

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 11, 2022

Company name: Asahi Net, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3834 URL <https://asahi-net.jp/>
 Representative: President Jiro Hijikata
 Inquiries: Corporate Officer Masaru Komatsu TEL 03-3541-8311
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	11,577	–	1,834	–	1,839	–	1,255	–
Year ended March 31, 2021	11,351	10.6	1,690	5.2	1,786	8.5	1,301	13.1

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	44.92	–	11.3	14.3	15.8
Year ended March 31, 2021	46.67	–	12.6	14.9	14.9

[Note] The “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc., has been applied from the beginning of the first quarter ended June 30, 2021. The amounts for the said quarter are applied with the said accounting standard etc., and the increase/decrease compared to the same period of the previous fiscal year is not stated.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	12,940	11,281	87.2	403.48
As of March 31, 2021	12,814	10,930	85.3	391.64

[Reference] Equity As of March 31, 2022: 11,281 million yen As of March 31, 2021: 10,930 million yen

[Note] The “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc., has been applied from the beginning of the first quarter ended June 30, 2021, and the amounts for the said quarter are applied with the said accounting standard, etc.

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,428	(1,116)	(558)	3,992
Year ended March 31, 2021	1,889	(2,026)	(529)	4,239

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	9.50	–	10.00	19.50	544	41.8	5.3
Year ended March 31, 2022	–	10.00	–	11.00	21.00	587	46.7	5.3
Year ending March 31, 2023 (Forecast)	–	11.00	–	11.00	22.00		47.3	

3. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,400	7.1	2,000	9.0	2,000	8.7	1,300	3.6	46.50

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	32,000,000 shares	As of March 31, 2021	32,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	4,040,986 shares	As of March 31, 2021	4,091,319 shares
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Average number of shares during the period

Year ended March 31, 2022	27,944,296 shares	Year ended March 31, 2021	27,894,326 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,239	3,992
Accounts receivable - trade	1,823	–
Accounts receivable Trade and Contract Assets	–	2,014
Securities	2,000	2,000
Supplies	254	623
Advance payments to suppliers	–	35
Prepaid expenses	119	125
Other	77	79
Allowance for doubtful accounts	(20)	(20)
Total current assets	8,495	8,851
Non-current assets		
Property, plant and equipment		
Buildings, net	63	60
Machinery and equipment, net	1,769	1,941
Tools, furniture and fixtures, net	232	359
Construction in progress	305	–
Total property, plant and equipment	2,370	2,361
Intangible assets		
Software	454	468
Other	125	361
Total intangible assets	579	830
Investments and other assets		
Investment securities	1,059	475
Shares of subsidiaries and associates	6	–
Investments in capital	5	4
Long-term prepaid expenses	76	103
Deferred tax assets	–	92
Leasehold deposits	220	221
Other	0	0
Total investments and other assets	1,368	898
Total non-current assets	4,319	4,089
Total assets	12,814	12,940

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	547	454
Accounts payable - other	753	739
Income taxes payable	358	296
Accrued consumption taxes	52	76
Advances received	1	2
Deposits received	19	19
Unearned revenue	87	–
Contract liabilities	–	68
Other	0	0
Total current liabilities	1,821	1,659
Non-current liabilities		
Deferred tax liabilities	63	–
Other	0	0
Total non-current liabilities	63	0
Total liabilities	1,884	1,659
Net assets		
Shareholders' equity		
Share capital	630	630
Capital surplus		
Legal capital surplus	780	780
Other capital surplus	58	68
Total capital surplus	838	848
Retained earnings		
Legal retained earnings	5	5
Other retained earnings		
Retained earnings brought forward	10,944	11,664
Total retained earnings	10,950	11,670
Treasury shares	(2,049)	(2,023)
Total shareholders' equity	10,371	11,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	558	154
Total valuation and translation adjustments	558	154
Total net assets	10,930	11,281
Total liabilities and net assets	12,814	12,940

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	11,351	11,577
Cost of sales	7,676	7,990
Gross profit	3,674	3,587
Selling, general and administrative expenses	1,984	1,752
Operating profit	1,690	1,834
Non-operating income		
Dividend income	93	3
Rental income from real estate	3	–
Other	0	1
Total non-operating income	97	4
Non-operating expenses		
Loss on valuation of investments in capital	–	0
Rental expenses on real estate	0	–
Other	0	–
Total non-operating expenses	0	0
Ordinary profit	1,786	1,839
Extraordinary income		
Gain on sale of investment securities	338	–
Gain on sale of shares of subsidiaries and associates	–	29
Total extraordinary income	338	29
Extraordinary losses		
Impairment losses	–	7
Loss on retirement of non-current assets	0	30
Loss on transfer of non-current Assets	205	–
Loss on valuation of investment securities	30	–
loss on retirement of communication equipment	–	17
Total extraordinary losses	235	55
Profit before income taxes	1,890	1,813
Income taxes - current	563	545
Income taxes - deferred	24	12
Total income taxes	588	558
Profit	1,301	1,255

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings
				Retained earnings brought forward	
Balance at beginning of period	630	780	13	5	10,172
Changes during period					
Dividends of surplus					(529)
Profit					1,301
Purchase of treasury shares					
Disposal of treasury shares			44		
Net changes in items other than shareholders' equity					
Total changes during period	–	–	44	–	772
Balance at end of period	630	780	58	5	10,944

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,075)	9,528	176	176	9,704
Changes during period					
Dividends of surplus		(529)			(529)
Profit		1,301			1,301
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	26	70			70
Net changes in items other than shareholders' equity			382	382	382
Total changes during period	26	842	382	382	1,225
Balance at end of period	(2,049)	10,371	558	558	10,930

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings brought forward
Balance at beginning of period	630	780	58	5	10,944
Cumulative effects of changes in accounting policies					23
Restated balance	630	780	58	5	10,968
Changes during period					
Dividends of surplus					(558)
Profit					1,255
Purchase of treasury shares					
Disposal of treasury shares			9		
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9	–	696
Balance at end of period	630	780	68	5	11,664

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,049)	10,371	558	558	10,930
Cumulative effects of changes in accounting policies		23			23
Restated balance	(2,049)	10,394	558	558	10,953
Changes during period					
Dividends of surplus		(558)			(558)
Profit		1,255			1,255
Purchase of treasury shares		–			–
Disposal of treasury shares	26	36			36
Net changes in items other than shareholders' equity			(404)	(404)	(404)
Total changes during period	26	732	(404)	(404)	327
Balance at end of period	(2,023)	11,126	154	154	11,281

Non-consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,890	1,813
Depreciation	581	818
Impairment losses	–	7
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Interest and dividend income	(93)	(3)
Loss (gain) on sale of investment securities	(338)	–
Loss (gain) on valuation of investment securities	30	–
Loss (gain) on sale of shares of subsidiaries and associates	–	(29)
Loss on retirement of non-current assets	0	30
Loss on transfer of fixed assets	205	–
Decrease (increase) in trade receivables	(63)	(179)
Decrease (increase) in inventories	41	(368)
Increase (decrease) in trade payables	(11)	(55)
Other, net	54	(2)
Subtotal	2,293	2,030
Interest and dividends received	94	3
Income taxes paid	(498)	(605)
Net cash provided by (used in) operating activities	1,889	1,428
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,000	–
Purchase of securities	(2,000)	–
Purchase of property, plant and equipment	(1,118)	(765)
Purchase of intangible assets	(245)	(382)
Proceeds from sale of investment securities	338	–
Proceeds from sale of shares of subsidiaries and associates	–	36
Other, net	(1)	(5)
Net cash provided by (used in) investing activities	(