March 30, 2023. Therefore, the number of times held differs from that of other members.

The Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, reappointment of the Accounting Auditor, agreement on the remuneration of the Accounting Auditor, and revision of the auditing standards for Audit & Supervisory Board Members.

Major matters reported include the content of audit reports from the Accounting Auditor, 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 exchange of opinions and review of deliberation status toward the Board of Directors, setting of KAM for the Accounting Auditor, evaluation of the Accounting Auditor, and status of establishment and operation of internal control systems.

c. Activities of Audit & Supervisory Board Members

Audit & Supervisory Board Members attended the Board of Directors' meetings (17 meetings in total; Kazuhiko Umehara, Junichi Motai, and Jun Houzumi attended 17 meetings, and Tetsuya Niwa attended 13 meetings after appointment), audited the proceedings and resolutions, and expressed their opinions, as necessary. In addition, full-time Audit & Supervisory Board Members attend the weekly Management Committee' meetings, and other Audit & Supervisory Board Members confirm the content of the meeting minutes. Full-time Audit & Supervisory Board Members 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 Inside & Outside Directors, prepare minutes, convene meetings of the Board of Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members. They also participate as members of the Internal Reporting Desk and the Committee on Internal Reporting to share information with the Board of Audit & Supervisory Board Members.

All of Audit & Supervisory Board Members hold regular meetings with the representative directors, Chairman and President, each twice a year, and hold annual meetings with the Director, Managing Executive Officer & General Manager of Administration

Division to exchange opinions and make recommendations based on audit findings.

Each Audit and Supervisory Board Member 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 Internal Audits

In accordance with the Internal Audit Regulations, the Internal Audit Office (2 members), which is under the direct control of the Representative Directors, 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 Audit & Supervisory Board Members, and the audited divisions are requested to make improvements as necessary in order to normalize the situation.

It also reports to the Board of Audit & Supervisory Board Members and the Accounting Auditor on the status of internal control systems and other important matters as needed, and exchange information and opinions with them.

③ Accounting Audits

a. Name of auditing firm

KPMG AZSA LLC.

b. Period of continuous auditing

11 years

c. Certified Public Accountants who performed the duties

Yoshinori Saito

Masato Nagai

d. Composition of assistants for audit work

The Company's accounting audit was assisted by 4 certified public accountants, 3 persons who have passed the accountant examination, and 5 other persons.

e. Selection policy and reasons for the auditing firm

The Company selects certified public accountants, etc., based on the outline of the auditing firm, 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 auditing firm by the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members

The Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members also evaluates the Accounting Auditor 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 Auditor after repeated consideration and discussion.

④ Summary of audit fees, etc.

a. Remuneration for Audit Certified Accountants, etc.

Classification	FY2022		FY2023	
	Remuneration for audit certification work (thousands of yen)	Remuneration for non-audit work (thousands of yen)	Remuneration for audit certification work (thousands of yen)	Remuneration for non-audit work (thousands of yen)
The Company	36,000	—	40,000	—
Consolidated subsidiaries	—	—	—	—
Total	36,000	—	40,000	—

b. Remuneration for Audit Certified Accountants (excluding a.) from the same network (KPMG)

Classification	FY2022		FY2023	
	Remuneration for audit certification work (thousands of yen)	Remuneration for non-audit work (thousands of yen)	Remuneration for audit certification work (thousands of yen)	Remuneration for non-audit work (thousands of yen)
The Company	—	—	—	—
Consolidated subsidiaries	1,489	2,894	1,651	3,008
Total	1,489	2,894	1,651	3,008

Non-audit work for consolidated subsidiaries includes tax advisory services for overseas subsidiaries.

c. Details of remuneration for other important audit certification work

Not applicable.

d. Policy for determining audit remuneration

The Company determines audit remuneration by taking into consideration the audit plan, audit details, number of audit days, etc. of the Audit Certified Accountants, etc.

e. Reasons why the Board of Audit & Supervisory Board Members agrees to the remuneration of the Accounting Auditor

The Board of Audit & Supervisory Board Members 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 performance of duties of the accounting audit, and the basis for calculating the remuneration estimate.

(4) Remuneration for officers, etc.

① Matters relating to the policy for determining the amount of remuneration, etc. for officers and the calculation method

a. Details of the policy for determining the amount of remuneration, etc. for officers and the calculation method and the decision policy

The Board of Directors held on February 21, 2024 resolved and decided on the policy for determining remuneration for individual Directors. Our basic policy is to establish a remuneration system that is appropriate for the roles and responsibilities of Directors, motivates Directors to improve their performance and corporate value, and is linked to shareholder interests.

The amount of remuneration, etc. for Directors in FY2023 is determined by the Chairman of the Board of Directors based on the delegation by the Board of Directors resolution, taking into account our performance, contributions, etc., within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders. The Board of Directors has confirmed that the remuneration of each Director is consistent with the decision-making policy for FY2023, and has determined that it is in line with this decision-making policy.

b. Policy on determining the ratio of performance-linked remuneration and remuneration other than performance-linked remuneration

Stock-based compensation is determined using a trust-based stock compensation system, which was introduced with the aim of raising awareness of contributing to medium-to long-term improvement in business performance and increased corporate value. That is to say, we shall entrust money to a trust designated by us (hereinafter referred to as the Trust), acquire our common stocks (hereinafter referred to as our Common Stocks) in the Trust, and deliver to the Directors, through the Trust. Restricted stock shall be delivered to Directors through the Trust in proportion to the number of points granted to them in accordance with the Share Benefit Regulations for Officers established by the Board of Directors.

c. Details of the policy relating to the determination of the amount of remuneration, etc. for officers and the calculation method

Not applicable.

d. If there is a resolution of the General Meeting of Shareholders relating to remuneration, etc. of officers, the date, and details of the resolution of the General Meeting of Shareholders

At the General Meeting of Shareholders held on March 30, 2023, the Company resolved to limit the amount of remuneration for Directors to 300 million yen per year (including 100 million yen for Outside Directors, and not including employee salaries for directors who serve concurrently as employees). The resolution also stipulated that Audit & Supervisory Board Members shall be compensated up to 40 million yen per year.

e. Targets and results of performance-linked remuneration indices for FY2023

Not applicable.

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

The Board of Directors is authorized to determine the policy regarding the determination of the amount of remuneration, etc. of Directors of the Company or the method of calculation thereof, within the maximum amount of remuneration resolved at the General Meeting of Shareholders held on March 30, 2023, based on the consultation and report of the Nomination and Compensation Committee, in which Outside Directors constitute the majority and serve as chairman.

The Company's Board of Directors consists of 4 Outside Directors out of 7 Directors and 3 Outside Audit & Supervisory Board Members out of 4 Audit & Supervisory Board Members. 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 Audit & Supervisory Board Members or the method of calculation thereof, and the procedures thereof

The Company has established the Nomination and Compensation Committee, in which Outside Directors constitute the majority and serve as chairman. The Board of Directors determines the amount of remuneration, etc. for officers, or the method of calculation thereof, based on the advice and report of the Nomination and Compensation Committee.

h. Activities of the Board of Directors and its committees, etc. in the process of determining the amount of remuneration, etc. for officers during FY2023

The remuneration for Directors for FY2023 was determined by a resolution of the Board of Directors at the discretion of the Representative Director and Chairman (CEO). Remuneration for Audit & Supervisory Board Members was determined through consultation with the Board of Audit & Supervisory Board Members.

② Remuneration for Directors

a. Total remuneration by classification and number of officers of the Company

Classification	Total remuneration (thousands of yen)	Total remuneration by classification (thousands of yen)				Applicable officers (persons)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of the left, non-monetary compensation	
Director (excluding Outside Directors)	91,680	91,680	—	—	—	3
Outside officers	35,400	35,400	—	—	—	6

(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 officer of the Company

It is not stated because there is no officer 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 officers (persons)	Summary
27,947	1	Salary and bonuses

(5) Shareholding

① Standards and concepts for classification of investment stocks

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

② Investment stocks with a purpose other than pure 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 stocks held for purposes other than pure investment, the Company determines the necessity of holding such stocks by examining, from both qualitative and quantitative perspectives, the benefits and risks associated with holding such stock, 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 stocks increased in FY2023)

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

(Stocks whose number of stocks decreased in FY2023)

	Number of stocks	Total amount of sales price relating to the decrease in the number of stocks (thousands of yen)
Unlisted stock	—	—
Stocks other than unlisted stock	—	—

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

Not applicable.

③ Investment stocks whose holding purpose for pure investment

Classification	FY2023		FY2022	
	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	2	39,894	3	108,665

Classification	FY2023		
	Total amount of received dividends (thousands of yen)	Total gain (loss) on sale (thousands of yen)	Total valuation gain (loss) (thousands of yen)
Unlisted stock	—	—	—
Stocks other than unlisted stock	3,883	84,282	—

Item 5: Accounting

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 FY2023 (January 1, 2023 until December 31, 2023) 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 auditing and tax accounting firms and subscribe to professional accounting books.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

① Consolidated Balance Sheet

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	8,156,512	10,221,202
Accounts receivable - trade	3,658,679	3,713,323
Lease investment assets	12,977	1,317
Products	224,171	305,559
Supplies	15,939	5,957
Other	903,594	1,376,274
Allowance for doubtful accounts	(119,196)	(177,158)
Total current assets	12,852,677	15,446,475
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,564,322	1,811,511
Accumulated depreciation	(187,473)	(262,621)
Buildings and structures (net)	1,376,849	1,548,890
Machinery and delivery equipment	130,826	131,490
Accumulated depreciation	(17,740)	(41,460)
Machinery and delivery equipment (net)	113,086	90,029
Tools, equipment, and fixtures	333,911	456,325
Accumulated depreciation	(213,769)	(250,126)
Tools, equipment, and fixtures (net)	120,141	206,198
Rental assets	1,579,160	1,791,887
Accumulated depreciation	(1,405,463)	(1,349,908)
Rental assets (net)	173,697	441,979
Leased assets	12,782	7,629
Accumulated depreciation	(11,002)	(7,375)
Leased assets (net)	1,780	254
Land	335,007	784,041
Construction in progress	63,439	116,766
Other	3,343	318
Accumulated depreciation	(2,079)	(174)
Other (net)	1,264	144
Total tangible fixed assets	2,185,266	3,188,305
Intangible fixed assets		
Software	172,754	104,969
Goodwill	1,159,147	1,248,924
Others	21	21
Total intangible fixed assets	1,331,922	1,353,914
Investments and other assets		
Investment securities	*1 199,492	*1 127,259
Long-term loan	3,915	—
Deferred tax asset	363,985	406,975
Lease investment assets	1,317	—
Other	1,080,269	933,927
Allowance for doubtful accounts	(67,295)	(90,351)
Total investments and other assets	1,581,684	1,377,810
Total fixed assets	5,098,873	5,920,030

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Total assets	17,951,550	21,366,505

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	820,701	1,229,622
Current portion of long-term loans payable	120,097	120,665
Lease obligations	12,977	1,317
Accounts payable - other	2,180,363	2,052,298
Income taxes payable	499,182	1,203,290
Provision for bonuses	366,769	439,572
Allowance for shareholder benefit	—	18,081
Other	*2 872,847	*2 908,881
Total current liabilities	4,872,939	5,973,728
Fixed liabilities		
Long-term loans payable	847,078	601,451
Lease obligations	1,317	—
Deferred tax liabilities	7,749	17,454
Other	182,469	166,236
Total fixed liabilities	1,038,615	785,141
Total liabilities	5,911,554	6,758,870
Net assets		
Shareholders' equity		
Capital stock	2,535,941	2,571,601
Capital surplus	2,602,056	2,637,682
Retained earnings	8,637,117	11,663,013
Treasury stock	(1,862,967)	(2,645,942)
Total shareholders' equity	11,912,147	14,226,354
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	(14,198)	(9,563)
Foreign currency translation adjustment	124,419	172,936
Total other accumulated comprehensive income	110,220	163,373
Stock acquisition rights	11,344	217,907
Non-controlling interests	6,284	—
Total net assets	12,039,996	14,607,635
Total liabilities and net assets	17,951,550	21,366,505

② Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Unit: thousands of yen)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Sales	*1 25,487,727	*1 31,807,789
Cost of sales	*2 13,157,134	*2 14,005,098
Gross profit	12,330,593	17,802,691
Selling, general, and administrative expenses	*3 9,916,027	*3 13,521,925
Operating profit	2,414,565	4,280,765
Non-operating income		
Interest income	2,058	647
Dividend income	4,615	6,883
Foreign exchange profit	1,908	9,789
Subsidy income	1,458	31,562
Insurance surrender value	—	12,233
Other	12,337	22,239
Total non-operating income	22,378	83,355
Non-operating expenses		
Interest expenses	11,632	12,373
Equity in losses of affiliates	57	4,462
Commissions expenses	413	3,370
Other	2,340	5,924
Total non-operating expenses	14,444	26,130
Ordinary profit	2,422,500	4,337,990
Extraordinary income		
Gain on sale of fixed assets	*4 274	—
Gain on sale of investments in securities	1,230	84,282
Return profit on cancellation of contract	—	9,370
Total extraordinary income	1,504	93,652
Extraordinary losses		
Losses on retirement of fixed assets	*5 19,812	*5 44,303
Losses on revaluation of investments in securities	17,405	—
Head office relocation costs	19,718	—
Cancellation penalty fees	9,753	—
Total extraordinary losses	66,689	44,303
Net income before tax adjustment	2,357,315	4,387,340
Corporate, resident, and business taxes	537,940	1,396,690
Income tax adjustment	266,927	(35,744)
Total income taxes	804,867	1,360,945
Net income	1,552,447	3,026,394
Net income attributable to non-controlling interests	3,836	499
Net income attributable to owners of parent	1,548,610	3,025,895

Consolidated Statements of Comprehensive Income

(Unit: thousands of yen)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Net income	1,552,447	3,026,394
Other comprehensive income		
Valuation difference on available-for-sale securities	(19,308)	4,635
Foreign currency translation adjustment	83,427	48,517
Total other comprehensive income	* 64,119	* 53,152
Comprehensive income	1,616,566	3,079,547
(Breakdown)		
Comprehensive income related to owners of the parent	1,612,729	3,079,048
Comprehensive income related to non-controlling interests	3,836	499

③ Consolidated Statements of Changes in Shareholders' Equity

FY2022 (January 1, 2022 – December 31, 2022)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	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
Changes during the period					
Issuance of new shares (Exercise of stock acquisition rights)	148,025	148,025			296,050
Profit attributable to owners of the parent company			1,548,610		1,548,610
Acquisition of treasury stock				(63)	(63)
Net changes of items other than shareholders' equity					
Total changes during the period	148,025	148,025	1,548,610	(63)	1,844,597
Balance at the end of the 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 difference on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income			
Balance at the beginning of the period	5,109	40,991	46,101	6,116	2,447	10,122,215
Changes during the period						
Issuance of new shares (Exercise of stock acquisition rights)						296,050
Profit attributable to owners of the parent company						1,548,610
Acquisition 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 changes during the period	(19,308)	83,427	64,119	5,227	3,836	1,917,781
Balance at the end of the period	(14,198)	124,419	110,220	11,344	6,284	12,039,996

FY2023 (January 1, 2023 – December 31, 2023)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,535,941	2,602,056	8,637,117	(1,862,967)	11,912,147
Changes during the period					
Issuance of new shares (Exercise of stock acquisition rights)	35,660	35,660			71,320
Profit attributable to owners of the parent company			3,025,895		3,025,895
Acquisition of treasury stock				(782,974)	(782,974)
Purchase of shares of consolidated subsidiaries		(34)			(34)
Net changes of items other than shareholders' equity					
Total changes during the period	35,660	35,626	3,025,895	(782,974)	2,314,207
Balance at the end of the period	2,571,601	2,637,682	11,663,013	(2,645,942)	14,226,354

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income			
Balance at the beginning of the period	(14,198)	124,419	110,220	11,344	6,284	12,039,996
Changes during the period						
Issuance of new shares (Exercise of stock acquisition rights)						71,320
Profit attributable to owners of the parent company						3,025,895
Acquisition of treasury stock						(782,974)
Purchase of shares of consolidated subsidiaries						(34)
Net changes of items other than shareholders' equity	4,635	48,517	53,152	206,563	(6,284)	253,431
Total changes during the period	4,635	48,517	53,152	206,563	(6,284)	2,567,639
Balance at the end of the period	(9,563)	172,936	163,373	217,907	—	14,607,635

④ Consolidated Statements of Cash Flow

(Unit: thousands of yen)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Cash flow from operating activities		
Net income before tax adjustment	2,357,315	4,387,340
Depreciation	241,790	544,740
Goodwill amortization	184,160	210,385
Stock compensation expenses	—	207,000
Increase (decrease) of allowance for doubtful accounts	37,789	81,007
Increase (decrease) of allowance for bonuses	57,724	71,239
Interest and dividend income	(6,674)	(7,531)
Subsidy income	(1,458)	(31,562)
Interest expense	11,632	12,373
Equity in (earnings) losses of affiliated companies	57	4,462
(Gain) loss on sale of fixed assets	(274)	—
Loss on retirement of fixed assets	19,812	44,303
(Gain) loss on sale of investment securities	(1,230)	(84,282)
(Gain) loss on valuation of investment securities	17,405	—
(Increase) decrease in trade receivables	(1,433,942)	(94,810)
(Increase) decrease in inventories	(28,706)	(70,940)
Increase (decrease) in trade payables	(105,443)	397,923
Increase (decrease) in accounts payable-other	559,956	(90,002)
Other	(141,853)	174,001
Subtotal	1,768,061	5,755,645
Received interest and dividends	6,609	7,467
Subsidy received	1,458	31,562
Interest payment	(12,120)	(12,401)
Corporate tax payment	(224,363)	(727,654)
Cash flow from operating activities	1,539,646	5,054,619
Cash flow from investing activities		
Payments for purchase of property, plant, and equipment	(1,217,562)	(1,766,502)
Payments for purchase of intangible fixed assets	(67,637)	(48,387)
Income from sale of fixed assets	4,858	—
Income from sales of investment securities	8,610	160,148
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation	96,753	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	*2 (211,738)
Payments for acquisition of business	—	(33,958)
Payments for lease and guarantee deposits	(94,008)	(158,837)
Proceeds from collection of lease and guarantee deposits	35,309	140,600
Payments for loans receivable	(500,000)	—
Proceeds from collection of loans receivable	500,000	—
Other	32,701	78,488
Cash flow from investing activities	(1,200,976)	(1,840,186)
Cash flow from financing activities		
Repayment of short-term loans payable	(50,000)	—
Repayment of long-term loans payable	(98,798)	(308,668)
Income from exercising stock options	295,517	70,883
Income from issuance of stock acquisition rights	5,760	—
Expenditure on the acquisition of treasury stock	(63)	(782,974)
Expenditure for repayment of lease obligations	(15,368)	(12,977)
Other	—	(6,783)
Cash flow from financing activities	137,047	(1,040,520)

(Unit: thousands of yen)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Conversion difference for cash and cash equivalents	78,368	50,926
Increase (decrease) in cash and cash equivalents	554,085	2,224,838
Initial balance of cash and cash equivalents	7,631,688	8,185,773
Term-end balance of cash and cash equivalents	*1 8,185,773	*1 10,410,612

[Notes]

(Basis of Presenting Consolidated Financial Statements, etc.)

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. Company Information 4. Affiliated Companies.”

Vision Digital Marketing Inc. changed its name to Vision Technologies Inc. on October 1, 2023.

Promotion Plus Co., Ltd., which was a consolidated subsidiary in FY2022, was excluded from the scope of consolidation due to an absorption-type merger on February 1, 2023, with the Company as the surviving company and Promotion Plus Co., Ltd. as the absorbed company.

In addition, ZORSE Co., Ltd. became a consolidated subsidiary from FY2023 following the acquisition of its shares on June 1, 2023. The deemed acquisition date was June 30, 2023, and it was included in the scope of consolidation.

(2) Names of principal non-consolidated subsidiary

Names of principal non-consolidated subsidiary

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:

eeats Co., Ltd.

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 ZORSE Co., Ltd. is June 30, and in preparing the consolidated financial statements, a provisional settlement of accounts as of December 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 Marketable securities

Other securities

Securities with market quotations

Market 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 the moving average method

② Inventories

Products / 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	2-50 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 relating 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 accounting for allowances

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.

③ Allowance for shareholder benefit

To provide for expenses relating to the shareholder benefit plan, the amount expected to be incurred after FY2024 is recorded.

(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 business

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 relating 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 business

The Information and Communications Service business, which includes brokering of telecommunication lines, sales of MFPs and network equipment, production of websites, etc., 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 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. The translation differences are included in the foreign currency translation adjustment under net assets.

(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

It consists of cash on hand, deposits that can be withdrawn on demand, and short-term investments that can be easily converted into cash with little risk of price fluctuations and that mature within 3 months of acquisition.

(Significant Accounting Estimates)

The following is a list of items for which an accounting estimate has been recorded in the consolidated financial statements for FY2023 and which may have a material effect on the consolidated financial statements for FY2024.

Valuation of goodwill recognized at the time of the acquisition of shares of adval Corp.

(1) Amount recorded in the consolidated financial statements for FY2023

(Unit: thousands of yen)

	FY2022	FY2023
Goodwill	1,159,147	1,248,924

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

The Group has recognized 925,870 thousand yen of unamortized goodwill identified as excess earning capacity of its consolidated subsidiary, adval Corp., in the consolidated balance sheet. adval Corp. is mainly engaged in the business of renting meeting room space. Demand for rental meeting rooms was sluggish due to the COVID-19 disaster in previous years, and although demand for rental meeting rooms showed a recovery trend in FY2023 as the COVID-19 infection subsided, operating profit or loss after deducting goodwill amortization expense has been continuously negative. Whether or not an asset meets the criteria for impairment is mainly determined by whether or not it is continuously negative in terms of profit or loss or cash flow from operating activities. However, if a reasonable business plan has been prepared in advance and the actual amount of negative cash flow is not significantly lower than the amount of negative cash flow expected in the plan, it is not considered to be an indication of impairment. Since there are no other events that would constitute an indication of impairment, the Group has concluded that there is no indication of impairment.

The business plan is based on key assumptions regarding the number of new spaces opened and sales per space, which are the basis for, among other things, sales growth, 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 FY2024.

(Change in Presentation Method)

(Consolidated Statements of Income)

“Subsidy income” (1,458 thousand yen in FY2022), which was included in “Other” under “Non-operating income” in FY2022, is independently presented in FY2023 because its importance in terms of amount has increased.

In addition, “Equity in losses of affiliates” (57 thousand yen in FY2022) and “Commissions expenses” (413 thousand yen in FY2022), which were included in “Other” under “Non-operating expenses” in FY2022, are independently presented in FY2023 because their importance in monetary terms has increased.

(Consolidated Balance Sheet)

*1. The amount due to non-consolidated subsidiaries and affiliated companies are as follows.

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Investment securities (stocks)	39,232 thousands of yen	34,770 thousands of yen

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

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Contract liabilities	433,336 thousands of yen	503,800 thousands of yen

*3. Overdraft agreements

The Group has current account overdraft and commitment line agreements with 3 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 consolidated fiscal year.

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
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

(Consolidated Statements of Income)

*1. Revenue from contracts with customers

Revenues are not separately presented for revenues arising from contracts with customers and other revenues. The amount of revenue arising from contracts with customers is presented in the Consolidated Financial Statements “Notes (Revenue Recognition) 1. Information that disaggregates revenue arising from customer contracts.”

*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.

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
	3,314 thousands of yen	4,505 thousands of yen

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

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Salaries and allowances	2,524,535 thousands of yen	2,760,054 thousands of yen
Sales promotion expenses	1,598,472 thousands of yen	2,583,647 thousands of yen
Commissions paid	1,130,194 thousands of yen	2,277,964 thousands of yen
Provision of allowance for doubtful accounts	79,770 thousands of yen	120,915 thousands of yen
Provision for bonuses	325,096 thousands of yen	390,934 thousands of yen

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

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Rental assets	274 thousands of yen	— thousands of yen

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

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Buildings and structures	17,697 thousands of yen	28,672 thousands of yen
Tools, furniture, and fixtures	595 thousands of yen	1,437 thousands of yen
Rental assets	1,156 thousands of yen	— thousands of yen
Software	362 thousands of yen	13,125 thousands of yen
Other	— thousands of yen	1,067 thousands of yen
Total	19,812 thousands of yen	44,303 thousands of yen

(Statements of Comprehensive Income)

*Reclassification adjustments and tax effects relating to other comprehensive income

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Valuation difference on available-for-sale securities		
Amount arising during the period	(28,092) thousands of yen	91,377 thousands of yen
Reclassification adjustment	— thousands of yen	(84,282) thousands of yen
Before tax effect adjustment	(28,092) thousands of yen	7,094 thousands of yen
Tax effect amount	8,783 thousands of yen	(2,458) thousands of yen
Valuation difference on available-for-sale securities	(19,308) thousands of yen	4,635 thousands of yen
Foreign currency translation adjustment		
Amount arising during the period	83,427 thousands of yen	48,517 thousands of yen
Total other comprehensive income	64,119 thousands of yen	53,152 thousands of yen

(Consolidated Statements of Changes in Shareholders' Equity)

FY2022 (January 1, 2022 – December 31, 2022)

1. Matters relating to issued stock

Stock type	Beginning of FY2022	Increase	Decrease	End of FY2022
Common 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 relating to treasury stock

Stock type	Beginning of FY2022	Increase	Decrease	End of FY2022
Common stock (shares)	1,501,590	52	—	1,501,642

(Reasons for change)

Increase of 52 shares due to purchase of odd-lot shares.

3. Matters relating to stock acquisition rights

Company	Breakdown	Type of objective stocks	Number of objective stocks (shares)				Balance at the end of FY2022 (thousands of yen)
			Beginning of FY2022	Increase	Decrease	End of FY2022	
The 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 relating to dividends

Not applicable.

FY2023 (January 1, 2023 – December 31, 2023)

1. Matters relating to issued stock

Stock type	Beginning of FY2023	Increase	Decrease	End of FY2023
Common stock (shares)	50,422,200	83,100	—	50,505,300

(Reason for change)

Increase due to exercise of 83,100 shares of stock acquisition rights.

2. Matters relating to treasury stock

Stock type	Beginning of FY2023	Increase	Decrease	End of FY2023
Common stock (shares)	1,501,642	670,039	—	2,171,681

(Reason for change)

Increase of 670,000 shares due to acquisition of treasury stock by resolution of the Board of Directors on November 13, 2023.

Increase of 39 shares due to purchase of odd-lot shares.

3. Matters relating to stock acquisition rights

Company	Breakdown	Type of objective stocks	Number of objective stocks (shares)				Balance at the end of FY2023 (thousands of yen)
			Beginning of FY2023	Increase	Decrease	End of FY2023	
The Company	Stock acquisition rights as stock options in 2017	—	—	—	—	—	5,147
	Stock acquisition rights as stock options in 2022	—	—	—	—	—	212,760
Total			—	—	—	—	217,907

4. Matters relating to dividends

Not applicable.

(Consolidated Statements of Cash Flow)

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

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Cash and deposits	8,156,512 thousands of yen	10,221,202 thousands of yen
Deposits received (“Other” in Current assets)	29,261 thousands of yen	189,410 thousands of yen
Cash and cash equivalents	8,185,773 thousands of yen	10,410,612 thousands of yen

*2. Major breakdown of assets and liabilities of the company newly consolidated through stock acquisition

FY2022 (January 1, 2022 – December 31, 2022)

Not applicable.

FY2023 (January 1, 2023 – December 31, 2023)

Breakdown of assets and liabilities of ZORSE Co., Ltd. at the time of its consolidation through stock acquisition, and the relationship between the acquisition cost of the stock and the expenditure for the acquisition (net amount) are as follows.

Current assets	13,851 thousands of yen
Fixed assets	3,721 thousands of yen
Goodwill	276,145 thousands of yen
Current liabilities	24,506 thousands of yen
Fixed liabilities	53,212 thousands of yen
Acquisition cost of stock	216,000 thousands of yen
Cash and cash equivalents	4,261 thousands of yen
Difference: Expenditure for acquisition	211,738 thousands of yen

(Lease Transactions)

1. Financial lease transaction

(Borrower)

Finance lease transaction without transfer of ownership

(1) Details 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

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

(Lender)

(1) Breakdown of lease investment assets

① Current assets

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Lease payment receivable portion	13,074	1,321
Estimated residual value portion	—	—
Interest income portion	97	4
Lease investment assets	12,977	1,317

② Investments and other assets

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Lease payment receivable portion	1,321	—
Estimated residual value portion	—	—
Interest income equivalent	4	—
Lease investment assets	1,317	—

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

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)					
	Under 1 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	—	—	—	—

(Unit: thousands of yen)

	FY2023 (As of December 31, 2023)					
	Under 1 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	1,321	—	—	—	—	—

2. Operating lease transaction

(Borrower)

Unearned lease fees for non-cancellable operating lease transactions

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Under 1 year	266,118	243,179
Over 1 year	1,276,495	1,033,316
Total	1,542,613	1,276,495

(Financial Instruments)

1. Matters relating to 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 stocks 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 3 months. Lease obligations are for the purpose of procuring funds necessary for capital investment.

Short-term loans payable and long-term loans payable 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 relating to non-performance of contract by counterparties)

The Company 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, the Company periodically monitors the market prices and financial conditions of the partner companies and continuously reviews the status of holding such securities in consideration of market conditions and relationships with the partner companies.

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

The Company 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. The same management is applied to consolidated subsidiaries.

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

Since variable factors are incorporated in the calculation of the market value of financial instruments, such value may change due to the adoption of different assumptions and other factors.

2. Matters relating to the market value of financial instruments

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

FY2022 (As of December 31, 2022)

	Consolidated balance sheet (thousands of yen)	Market value (thousands of yen)	Difference (thousands of yen)
(1) Accounts receivable - trade	3,658,679	3,646,281	(12,397)
(2) Investment securities (*2)	108,665	108,665	—
(3) Long-term loans receivable (*3)	19,006	18,763	(243)
(4) Lease investment assets (*3)	14,294	14,063	(231)
Total assets	3,800,644	3,787,772	(12,871)
(5) Long-term loans payable (*3)	967,176	963,947	(3,228)
(6) Lease obligations (*3)	14,294	14,063	(231)
Total liabilities	981,470	978,010	(3,459)

FY2023 (As of December 31, 2023)

	Consolidated balance sheet (thousands of yen)	Market value (thousands of yen)	Difference (thousands of yen)
(1) Accounts receivable - trade	3,713,323	3,687,950	(25,373)
(2) Investment securities (*2)	39,894	39,894	—
(3) Long-term loans receivable (*3)	3,915	3,857	(58)
(4) Lease investment assets (*3)	1,317	1,298	(19)
Total assets	3,758,450	3,732,999	(25,450)
(5) Long-term loans payable (*3)	722,116	698,368	(23,748)
(6) Lease obligations (*3)	1,317	1,298	(19)
Total liabilities	723,433	699,666	(23,767)

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

(*2) FY2022 (As of December 31, 2022)

Stocks and other securities without market quotations are not included in “(2) Investment securities.” The consolidated balance sheet amounts of such financial instruments are as follows.

Classification	FY2022 (thousands of yen)
Unlisted stocks	51,594
Stocks of affiliated companies (unlisted)	39,232

FY2023 (As of December 31, 2023)

Stocks and other securities without market quotations are not included in “(2) Investment securities.” The consolidated balance sheet amounts of such financial instruments are as follows.

Classification	FY2023 (thousands of yen)
Unlisted stocks	52,609
Stocks of affiliated companies (unlisted)	34,755

(*3) Long-term loans receivable, lease investment assets, long-term loans payable, and lease obligations include current portion of long-term loans receivable, lease investment assets, current portion of long-term loans payable and lease obligations.

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

FY2022 (As of December 31, 2022)

	Under 1 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	2,997,420	579,653	81,604	—
Long-term loans receivable	15,090	3,915	—	—
Lease investment assets	12,977	1,317	—	—
Total	11,181,999	584,885	81,604	—

FY2023 (As of December 31, 2023)

	Under 1 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	10,221,202	—	—	—
Notes and accounts receivable - trade	2,642,908	946,902	123,512	—
Long-term loans receivable	3,915	—	—	—
Lease investment assets	1,317	—	—	—
Total	12,869,343	946,902	123,512	—

(*5) Scheduled repayment amounts of short-term loans payable, long-term loans payable, and lease obligations after the consolidated balance sheet date

FY2022 (As of December 31, 2022)

	Under 1 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 payable	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

FY2023 (As of December 31, 2023)

	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 payable	120,665	137,578	100,591	72,525	71,409	219,348
Lease obligation	1,317	—	—	—	—	—
Total	121,982	137,578	100,591	72,525	71,409	219,348

3. Matters relating to 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 market 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.

If multiple inputs that have a significant impact on the market value calculation are used, the market value is classified at the lowest priority level in the market value calculation.

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

FY2022 (As of December 31, 2022)

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

FY2023 (As of December 31, 2023)

Classification	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	39,894	—	—	39,894
Total assets	39,894	—	—	39,894

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

FY2022 (As of December 31, 2022)

Classification	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	3,646,281	—	3,646,281
Long-term loans receivable	—	18,763	—	18,763
Lease investment assets	—	14,063	—	14,063
Total assets	—	3,679,107	—	3,679,107
Long-term loans payable	—	963,947	—	963,947
Lease obligations	—	14,063	—	14,063
Total liabilities	—	978,010	—	978,010

FY2023 (As of December 31, 2023)

Classification	Market value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	3,687,950	—	3,687,950
Long-term loans receivable	—	3,857	—	3,857
Lease investment assets	—	1,298	—	1,298
Total assets	—	3,693,105	—	3,693,105
Long-term loans payable	—	698,368	—	698,368
Lease obligations	—	1,298	—	1,298
Total liabilities	—	699,666	—	699,666

(Note) Explanation of valuation techniques and inputs relating 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.

Accounts receivable - trade

Accounts receivable - trade related to installment transactions are classified as Level 2 market value, which is calculated based on the present value of cash flows discounted by an interest rate that takes into account the period until maturity and credit risk for each receivable classified by a certain period.

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 amount of principal and 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 loans payable (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.

(Marketable Securities)

1. Available-for-sale securities

FY2022 (As of December 31, 2022)

Classification	Consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities whose reported amounts in the consolidated balance sheet exceed acquisition cost			
Stocks	7,704	7,344	360
Subtotal	7,704	7,344	360
Securities whose reported amounts in the consolidated balance sheet do not exceed acquisition cost			
Stocks	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: 51,594 thousand yen) are not included in "Available-for-sale securities" in the above table because they have no market price.

FY2023 (As of December 31, 2023)

Classification	Consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities whose reported amounts in the consolidated balance sheet exceed acquisition cost			
Stocks	—	—	—
Subtotal	—	—	—
Securities whose reported amounts in the consolidated balance sheet do not exceed acquisition cost			
Stocks	39,894	53,424	(13,529)
Subtotal	39,894	53,424	(13,529)
Total	39,894	53,424	(13,529)

(Note) Unlisted stocks (consolidated balance sheet: 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

FY2022 (As of December 31, 2022)

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

FY2023 (As of December 31, 2023)

Classification	Sale amount (thousands of yen)	Total gain on sale (thousands of yen)	Total loss on sale (thousands of yen)
Stocks	160,148	84,282	—
Total	160,148	84,282	—

3. Securities with impairment losses

In FY2022, 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 market value is deemed extremely difficult to determine, the Group 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.

(Stock Options)

1. Amount and title of expense recognized for stock options

	FY2022	FY2023
Stock compensation expense in selling, general and administrative expenses	— thousands of yen	207,000 thousands of yen

2. Details, 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	The Company	The Company	The 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 grantees	Directors: 3 Employees: 25	Directors: 1 Employees: 8	Directors: 3 Employees: 27 Subsidiary company directors: 2
Type and number of shares granted (Note 1)	Common stock 1,482,600 shares	Common stock 81,000 shares	Common stock 720,000 shares
Date of grant	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, Audit & Supervisory Board Members, 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 1 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 grantee of stock acquisition rights must maintain the position of Director, Audit & Supervisory Board Members, 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 February 4, 2015 or 1 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) The person who received the allotment of stock acquisition rights (the “Stock Acquisition Rights Holder”) shall be entitled to exercise the stock acquisition rights for FY2023 through FY2027, in accordance with the Company’s consolidated statement of income (or the statement of income if the Company does not prepare a consolidated statement of income. The same applies hereinafter). The allotted stock acquisition rights may be exercised only when the operating profit stated in ① or ② below is satisfied. Any fraction of less than 1 stock acquisition right that becomes exercisable in the calculation of such exercisable ratio shall be rounded down.
 - ① If operating profit exceeds 4 billion yen in any fiscal year from FY2023 to FY2025,
Exercisable ratio: 50
 - ② If operating profit exceeds 5 billion yen in any fiscal year from FY2023 to FY2027,
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 profit, 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 profit before deduction of stock compensation expenses after eliminating the effect of such expenses.

- (2) Stock Acquisition Rights Holder must be Directors, Audit & Supervisory Board Members, 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 Stock Acquisition Rights Holder 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 1 stock acquisition right may be exercised for each stock acquisition right.

(2) Changes in the scale of stock options

Stock options that existed during FY2023 (ended December 31, 2023) are covered, and the number of stock options has been converted into the number of shares.

① Number of stock options

Company	The Company	The Company
Date of resolution	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 FY2022	—	720,000
Granted	—	—
Forfeiture	—	—
Vested	—	360,000
Unvested balance	—	360,000
After vested rights (shares)		
At the end of FY2022	1,200	—
Vested	—	360,000
Exercise	1,200	—
Forfeited	—	—
Unexercised balance	—	360,000

② Unit price

Company	The Company	The Company
Date of resolution	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	1,162
Average stock price at the time of exercise (yen)	1,407	—
Fair valuation unit price at grant date (yen)	—	800

3. 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.

4. Total intrinsic value of stock options as of the end of FY2023 when calculated based on the intrinsic value per unit of stock options and total intrinsic value of stock options exercised during FY2023 as of the date of exercise

(1) Total intrinsic value at the end of FY2023

24,480 thousand yen

(2) Total intrinsic value of stock options exercised during FY2023 at the date of exercise

1,484 thousand yen

(Additional Information)

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

For transactions in which paid-in stock acquisition rights with vesting conditions are granted to employees, etc. prior to the effective date 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”), 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 vesting conditions

(1) Details of stock acquisition rights with vesting conditions

	Third stock acquisition rights
Classification and number of grantees	Directors: 3 Employees: 155 Subsidiary company employees: 5
Type and number of shares granted (Note 1)	Common stock 4,068,000 shares
Date of grant	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) If the operating profit of the Company meets the conditions listed below, stock acquisition rights holders will be required to pay the percentage of the rights assigned according to the conditions (listed for each item). The stock acquisition rights multiplied by the “exercisable ratio” can be exercised from the first of the month following the submission date of the securities report for the period in which the operating profit level is met.

- ① When operating profit for FY2018 exceeds 2.1 billion yen and operating profit for FY2019 exceeds 2.6 billion yen, the exercisable ratio is 30%.
- ② When operating profit for FY2020 exceeds 3.1 billion yen, the exercisable ratio is 30%. Note that when both conditions ① and ② are met, the exercisable rate is 60%.
- ③ Notwithstanding any of the above, when operating profit in any of the fiscal years from FY2018 to FY2021 exceeds 3.6 billion yen, the exercisable ratio is 100%.

In determining operating profit, reference shall be made to operating profit 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 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, stock acquisition rights, except for rights that have already been exercised, cannot be exercised if operating profit falls below 1.6 billion yen in any year between FY2018 and FY2021.
- (3) The holder of stock acquisition rights must be a director (excluding outside directors) or an employee of the Company or an employee of a subsidiary of the Company when exercising the stock acquisition rights. However, this shall not apply if the Board of Directors of the Company recognizes that there is an exception due to the expiration of the term of office, retirement age, or other justifiable reasons.
- (4) Notwithstanding the provisions of (3) above, if the holder of the stock acquisition rights dies, inheritance of the stock acquisition rights shall not be permitted. However, if the Board of Directors of the Company approves the exercise of the stock acquisition rights by the heir in writing in consideration of various circumstances, the heir will be able to exercise the stock acquisition rights which the holder of stock acquisition rights would exercise if the holder were 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 total number of issued shares of the Company exceeds the total number of authorized shares at that time due to the exercise of stock acquisition rights, the stock acquisition rights cannot be exercised.
- (7) The exercise of less than one unit of stock acquisition right is not permitted.
- (8) Other conditions for exercising stock rights shall be as set forth in the “Stock Acquisition Rights Allotment Agreement,” made between the Company and the person to whom the stock acquisition rights are allotted.

(2) Size of paid-in stock acquisition rights with vesting conditions and changes thereof

Stock options that existed during FY2023 (ended December 31, 2023) 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 Number of stock options

	Third stock acquisition rights
Before vested rights (shares)	
At the end of FY2022	—
Granted	—
Forfeiture	—
Vested	—
Unvested balance	—
After vested rights (shares)	
At the end of the previous fiscal year	1,047,000
Vested	—
Exercise	81,900
Forfeited	
Unexercised balance	965,100

② Unit price

Exercise price (yen)	863
Average stock price at the time of exercise (yen)	1,546

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.

(Tax-Effect Accounting)

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

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Deferred tax assets		
Provision for bonuses	106,292 thousand yen	124,928 thousand yen
Accrued enterprise tax	38,092 thousand yen	67,787 thousand yen
Asset adjustment account	1,758 thousand yen	— thousand yen
Accrued social insurance premiums	12,365 thousand yen	16,817 thousand yen
Allowance for doubtful accounts	62,048 thousand yen	89,003 thousand yen
Refundable liabilities	17,031 thousand yen	21,380 thousand yen
Loss on valuation of investment securities	140,356 thousand yen	114,716 thousand yen
Contract liabilities	25,951 thousand yen	8,151 thousand yen
Accrued salaries	21,073 thousand yen	25,257 thousand yen
Asset retirement obligations	37,055 thousand yen	33,467 thousand yen
Excess depreciation	36,430 thousand yen	68,702 thousand yen
Excess amortization of deferred assets	9,805 thousand yen	12,266 thousand yen
Net operating loss carried forward for tax purposes (Note 1)	332,143 thousand yen	368,343 thousand yen
Impairment loss	100,709 thousand yen	72,292 thousand yen
Loss on valuation of merchandise	4,132 thousand yen	1,440 thousand yen
Other	21,532 thousand yen	31,035 thousand yen
Subtotal of deferred tax assets	966,781 thousand yen	1,055,592 thousand yen
Valuation allowance on tax loss carryforwards (Note 1)	(332,143) thousand yen	(368,343) thousand yen
Valuation allowance for total future deductible temporary differences, etc.	(253,997) thousand yen	(264,625) thousand yen
Subtotal of valuation allowance	(586,140) thousand yen	(632,969) thousand yen
Total deferred tax assets	380,640 thousand yen	422,623 thousand yen
Deferred tax liabilities		
Reserve for advanced depreciation of fixed assets	(16,655) thousand yen	(25,466) thousand yen
Assets for asset retirement obligations	(7,749) thousand yen	(7,636) thousand yen
Total deferred tax liabilities	(24,405) thousand yen	(33,102) thousand yen
Net deferred tax assets	356,235 thousand yen	389,520 thousand yen

(Note) 1. Tax loss carryforwards and their deferred tax asset carryforwards by expiration
FY2022 (As of December 31, 2022)

	Under 1 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	—	306,579	332,143 thousand yen
Valuation allowance	—	—	(300)	(25,263)	—	(306,579)	(332,143) thousand yen
Deferred tax assets	—	—	—	—	—	—	— thousand yen

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

FY2023 (As of December 31, 2023)

	Under 1 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 (b)	—	227	9,609	—	53,054	305,451	368,343 thousand yen
Valuation allowance	—	(227)	(9,609)	—	(53,054)	(305,451)	(368,343) thousand yen
Deferred tax assets	—	—	—	—	—	—	— thousand yen

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

2. Breakdown of major components of the difference between the statutory tax rate and the effective tax rate after the application of tax effect accounting

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Statutory effective tax rate	30.62 %	— %
(Adjustment)		
Change in valuation allowance	1.00 %	— %
Per capita corporate inhabitant tax	1.23 %	— %
Difference in tax rates between consolidated subsidiaries	1.44 %	— %
Entertainment expenses and other items not permanently deductible for income tax purposes	0.10 %	— %
Tax deductions	(1.98) %	— %
Amortization of goodwill	2.00 %	— %
Other	(0.27) %	— %
Effective tax rate after application of tax effect accounting	34.14 %	— %

(Note) In FY2023, notes are omitted because the difference between the statutory tax rate and the effective tax rate is less than or equal to 5/100 of the statutory tax rate.

(Combined Business)

(Combined business through acquisition)

Based on the resolution of the Board of Directors' meeting held on May 19, 2023, the Company acquired shares of ZORSE Co., Ltd. and made it a subsidiary.

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 for cash consideration

(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
The Company acquired the shares for cash consideration.
2. Period of the acquired company's results included in the consolidated financial statements
From July 1, 2023 to December 31, 2023
3. Acquisition cost of the acquired company and breakdown by type of acquisition
- | | | |
|-----------------------------|------|----------------------|
| Compensation of acquisition | Cash | 216,000 thousand yen |
| <hr/> | | |
| Acquisition cost | | 216,000 thousand yen |
4. Description and amount of major acquisition-related expenses
Advisory fees, etc. 5,000 thousand yen
5. Amount of goodwill incurred, reasons for incurrence, method and period of amortization
- (1) Amount of goodwill incurred
276,145 thousand yen
- (2) Reasons for incurrence
Mainly due to excess earning expected from future business development.
- (3) Method and period of amortization
Equal amortization over 5 years
6. Amounts of assets received and liabilities assumed on the date of business acquisition and their breakdown
- | | | |
|---------------------|--------|--------------|
| Current assets | 13,851 | thousand yen |
| Fixed assets | 3,721 | thousand yen |
| Total assets | 17,573 | thousand yen |
| Current liabilities | 24,506 | thousand yen |
| Fixed liabilities | 53,212 | thousand yen |
| Total liabilities | 77,718 | thousand yen |
7. Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for FY2023 as if the business combination had been completed at the beginning of FY2023
The description is omitted due to lack of materiality.

(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 FY2023 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 FY2023.

(Revenue Recognition)

1. Information that disaggregates revenue arising from customer contracts

FY2022 (January 1, 2022 – December 31, 2022)

(Unit: thousands of yen)

	Reporting segment				Other (Note 1)	Total
	GLOBAL WiFi	Information and Communications Services	Glamping and Tourism	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.

FY2023 (January 1, 2023 – December 31, 2023)

(Unit: thousands of yen)

	Reporting segment				Other (Note 1)	Total
	GLOBAL WiFi	Information and Communications Services	Glamping and Tourism	Subtotal		
Data communications	13,962,893	—	—	13,962,893	—	13,962,893
Airport operations	1,744,562	—	—	1,744,562	—	1,744,562
OA equipment	—	4,325,569	—	4,325,569	—	4,325,569
Mobile communications	—	2,802,758	—	2,802,758	—	2,802,758
Internet media	—	969,961	—	969,961	—	969,961
Broadband lines	—	417,033	—	417,033	—	417,033
Fixed communication lines	—	383,212	—	383,212	—	383,212
Glamping	—	—	902,863	902,863	—	902,863
Other	176,714	1,872,828	—	2,049,542	90,180	2,139,723
Revenue from customer contracts	15,884,170	10,771,364	902,863	27,558,398	90,180	27,648,579
Other revenues (Note 2)	2,844,232	1,314,978	—	4,159,210	—	4,159,210
Sales to external customers	18,728,403	12,086,342	902,863	31,717,609	90,180	31,807,789

(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 “Notes (Basis of Presenting Consolidated Financial Statements, etc.) 4. Matters relating to accounting policies (4) Basis for recording 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 FY2023 to be recognized in FY2024 or later

FY2022 (January 1, 2022 – December 31, 2022)

(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 FY2023 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 1 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 1 year or less are not included in the scope of the notes.

FY2023 (January 1, 2023 – December 31, 2023)

(1) Outstanding contract liabilities

(unit: thousands of yen)

Contractual liabilities (balance at the beginning)	433,336
Contractual liabilities (balance at the ending)	503,800

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 FY2023 that was included in the contract liability balance at the beginning of the period was 433,336 thousand yen.

(2) Transaction prices allocated to remaining performance obligations

The Group has no material transactions with an initially expected contract term exceeding 1 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 1 year or less are not included in the scope of the notes.

(Segment Information)

[Segment Information]

1. Overview of reporting segments

(1) Determination of reporting segments

The Group's reporting 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 reporting segments: "GLOBAL WiFi Business," "Information and Communications Service Business," and "Glamping and Tourism Business."

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

"GLOBAL WiFi Business" includes the rental service of Wi-Fi routers in Japan and overseas.

"Information and Communications Service Business" provides services such as subscription agency services for various telecommunication services, sales of mobile communication devices, sales of office automation equipment, website production, and meeting room space rental service.

"Glamping and Tourism Business" operates glamping facilities.

2. Calculation of net sales, profit or loss, assets, and other items by reporting segment

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

3. Information on net sales, profit or loss, assets, and other items by reporting segment
FY2022 (January 1, 2022 – December 31, 2022)

(Unit: thousands of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated income statement (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and Tourism	Total				
Net sales								
Sales to external customers	14,389,950	10,572,729	338,295	25,300,976	186,750	25,487,727	—	25,487,727
Intersegment sales and transfers	—	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 (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
Goodwill amortization	4,542	179,617	—	184,160	—	184,160	—	184,160
Increase in tangible and intangible fixed assets	221,819	66,146	1,086,647	1,374,614	—	1,374,614	85,775	1,460,390

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

2: The details of adjustments are as follows.

(1) Adjustments in the segment profit (1,186,761) thousand yen are corporate (common) expenses that are not allocated to each reporting segment. These are mainly general and administrative expenses that do not belong to the reporting segment.

(2) Adjustments in the segment assets 7,736,531 thousand yen are company-wide expenses that are not allocated to each reporting segment. These are mainly cash and cash equivalents that do not belong to the reporting segment.

3: Segment profit is adjusted to the operating profit of the consolidated financial statements.

FY2023 (January 1, 2023 – December 31, 2023)

(Unit: thousands of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated income statement (Note 3)
	GLOBAL WiFi	Information and Communications Service	Glamping and Tourism	Total				
Net sales								
Sales to external customers	18,728,403	12,086,342	902,863	31,717,609	90,180	31,807,789	—	31,807,789
Intersegment sales and transfers	—	21,717	10,224	31,942	4,561	36,504	(36,504)	—
Total	18,728,403	12,108,059	913,088	31,749,551	94,742	31,844,294	(36,504)	31,807,789
Segment profit (loss)	5,032,760	1,040,957	88,801	6,162,520	(176,682)	5,985,837	(1,705,071)	4,280,765
Segment assets	3,516,083	5,560,367	2,159,408	11,235,859	301,449	11,537,309	9,829,196	21,366,505
Other items								
Depreciation	321,244	91,504	110,571	523,320	2,748	526,069	18,671	544,740
Goodwill amortization	4,748	205,636	—	210,385	—	210,385	—	210,385
Increase in tangible and intangible fixed assets	583,522	294,637	692,128	1,570,288	—	1,570,288	12,666	1,582,955

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

2: The details of adjustments are as follows.

(1) Adjustments in the segment profit (1,705,071) 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.

(2) Adjustments in the segment assets 9,829,196 thousand yen are corporate (common) expenses that are not allocated to each reporting segment. These are mainly cash and cash equivalents that do not belong to the reporting segment.

3: Segment profit is adjusted to the operating profit of the consolidated financial statements.

[Related Information]

FY2022 (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 net sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

This information is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated balance sheet.

3. Information by major customer

(Unit: thousands of yen)

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

FY2023 (January 1, 2023 – December 31, 2023)

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 net sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

This information is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated balance sheet.

3. Information by major customer

(Unit: thousands of yen)

Customer name	Net sales	Related segment
Members Mobile Inc.	3,185,154	Information and Communications Service Business

[Information on Impairment Losses on Fixed Assets by Reporting Segment]

FY2022 (January 1, 2022 – December 31, 2022)

Not applicable.

FY2023 (January 1, 2023 – December 31, 2023)

Not applicable.

[Information on Amortization and Unamortized Balance of Goodwill by Reporting Segment]

FY2022 (January 1, 2022 – December 31, 2022)

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

FY2023 (January 1, 2023 – December 31, 2023)

	Reporting Segments			Total	Other	Adjustment	Total
	GLOBAL WiFi Business	Information and Communications Service Business	Glamping and Tourism Business				
Balance at the end of the period	9,162	1,239,761	—	1,248,924	—	—	1,248,924

(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]

FY2022 (January 1, 2022 – December 31, 2022)

Not applicable.

FY2023 (January 1, 2023 – December 31, 2023)

Not applicable.

[Information on Related Parties]

1. Transactions with related parties

(1) Transactions between the Company and related parties

① Unconsolidated subsidiaries and affiliates of the Company

FY2022 (January 1, 2022 – December 31, 2022)

Not applicable.

FY2023 (January 1, 2023 – December 31, 2023)

Not applicable.

② Officers and major shareholders (limited to individuals) of the Company

FY2022 (January 1, 2022 – December 31, 2022)

Type	Name	Location	Capital or investment (thousands of yen)	Business or occupation	Percentage of voting rights owned (%)	Relationship with related parties	Transactions details	Transaction amount (thousands of yen)	Account	Balance at end of the period (thousands of yen)
Officer	Kenichi Sano	—	—	Representative Director and President of the Company	(Ownership) Direct 23.5	—	Exercise of stock options (Note 1)	174,522	—	—
							Loan of funds	500,000	—	—
							Collection of funds	500,000	—	—
Officer	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 during FY2022. The “Transaction amount” column indicates the amount obtained by multiplying the number of shares granted upon exercise of stock option rights by the amount to be paid in during FY2022.

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.

FY2023 (January 1, 2023 – December 31, 2023)

Not applicable.

(2) Transactions between consolidated subsidiaries of the Company and related parties
Officers and major shareholders of the Company's important subsidiaries
FY2022 (January 1, 2022 – December 31, 2022)

Type	Name	Location	Capital or investment (thousands of yen)	Business or occupation	Percentage of voting rights owned (%)	Relationship with related parties	Transaction details	Transaction amount (thousands of yen)	Account	Balance at end of the period (thousands of yen)
Subsidiary Officer	Kunihito Nakano	—	—	Representative Director of a subsidiary of the Company	(Ownership) Direct 0.3	Financing Guarantee of debt	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 FY2022. 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.

FY2023 (January 1, 2023 – December 31, 2023)

Type	Name	Location	Capital or investment (thousands of yen)	Business or occupation	Percentage of voting rights owned (%)	Relationship with related parties	Transaction details	Transaction amount (thousands of yen)	Account	Balance at end of the period (thousands of yen)
Subsidiary Officer	Kunihito Nakano	—	—	Representative Director of a subsidiary of the Company	(Ownership) Direct 0.3	Financing Guarantee of debt	Guarantee of bank loans (Note 1)	337,949	—	
							Guarantee of lease contracts (Note 2)	58,676	—	

- (Note) 1. The Company guarantees borrowings from financial institutions. The transaction amount is the balance of guaranteed liabilities at the end of FY2022. 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.

(Per Share Information)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Net assets per share	245.75 yen	297.72 yen
Basic earnings per share	31.96 yen	61.87 yen
Diluted earnings per share	31.51 yen	61.21 yen

(Note) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	1,548,610	3,025,895
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common stock (thousand yen)	1,548,610	3,025,895
Average number of shares of common stock during the period (shares)	48,461,177	48,910,015
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (thousand yen)	—	—
Increase in common stock (shares)	681,047	526,816
[Of which stock acquisition rights (shares)]	[681,047]	[526,816]
Summary of potential stock not included in the calculation of diluted earnings per share due to lack of dilutive effect	Stock acquisition rights (720,000 shares of common stock) pursuant to a resolution of the Board of Directors on March 1, 2022	Stock acquisition rights (360,000 shares of common stock) pursuant to a resolution of the Board of Directors on March 1, 2022

(Significant Subsequent Events)

(Introduction of Performance-linked Stock Compensation Plan)

The Company has decided to introduce a new performance-linked stock compensation plan called “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter referred to as the “Plan”) at the Board of Directors held on February 21, 2024, and has submitted a proposal concerning the Plan to the 23rd Ordinary General Meeting of Shareholders (hereinafter referred to as “the General Meeting of Shareholders”) held on March 28, 2024. The resolution was approved at the General Meeting of Shareholders.

1. Background and purpose of introducing the Plan

The purpose of the Plan is to clarify the linkage between the remuneration of the Company’s Directors (excluding Outside Directors, hereinafter referred to as “Eligible Directors”) and the Company’s performance and share value, and to raise the awareness of Eligible Directors to contribute to the improvement of medium-to long-term business performance and the increase of corporate value by sharing not only the merits of rising stock prices but also the risk of falling stock prices with shareholders.

2. Overview of the Plan

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan under which the Company’s shares are acquired through a trust (hereinafter referred to as the “Trust”) in which the Company’s shares are contributed as funds, and an amount equivalent to the amount calculated by converting the Company’s shares and the Company’s shares at market price (hereinafter referred to as the “Company’s Shares”) is provided to the Eligible Directors in accordance with the Share Benefit Regulations for Officers as set forth by the Company through the Trust. In principle, the period when Eligible Directors receive payment of the Company’s shares shall be fixed every year, and the period when Eligible Directors receive payment of money equivalent to the amount calculated by converting the Company’s shares at market price shall be the period when Eligible Directors resign as a rule. In the event that Eligible Directors receive the benefit of our Shares during the term of office, the Eligible Directors will enter into a transfer restriction agreement with us prior to the payment of our Shares as described in 3. below. As a result, the disposition of the Company’s shares for which the Eligible Directors received benefits during their tenure will be restricted by transfer, etc. until the retirement of the said Eligible Directors.

(2) Persons eligible for the Plan

Directors (Outside Directors and Audit & Supervisory Board Members are not eligible for the Plan.)

(3) Trust period

From May 2024 (scheduled) until the termination of the Trust (In addition, the trust period of the Trust shall not be specified as the specific termination date, and the Trust shall continue as long as the Plan continues. The Plan shall terminate due to delisting of the Company’s shares and abolition of the Share Benefit Regulations for Officers, or in certain other cases.)

(4) Trust amount

The Company will introduce the Plan for the seven fiscal years from the fiscal year ending at the end of December 2024 to the fiscal year ending at the end of December 2030 (hereinafter referred to as the “Applicable Period”), and contribute the following money to the Trust as the source for the acquisition of the Company’s shares by the Trust in order to deliver the Company’s shares to the Eligible Directors.

First, at the time of the establishment of the Trust (scheduled in May 2024), the Company will establish the Trust by contributing an amount of money that is expected to be necessary funds corresponding to a part of the applicable period covered. The Company shall be entitled to contribute funds to the Trust in multiple installments during the period to the extent of the maximum number of the Company’s shares acquired by the Trust as set forth in paragraph (5) below. Upon determination of additional contributions, the Company will disclose it in a timely and appropriate manner.

As the maximum number of points to be awarded to Directors during the period covered under the Plan is 350,000 points as described in (6) below, the Company will contribute to the Trust the funds reasonably expected to be necessary to acquire up to 350,000 shares during the period covered by the Plan, taking into account the closing price of the Company’s common stock on the Tokyo Stock Exchange immediately preceding the Plan. For your reference, if the closing price of 1,116 yen on February 20, 2024 is applied, the above required funds will be approximately 390 million yen.

Even after the end of the applicable period, if the Plan is to be continued, it will be submitted to the General Meeting of Shareholders.

(Note) The money which the Company actually contributes to the Trust shall be the sum of the above-mentioned funds for the acquisition of shares and the estimated amount of necessary expenses such as trust fees.

(5) Method for acquiring the Company’s shares and number of shares to be acquired by the Trust

The acquisition of the Company’s shares by the Trust will be conducted using the funds contributed pursuant to (4) above as the source, through the exchange market or by the method of subscribing for the disposal of treasury shares, and no new share issue will be made. As shown in (6) below, the maximum number of points granted to Directors during the applicable period is 350,000 points. Therefore, the maximum number of the Company’s shares to be acquired by the Trust for the applicable period is 350,000 shares. The Company will disclose the details of the acquisition of the Company’s shares by the Trust in a timely and appropriate manner.

(6) Maximum number of the Company’s shares, etc. granted to Eligible Directors

Eligible Directors will be awarded a number of points in each fiscal year, based on the Share Benefit Regulations for Officers, which will be determined by taking into consideration the position and the degree of performance achievement. The total number of points granted to Eligible Directors during the applicable period shall not exceed 350,000 points. This decision was made based on a comprehensive consideration of the current level of remuneration paid to Directors, trends in the number of Directors, and future prospects, and is considered to be reasonable.

The points granted to Eligible Directors will be converted into one of the Company's common stock per point upon the provision of the Company's shares, etc. as described in (7) below (provided, however, that in the event of a share split, allotment of shares without contribution, or consolidation of shares, etc., with respect to the Company's shares, a reasonable adjustment will be made to the upper limit of the number of points and the number of points already granted or the conversion ratio in accordance with the ratio, etc.).

The ratio of 3,500 voting rights for shares corresponding to the maximum number of points to be granted to Eligible Directors during the applicable period to the 483,231 voting rights for the total number of outstanding shares (as of December 31, 2023) is approximately 0.7%.

In principle, the number of points for the Eligible Directors to be used as the basis for the provision of the Company's shares, etc. as set forth in (7) below shall be the number of points granted to such Eligible Directors by the time of the determination of the beneficial interest set forth in (7) below. (Points calculated in such manner shall be hereinafter referred to as "defined number of points.")

(7) Provision of the Company's shares, etc.

Eligible Directors who have met the beneficiary's requirements shall, in principle, receive benefits from the Trust at a certain time every year for the number of the Company's shares in accordance with the "defined number of points" as set forth in (6) above by implementing the prescribed beneficiary determination procedures. Provided, however, that in the event the requirements set forth in the Share Benefit Regulations for Officers are met, the Company will, in principle, receive cash benefits equivalent to the market value of the Company's shares at the time of retirement in lieu of the provision of the Company's shares at a certain percentage. The Trust may sell the Company's shares in order to provide monetary benefits.

In the event that Eligible Directors receive the benefit of the Company's shares during the term of office, the Eligible Directors shall conclude a transfer restriction agreement with the Company as described in 3. below prior to the provision of the Company's shares. As a result, the disposal of the Company's shares for which the Eligible Directors received benefits during their tenure will be restricted by transfer, etc. until the retirement of the said Directors.

In addition, even Eligible Directors who have been granted points may not be entitled to benefits if a resolution for dismissal is made at a General Meeting of Shareholders, if the Eligible Directors resign due to a certain misconduct while they are in office, or if the Eligible Directors commit an improper act that causes damage to the Company while they are in office.

(8) Exercise of voting rights

The voting rights pertaining to the Company's shares in the Trust Account shall not be exercised uniformly based on the instructions of the Trust Administrator. By such method, the Company intends to ensure neutrality to the management with respect to the exercise of voting rights with respect to the Company's shares in the Trust Account.

(9) Treatment of dividends

Dividends on the Company's shares in the Trust Account will be received by the Trust and allocated to the proceeds of acquisition of the Company's shares and to the Trustee's trust fees relating to the Trust. In the event of termination of the Trust, the dividends remaining in the Trust shall be distributed on a pro rata basis according to the number of points held by each of the Eligible Directors in office at that time pursuant to the provisions of the Share Benefit Regulations for Officers.

(10) Treatment upon termination of the Trust

The Trust shall terminate upon the occurrence of any such event as delisting of the Company's shares or abolition of the Share Benefit Regulations for Officers.

All the remaining assets of the Trust at the termination of the Trust will be acquired by the Company free of charge and will be cancelled by the Board of Directors resolution. As for the monetary portion of the residual assets of the Trust at the time of the termination of the Trust, the amount remaining after deducting the amount to be paid to the Eligible Directors pursuant to (9) above shall be provided to the Company.

3. Outline of the Transfer Restriction Agreement pertaining to the Company's shares to be granted to Eligible Directors

In the event that Eligible Directors receive the benefit of the Company's shares while in office, the Eligible Directors shall, prior to the benefit of the Company's shares, enter into a transfer restriction agreement (hereinafter referred to as the "Transfer Restriction Agreement") with the Company, as a summary, including the following (the Directors shall be entitled to the benefit of the Company's shares subject to the execution of the Transfer Restriction Agreement). Provided, however, that in the event that Directors have already retired at the time of the share benefit, the Company may provide the Company's shares without entering into the Transfer Restriction Agreement.

(1) Details of transfer restrictions

The Eligible Directors may not transfer, secure or otherwise dispose of the Company's shares they have received from the date of receipt of the benefits of the Company's shares until the date of resignation of all the officers' positions.

(2) Acquisition by the Company without consideration

In the event of certain misconduct or failure to satisfy the requirements for cancellation of the transfer restrictions described in (3) below, the Company will acquire the shares concerned without consideration.

(3) Cancellation of transfer restrictions

In the event that Eligible Directors resign from all of the officers' positions for good cause or due to death, the transfer restrictions shall be cancelled at that time.

(4) Treatment in organizational restructuring, etc.

If, during the transfer restriction period, the Company have agreed to a merger agreement to become an extinguished company or any other matters concerning organizational restructuring, etc. at the General Meeting of Shareholders, etc., the transfer restriction shall be cancelled by a resolution of the Board of Directors of the Company as of the business day immediately prior to the effective date of the

said restructuring.

In addition, the Company's shares subject to the transfer restriction under the Transfer Restriction Agreement will be managed in an exclusive account opened by the Eligible Directors subject to the securities company designated by the Company during the transfer restriction period in order to prevent the transfer, establishment of security interest, and other dispositions during the transfer restriction period.

In addition to the above, the method of manifestation of intention and notice under the Transfer Restriction Agreement, the method of revision of the Transfer Restriction Agreement, and other matters stipulated in the Board of Directors shall be included in the Transfer Restriction Agreement.

[Outline of the Trust]

- ① Name: Board Benefit Trust-Restricted Stock (BBT-RS)
- ② Trustor: The Company
- ③ Trustee: Mizuho Trust & Banking Co., Ltd.
(Re-trustor: Custody Bank of Japan, Ltd.)
- ④ Beneficiary: Directors satisfying beneficiary requirements as stipulated in the Share Benefit Regulations for Officers
- ⑤ Trust administrator: Plan to select a third party who has no interest in the Company
- ⑥ Type of trust: Monetary trusts other than monetary trusts (other benefit trusts)
- ⑦ Date of the Trust Agreement: May 2024 (scheduled)
- ⑧ Date of monetary trust: May 2024 (scheduled)
- ⑨ Term of the Trust: From May 2024 (scheduled) until the termination of the Trust
(There are no specific termination dates, and the Trust will continue as long as the Plan continues.)

(Retirement of Treasury Stock)

The Company has resolved at the Board of Directors held on March 21, 2024 to retire treasury stock in accordance with the provisions of Article 178 of the Companies Act.

1. Reasons for retirement of treasury stock

To improve capital efficiency and to implement flexible capital policies in response to changes in the business environment.

2. Details of retirement

- (1) Class of shares to be retired: The Company's common stock
- (2) Total number of shares to be retired: 410,000 shares (0.81% of the total number of issued shares before retirement)
- (3) Scheduled date of retirement: April 19, 2024

⑤ Consolidated Supplementary Schedule

[Schedule of Bonds]

Not applicable.

[Schedule of Borrowings]

Classification	Balance at the beginning of FY2023 (thousands of yen)	Balance at the end of FY2023 (thousands of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	—	—	—	—
Long-term loans due within 1 year	120,097	120,665	1.59	—
Lease obligations due within 1 year	12,977	1,317	1.31	—
Long-term loans payable (excluding current portion)	847,078	601,451	1.55	May 2035
Lease obligations (excluding current portion)	1,317	—	—	—
Other interest-bearing liabilities	—	—	—	—
Total	981,470	723,433	—	—

(Note) 1. “Average interest rate” is the weighted average interest rate on the outstanding balance of loans, etc. at the end of FY2023.

2. Total amount of long-term loans payable (excluding current portion) to be repaid per year within 5 years after the consolidated settlement date.

Classification	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 loans payable	137,578	100,591	72,525	71,409

[Schedule of Asset Retirement Obligations]

This information is omitted because the amount of asset retirement obligations at the beginning and end of FY2023 is less than 1% of the total liabilities and net assets at the beginning and end of FY2023.

(2) Other

Quarterly information for FY2023

(Cumulative Period)	First Quarter	Second Quarter	Third Quarter	Fiscal Year
Net sales (thousands of yen)	8,347,500	15,620,221	23,953,947	31,807,789
Net income before tax adjustment (thousands of yen)	1,415,463	2,447,711	3,834,192	4,387,340
Net income attributable to owners of parent (thousands of yen)	940,290	1,614,116	2,514,387	3,025,895
Basic earnings per share (yen)	19.22	32.98	51.36	61.87

(Accounting Period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share (yen)	19.22	13.76	18.38	10.49

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

① Non-consolidated Balance Sheet

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	6,165,387	7,992,781
Accounts receivable - trade	*1 3,346,749	*1 3,380,304
Lease investment assets	12,977	1,317
Products	212,411	280,637
Supplies	15,906	5,800
Advance payments	213,275	427,029
Prepaid expenses	108,536	157,958
Short-term loans receivable to subsidiaries and affiliates	81,721	14,207
Other	*1 336,024	*1 632,444
Allowance for doubtful accounts	(99,065)	(153,609)
Total current assets	10,393,925	12,738,873
Fixed assets		
Tangible fixed assets		
Buildings	758,245	838,339
Structures	111,603	108,774
Machinery and equipment	107,355	86,631
Vehicles	661	0
Tools, equipment, and fixtures	77,897	151,440
Rental assets	127,853	435,717
Land	309,710	758,743
Construction in progress	30,019	63,233
Total tangible fixed assets	1,523,346	2,442,881
Intangible fixed assets		
Software	100,522	70,571
Total intangible fixed assets	100,522	70,571
Investments and other assets		
Investment securities	160,259	91,489
Affiliated company stock	941,821	1,127,839
Capital	3,327	3,252
Long-term loan	3,915	-
Affiliated company long-term loan	685,450	1,010,443
Lease investment assets	1,317	-
Bankruptcy rehabilitation claims	18,675	29,350
Long-term prepaid expenses	12,109	11,730
Deferred tax asset	301,040	354,157
Other	*1 749,849	*1 599,567
Allowance for doubtful accounts	(80,706)	(92,724)
Total investments and other assets	2,797,060	3,135,107
Total fixed assets	4,420,929	5,648,560
Total assets	14,814,855	18,387,433

(Unit: thousands of yen)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	*1 763,576	*1 1,103,786
Lease obligations	12,977	1,317
Accounts payable – not trade	*1 2,027,403	*1 1,861,595
Accrued expenses	89,672	105,214
Income taxes payable	419,364	1,164,114
Contractual liabilities	228,015	311,726
Deposits received	*1 339,039	*1 339,062
Provision for bonuses	291,042	368,758
Allowance for shareholder benefit	–	18,081
Other	51,577	60,195
Total current liabilities	<u>4,222,670</u>	<u>5,333,853</u>
Fixed liabilities		
Lease obligations	1,317	–
Other	16,714	20,230
Total fixed liabilities	<u>18,031</u>	<u>20,230</u>
Total liabilities	<u>4,240,701</u>	<u>5,354,083</u>
Net assets		
Shareholders' equity		
Capital	2,535,941	2,571,601
Capital surplus		
Capital reserve	2,353,939	2,389,599
Other capital surplus	248,116	248,116
Total capital surplus	<u>2,602,056</u>	<u>2,637,716</u>
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	37,738	35,456
Retained earnings brought forward	7,264,239	10,226,174
Total retained earnings	<u>7,301,978</u>	<u>10,261,630</u>
Treasury stock	(1,862,967)	(2,645,942)
Total shareholders' equity	<u>10,577,007</u>	<u>12,825,006</u>
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities, net of taxes	(14,198)	(9,563)
Total valuation and translation adjustments	<u>(14,198)</u>	<u>(9,563)</u>
Stock acquisition rights	11,344	217,907
Total net assets	<u>10,574,153</u>	<u>13,033,350</u>
Total liabilities and net assets	<u>14,814,855</u>	<u>18,387,433</u>

② Non-consolidated Statements of Income

(Unit: thousands of yen)

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Sales	*1 22,782,562	*1 28,332,214
Cost of sales	*1 11,712,095	*1 11,916,343
Gross profit	11,070,466	16,415,870
Selling, general, and administrative expenses	*1, *2 8,904,948	*1, *2 12,374,853
Operating profit	2,165,518	4,041,017
Non-operating income		
Interest income	*1 15,484	*1 16,761
Dividends earned	4,615	6,883
Profit on currency exchange	—	8,173
Outsourcing fee	*1 46,547	*1 69,069
Other	5,528	9,487
Total non-operating income	72,174	110,375
Non-operating expenses		
Interest expense	—	113
Foreign exchange loss	6,493	—
Consumption tax difference	1,431	2,487
Commission fee paid	413	3,371
Other	189	909
Total non-operating expenses	8,528	6,881
Ordinary profit	2,229,164	4,144,511
Extraordinary income		
Gain on sales of fixed assets	274	—
Gain on sales of investment securities	1,230	84,282
Total extraordinary income	1,504	84,282
Extraordinary loss		
Loss on retirement of fixed assets	3,432	28,318
Loss on valuation of investment securities	17,405	—
Headquarters relocation costs	19,718	—
Loss on extinguishment of tie-in stock	—	2,337
Total extraordinary loss	40,555	30,656
Income before income taxes	2,190,112	4,198,138
Corporate, resident, and business taxes	402,585	1,294,062
Income tax adjustment	266,569	(55,576)
Total income taxes	669,155	1,238,486
Net income	1,520,957	2,959,652

Non-consolidated Statement of Cost of Sales

Classification	Notes	FY2022 (January 1, 2022 – December 31, 2022)		FY2023 (January 1, 2023 – December 31, 2023)	
		Cost (thousands of yen)	Ratio (%)	Cost (thousands of yen)	Ratio (%)
I. Cost of sales of merchandise					
Inventory at the beginning of the period		196,531		212,411	
Cost of purchased goods		5,517,972		7,293,359	
Subtotal		5,714,504		7,505,771	
Ending balance of inventory		212,411		280,637	
Cost of sales of merchandise		5,502,093	47.0	7,225,133	60.6
II. Labor costs		212,155	1.8	201,059	1.7
III. Expenses	*	5,997,846	51.2	4,490,150	37.7
Cost of goods sold		11,712,095	100.0	11,916,343	100.0

(Note) * The main breakdown of expenses is as follows.

Item	FY2022 (January 1, 2022 – December 31, 2022)		FY2023 (January 1, 2023 – December 31, 2023)	
	Cost (thousands of yen)	Ratio (%)	Cost (thousands of yen)	Ratio (%)
Outsourcing cost (thousands of yen)	5,644,043		3,693,132	

③ Non-consolidated Statements of Changes in Shareholders' Equity

FY2022 (January 1, 2022 – December 31, 2022)

(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 fixed assets	Retained earnings brought forward		
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
Changes during the period							
Issuance of new shares (Exercise of stock acquisition rights)	148,025	148,025		148,025			
Reversal of reserve for advanced depreciation 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 changes 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
Changes during the period						
Issuance of new shares (Exercise of stock acquisition rights)		296,050				296,050
Reversal of reserve for advanced depreciation 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 changes 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

	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 fixed assets	Retained earnings brought forward		
Balance at the beginning of the period	2,535,941	2,353,939	248,116	2,602,056	37,738	7,264,239	7,301,978
Changes during the period							
Issuance of new shares (Exercise of stock acquisition rights)	35,660	35,660		35,660			
Reversal of reserve for advanced depreciation of fixed assets					(2,282)	2,282	—
Net income						2,959,652	2,959,652
Acquisition of treasury stock							
Net changes of items other than shareholders' equity							
Total changes during the period	35,660	35,660	—	35,660	(2,282)	2,961,934	2,959,652
Balance at the end of the period	2,571,601	2,389,599	248,116	2,637,716	35,456	10,226,174	10,261,630

	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	(1,862,967)	10,577,007	(14,198)	(14,198)	11,344	10,574,153
Changes during the period						
Issuance of new shares (Exercise of stock acquisition rights)		71,320				71,320
Reversal of reserve for advanced depreciation of fixed assets		—				—
Net income		2,959,652				2,959,652
Acquisition of treasury stock	(782,974)	(782,974)				(782,974)
Net changes of items other than shareholders' equity			4,635	4,635	206,563	211,198
Total changes during the period	(782,974)	2,247,998	4,635	4,635	206,563	2,459,197
Balance at the end of the period	(2,645,942)	12,825,006	(9,563)	(9,563)	217,907	13,033,350

[Notes]

(Significant Accounting Policies)

1. Valuation standards and methods for marketable securities

(1) Stocks of subsidiaries and affiliates

Cost method based on the moving average method

(2) Other securities

Securities with market quotations

Market 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 the moving average method

2. Valuation standards and methods for inventories

Products / Supplies

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

3. Depreciation and amortization methods for fixed 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	2-50 years
Structures	10-45 years
Machinery and equipment	10-17 years
Vehicles and delivery equipment	2 years
Tools, furniture, and fixtures	2-16 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 relating 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.

4. Basis for accounting for allowances

(1) Allowance for doubtful accounts

To provide for losses due to bad debts, the Company reserves 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) Provision for bonuses

To provide for bonuses payable to employees, an allowance is provided based on the estimated amount of payment to be paid in FY2023.

(3) Allowance for shareholder benefit

To provide for expenses relating to the shareholder benefit plan, the amount expected to be incurred after FY2024 is recorded.

5. Basis for recording significant revenues and expenses

The following is a description of the main performance obligations in the Company's main businesses related 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 business

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 relating 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 1 month, and the amount of consideration does not include a significant financial component.

(2) Information and Communications Service business

Information and Communications Service business, which includes sales of MFPs and network equipment, production of websites, etc., 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 1 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

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 1 month, and the amount of consideration does not include any significant financial component.

6. Translation of assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses.

(Significant Accounting Estimates)

The following is a list of items for which an accounting estimate has been recorded in the financial statements for FY2023 and which may have a material effect on the financial statements for FY2024.

Valuation of shares of affiliated company (adval Corp.)

(1) Amount recorded in the non-consolidated financial statements for FY2023

(Unit: thousand yen)

	FY2022	FY2023
Stocks of subsidiaries and affiliates	941,821	1,127,839

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

The Company recorded the shares of adval Corp. on the balance sheet as 581,860 thousand yen of stocks of subsidiaries and affiliates, and the acquisition price includes the portion of excess earning capacity evaluated.

The necessity of impairment of company stocks is determined by comparing the acquisition price 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 are described in the consolidated financial statements under "Note (Significant Accounting Estimates) Valuation of goodwill recognized at the time of the acquisition of shares of adval Corp."

If the key assumptions used in the estimate need to be revised due to changes in the economic environment or other factors, the amount of stocks of subsidiaries and affiliates may be materially affected in FY2024.

(Changes in Presentation Methods)

(Statements of Income)

"Commission fee paid" (413 thousand yen in FY2022), which was included in "Other" under "Non-operating expenses" in FY2022, is independently presented in FY2023 because its importance in terms of amount has increased.

(Additional Information)

(Application of the “Treatment of Transactions Granting Stock Acquisition Rights with Vesting Conditions to Employees, etc.”)

For transactions in which paid-in stock acquisition rights with vesting conditions are granted to employees, etc. prior to the effective date of the “Treatment of Transactions Granting Stock Acquisition Rights with Vesting Conditions to Employees, etc.” (Practical Issues Task Force No. 36, issued on January 12, 2018; hereafter referred to as “PITF No. 36.”), the previously adopted accounting treatment is continued in accordance with Paragraph 10 (3) of the PITF No. 36.

For an overview of stock acquisition rights with vesting conditions and the accounting treatment used, please refer to “Item 5: Accounting 1. Consolidated Financial Statements, etc. Notes (Stock Options).”

(Non-consolidated Balance Sheet)

*1. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Short-term monetary receivables	159,302 thousands of yen	93,867 thousands of yen
Long-term monetary receivables	4,800 thousands of yen	4,800 thousands of yen
Short-term monetary payables	399,138 thousands of yen	387,059 thousands of yen

*2. Overdraft agreement

The Company has overdraft and commitment line agreements with 3 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.

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
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

(Non-consolidated Statements of Income)

*1. Transactions with subsidiaries and affiliates

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Operating transactions		
Sales	248,532 thousands of yen	257,334 thousands of yen
Purchases	874,016 thousands of yen	850,014 thousands of yen
Other operating transactions	266,146 thousands of yen	409,737 thousands of yen
Non-operating transactions	60,964 thousands of yen	85,773 thousands of yen

*2. The major items and amounts of selling, general and administrative expenses and their approximate percentages are as follows.

	FY2022 (January 1, 2022 – December 31, 2022)	FY2023 (January 1, 2023 – December 31, 2023)
Salaries and allowances	2,108,977 thousands of yen	2,329,715 thousands of yen
Sales promotion expenses	1,449,826 thousands of yen	2,380,038 thousands of yen
Commissions paid	1,315,872 thousands of yen	2,538,456 thousands of yen
Depreciation and amortization	55,676 thousands of yen	76,740 thousands of yen
Allowance for doubtful accounts	64,266 thousands of yen	85,236 thousands of yen
Provision for bonuses	276,452 thousands of yen	348,238 thousands of yen
Approximate percentage		
Selling expenses	39%	47%
General and administrative expenses	61%	53%

(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)

Classification	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Subsidiary stock	941,821	1,127,839

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Deferred tax assets		
Provision for bonuses	89,117 thousands of yen	112,913 thousands of yen
Accrued enterprise tax	31,377 thousands of yen	65,034 thousands of yen
Accrued social insurance premiums	11,064 thousands of yen	15,030 thousands of yen
Loss on valuation of investment securities	138,626 thousands of yen	112,987 thousands of yen
Loss on valuation of stocks of subsidiaries and affiliates	17,605 thousands of yen	12,599 thousands of yen
Allowance for doubtful accounts	55,046 thousands of yen	75,427 thousands of yen
Refund liabilities	13,919 thousands of yen	17,850 thousands of yen
Accrued salaries and wages	19,010 thousands of yen	23,270 thousands of yen
Asset retirement obligations	16,412 thousands of yen	14,726 thousands of yen
Excess depreciation	30,741 thousands of yen	33,026 thousands of yen
Excess amortization of deferred assets	9,791 thousands of yen	12,266 thousands of yen
Loss on valuation of merchandise	4,119 thousands of yen	— thousands of yen
Impairment loss	100,709 thousands of yen	72,292 thousands of yen
Other	21,405 thousands of yen	26,003 thousands of yen
Subtotal of deferred tax assets	558,948 thousands of yen	593,430 thousands of yen
Valuation allowance for total future deductible temporary differences, etc.	(241,253) thousands of yen	(223,624) thousands of yen
Subtotal of valuation allowance	(241,253) thousands of yen	(223,624) thousands of yen
Total deferred tax assets	317,695 thousands of yen	369,805 thousands of yen
Deferred tax liabilities		
Reserve for advanced depreciation of fixed assets	(16,655) thousands of yen	(15,648) thousands of yen
Total deferred tax liabilities	(16,655) thousands of yen	(15,648) thousands of yen
Net deferred tax assets	301,040 thousands of yen	354,157 thousands of yen

2. Significant differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting, by major item that caused the differences

For FY2022 and FY2023, notes are omitted because 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.

(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 Consolidated Financial Statements “Notes (Revenue Recognition).”

(Significant Subsequent Events)

(Introduction of Performance-linked Stock Compensation Plan)

The Company has decided to introduce a new performance-linked stock compensation plan called “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter referred to as the “Plan”) at the Board of Directors held on February 21, 2024, and has submitted a proposal concerning the Plan to the 23rd Ordinary General Meeting of Shareholders (hereinafter referred to as “the General Meeting of Shareholders”) held on March 28, 2024. The resolution was approved at the General Meeting of Shareholders.

Details are presented in the Consolidated Financial Statements “Notes (Significant Subsequent Events).”

(Retirement of Treasury Stock)

The Company has resolved at the Board of Directors held on March 21, 2024 to retire treasury stock in accordance with the provisions of Article 178 of the Companies Act.

Details are presented in the Consolidated Financial Statements “Notes (Significant Subsequent Events).”

④ Supplementary Schedule

[Statement of Tangible Fixed Assets]

(Unit: thousands of yen)

Classification	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	758,245	*1, *3 150,294	13,822	56,377	838,339	138,024
	Structures	111,603	*1 6,614	—	9,443	108,774	13,099
	Machinery and equipment	107,355	—	—	20,723	86,631	27,849
	Vehicles and delivery equipment	661	815	—	1,476	0	2,928
	Tools, furniture, and fixtures	77,897	*1, *3 119,226	937	44,745	151,440	192,592
	Rental assets	127,853	*2 570,154	7,998	254,292	435,717	1,256,591
	Land	309,710	*1 449,033	—	—	758,743	—
	Construction in progress	30,019	*1 33,813	600	—	63,233	—
	Total	1,523,346	1,329,952	23,358	387,058	2,442,881	1,631,087
Intangible Fixed Assets	Software	100,522	20,804	14,329	36,425	70,571	229,011
	Total	100,522	20,804	14,329	36,425	70,571	229,011

(Note) The increase in FY2023 is mainly due to the following.

*1. Facilities for glamping business

Buildings 14,895 thousands of yen

Structures 7,742 thousands of yen

Tools, furniture, and fixtures 5,335 thousands of yen

Land 449,033 thousands of yen

Construction in progress 32,403 thousands of yen

*2. Acquisition of rental mobile Wi-Fi routers

Rental assets 570,154 thousands of yen

*3. Shinjuku office

Building 96,363 thousands of yen

Tools, furniture, and fixtures 54,090 thousands of yen

[Schedule of Allowances and Reserves]

(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	179,771	85,236	18,674	246,333
Provision for bonuses	291,042	368,758	291,042	368,758
Allowance for shareholder benefit	—	18,081	—	18,081

(2) Contents of Main Assets and Liabilities

Since consolidated financial statements have been prepared, the contents are omitted.

(3) Other

Not applicable.

Item 6: Outline of Stock-related Administration of the Company

Fiscal year	From January 1 to December 31
Ordinary General Meeting of Shareholders	Within 3 months of the day after the end of fiscal year
Record date	December 31
Record date for dividends from surplus	December 31 June 30
Number of shares per trading unit	100 shares
Purchase of fractional shares	
Place of handling	Mizuho Trust and Banking Co., Ltd. Transfer Agent Department, Head Office 1-3-3 Marunouchi, Chiyoda City, Tokyo 100-8241, Japan
Administrator of shareholder registry	Mizuho Trust and Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda City, Tokyo 100-8241, Japan
Broker	-
Trade commissions	A separately stipulated amount equivalent to the commissions for the entrustment of share trades
Public notification method	The Company uses digital notification as the public notification method. However, if digital notification is not possible due to an accident or other unavoidable circumstances, notification will be made through the Nikkei newspaper. The URL for public notification by the Company is as follows. https://www.vision-net.co.jp/
Benefits for shareholders	Not applicable.

(Note) The Articles of Incorporation stipulate that the shareholders holding fractional shares cannot exercise their rights except for those listed below.

- (1) The rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act of Japan
- (2) The rights to make claims pursuant to Article 166, Paragraph 1 of the Companies Act of Japan
- (3) The rights to receive allotments of shares for subscription and allotments of stock options for subscription based on the number of shares held by the shareholder
- (4) The right to demand that the number of shares constituting one unit combined with the fractional shares held by the shareholders be sold

Item 7: Reference Information of the Company

1. Information on the Parent Company of the Company

The Company does not have a parent company as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

The following documents have been submitted between the start date of FY2023 and the submission date of the Annual Securities Report.

(1) Annual Securities Report and Its Attachments and Its Confirmation Documents

FY2022 (from January 1, 2022 to December 31, 2022) was submitted to the Director-General of the Kanto Local Finance Bureau in Japan on March 31, 2023.

(2) Internal Control Report and Its Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on March 31, 2023.

(3) Quarterly Report and Its Confirmation Documents

Q1 FY2023 (from January 1, 2023 to March 31, 2023) was submitted to the Director-General of the Kanto Local Finance Bureau in Japan on May 12, 2023.

Q2 FY2023 (from April 1, 2023 to June 30, 2023) was submitted to the Director-General of the Kanto Local Finance Bureau in Japan on August 10, 2023.

Q3 FY2023 (from July 1, 2023 to September 30, 2023) was submitted to the Director-General of the Kanto Local Finance Bureau in Japan on November 14, 2023.

(4) Extraordinary Report

Extraordinary Report based on Article 19, Paragraph 2, Item 9-2 (Results of voting rights exercised at the General Meeting of Shareholders) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on March 31, 2023.

(5) Amendment Report for Extraordinary Report

Amendment Report for the Extraordinary Report submitted on March 31, 2023.

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on April 12, 2023.

(6) Share Buyback Report

Submitted to the Director-General of the Kanto Local Finance Bureau in Japan on December 7, 2023, January 9, 2024, February 7, 2024, and March 7, 2024.

Part 2: Information on the Guarantor of the Company

Not applicable.

Independent Auditor’s Report and Internal Control Audit Report

March 29, 2024

Board of Directors

Vision Inc.

KPMG AZSA LLC

Tokyo Office

Yoshinori Saito

Certified Public Accountant

Designated and Engagement Partner

Masato Nagai

Certified Public Accountant

Designated and Engagement Partner

[Audit of Consolidated Financial Statements]

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 “Accounting” for the period from January 1, 2023 to December 31, 2023. 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 Statements of Changes in Shareholders’ Equity, 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 Inc. and consolidated subsidiaries as of December 31, 2023, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibility in the Audit of Consolidated Financial Statements section of our report. 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 Matters

Key audit matters 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 FY2023. 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.

Appropriateness of the judgment regarding whether to recognize impairment loss on goodwill recognized at the time of the acquisition of stocks of adval Corp.	
Details of major audit considerations and reasons for decisions	Audit responses
<p>In FY2023, goodwill of 1,248,924 thousand yen was recorded in the Consolidated Balance Sheets of Vision Inc. (the “Company”). As stated in the Notes (Significant Accounting Estimates), this includes 925,870 thousand yen of goodwill that arose when the company acquired control of adval Corp. and accounts for approximately 4.3% of total consolidated assets.</p> <p>As stated in (Basis of Presenting Consolidated Financial Statements, etc.) 4. Matters relating to accounting policies (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.</p> <p>adval Corp. is mainly engaged in the business of renting meeting room space. Demand for rental meeting rooms was sluggish due to the COVID-19 disaster in past fiscal years, and although demand for rental meeting rooms showed a recovery trend in FY2023 as the COVID-19 infection subsided, operating profit (loss) after deducting goodwill amortization expense has been continuously negative.</p> <p>Whether or not an asset meets the criteria for impairment is mainly determined by whether or not it is continuously negative in terms of profit (loss) or cash flow from operating activities. However, if a reasonable business plan has been prepared in advance and the actual amount of negative cash flow is not significantly lower than the amount of negative cash flow expected in the plan, it is not considered to be an indication of impairment.</p> <p>Therefore, depending on the reasonableness of the business plan of adval Corp. and the degree to which the plan is achieved, there is a possibility that the goodwill may be subject to an impairment loss. The business plan is based on assumptions regarding the number of new spaces opened and revenue per space, which assumptions are highly uncertain and have a significant impact on the estimates of future cash flows in the business plan because of management’s intervening estimates and judgments.</p> <p>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 fiscal year and constitutes a major matter for our audit.</p>	<p>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.</p> <p>(1) Assessment of internal control</p> <p>We assessed the effectiveness of the design and operation of internal controls related to the identification of indications of impairment of goodwill. In particular, the assessment focused on controls to ascertain whether or not a fact exists that would be an indication of goodwill impairment.</p> <p>(2) Consideration of significant assumptions used by management in estimating the business plan</p> <p>Based on the results of our comparison of the business plan and actual results to ascertain the factors causing the differences and to verify the accuracy of the estimates, we questioned the management of adval Corp. about the basis for the assumptions used in the preparation of the business plan in order to evaluate the appropriateness of the major assumptions used in the preparation of adval’s business plan, and also conducted the following main procedures.</p> <ul style="list-style-type: none"> - The following procedures were primarily implemented with respect to the key assumptions: number of new spaces opened and revenue per space. - We evaluated the accuracy of the business plan by comparing past actual data on the number of space openings and revenue 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. <p>Based on the results of our review of the appropriateness of the above key assumptions and the results of our review of the achievement of past business plans and the causes of differences from the plans, we evaluated the reasonableness of management’s business plan, which incorporated uncertainties regarding the number of new spaces opened and revenue per space. We then discussed the impact on our judgment regarding the indication of impairment of goodwill.</p>

Other Information

Other statements consist of information contained in the Annual Securities Report other than the Consolidated Financial Statements and Non-consolidated Financial Statements and the Auditor's Reports thereon. Management is responsible for the preparation and disclosure of the other information. The responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members' 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.

The responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 appropriateness 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.
- 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members on compliance with Japanese professional ethics rules regarding independence, on matters that could reasonably be considered to affect the auditor's independence, and on the details of such measures if measures are being taken to remove disincentives or safeguards are being applied to reduce disincentives to an acceptable level.

Of the matters discussed with the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members, the auditor shall determine the matters that are considered to be particularly important for the audit of the Consolidated Financial Statements for the 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]

Opinion

We have audited the Internal Control Report of Vision Inc. as of December 31, 2023 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, 2023 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, 2023.

Basis for 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 Audit & Supervisory Board Members' and the Board of Audit & Supervisory Board Members' 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members on compliance with Japanese professional ethics rules regarding independence, on matters that could reasonably be considered to affect the auditor's independence, and on the details of such measures if measures are being taken to remove disincentives or safeguards are being applied to reduce disincentives to an acceptable level.

[Remuneration-related Information]

The amount of remuneration based on audit attestation services and non-audit services of the Company and its subsidiaries to the Audit Firm and persons belonging to the same network as the Audit Firm is stated in "Item 4: Status of the Company 4. Corporate Governance, etc. (3) Audits."

Conflicts of Interest

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 matters described in the original Auditor's Report. The original is stored separately by the Company (the company that submits the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.

Independent Auditor's Report

March 29, 2024

Board of Directors

Vision Inc.

KPMG AZSA LLC

Tokyo Office

Yoshinori Saito

Certified Public Accountant

Designated and Engagement Partner

Masato Nagai

Certified Public Accountant

Designated and Engagement Partner

[Audit of Non-consolidated Financial Statements]

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 "Accounting" for the period from January 1, 2023 to December 31, 2023. We have audited the Non-consolidated Financial Statements, comprising the Balance Sheet, the Statement of Income, the Statements of Changes in Shareholders' Equity, Significant Accounting Policies, the Notes to the Non-consolidated Financial Statements and the related Supplementary Schedules. We have audited, in accordance with accounting principles generally accepted in Japan, the Non-consolidated Financial Statements referred to above which present fairly, in all material respects, the financial position of Vision Inc. as of December 31, 2023, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibility in the Audit of Non-consolidated Financial Statements section of our report. 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.

Key Audit Matters

Key audit matters are those matters that the auditor, as a professional expert, considered to be of particular importance in the audit of the Non-consolidated Financial Statements for FY2023. Major audit considerations are matters that were addressed while performing the audit of the Non-consolidated Financial Statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

Appropriateness of the judgment regarding the necessity of recording a valuation loss on stocks of affiliated companies (stocks of adval Corp.)	
Details of major audit considerations and reasons for decisions	Audit responses
<p>Vision Inc. (the “Company”) recorded 1,127,839 thousand yen of stocks of subsidiaries and affiliates in its Non-consolidated Balance Sheet for FY2023. As stated in the Notes to its Non-consolidated Financial Statements (Significant Accounting Estimates), it includes 581,860 thousand yen of stocks of its subsidiary, adval Corp., which the Company acquired on December 1, 2021, accounting for approximately 3.1% of total assets.</p> <p>As stated in (Significant Accounting Policies) 1. Valuation standards and methods for marketable securities (1) Stocks of subsidiaries and affiliates, these assets are valued at cost using the moving average method. However, stocks of adval Corp. are securities whose objective market value is difficult to determine. Such stocks contain the excess earning capacity of adval Corp. and if such excess earning capacity is impaired and the real value of the stocks declines significantly, the stocks are written down to an impaired value.</p> <p>In valuing the stocks of adval Corp, management compares the acquisition price with the real value of the stocks, which reflects the excess earning capacity. In reviewing whether there is a significant decrease in real value due to impairment of excess earning capacity, etc., the business plan made in FY2022 is used as the basis for the estimates in the business plan, but the estimates in the business plan use highly uncertain assumptions regarding the number of new spaces opened and revenue per space. These assumptions have a significant impact on the estimates of future cash flows in the business plan.</p> <p>Based on the above, we concluded that the appropriateness of the judgment regarding the necessity of recording a valuation loss on the stocks of adval Corp. was particularly important in our audit of the financial statements for the fiscal year and constitutes a major audit consideration.</p>	<p>In order to assess the appropriateness of the judgment as to whether or not to recognize a valuation loss on stocks of adval Corp., we performed the following audit procedures.</p> <p>(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.</p> <p>(2) Examination of the reasonableness of the real value The excess earning capacity, etc. included in the stocks 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. stocks) included in the Auditor’s Report for the Consolidated Financial Statements.</p>

Other Information

Other statements consist of information contained in the Annual Securities Report other than the Consolidated Financial Statements and Non-consolidated Financial Statements and the Auditor’s Reports thereon. Management is responsible for the preparation and disclosure of the other information. The responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Non-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 Non-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 Non-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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members' Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Non-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 Non-consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements, management is responsible for evaluating whether it is appropriate to prepare the Non-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.

The responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Non-consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the Non-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 Non-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 Non-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 appropriateness of related note disclosures.
- Conclude whether it is appropriate for management to prepare the Non-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 Non-consolidated Financial Statements or, if the notes to the Non-consolidated Financial Statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the Non-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 Non-consolidated Financial Statements are presented in conformity with accounting principles generally accepted in Japan, and the Non-consolidated Financial Statements, including the related notes, are presented, organized, and presented fairly, and the Non-consolidated Financial Statements present fairly the underlying transactions and accounting events.

The auditor shall report to the company's Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members 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 Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members on compliance with Japanese professional ethics rules regarding independence, on matters that could reasonably be considered to affect the auditor's independence, and on the details of such measures if measures are being taken to remove disincentives or safeguards are being applied to reduce disincentives to an acceptable level.

Of the matters discussed with the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members, the auditor shall determine the matters that are considered to be particularly important for the audit of the Non-consolidated Financial Statements for the 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.

[Remuneration-related Information]

Remuneration-related information is presented in the Auditor's Report on the Consolidated Financial Statements.

Conflicts of Interest

We have no interest in or relationship with the Company 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 matters described in the original Auditor's Report. The original is stored separately by the Company (the company that submits the Annual Securities Report).
2. XBRL data is not included in the scope of the audit.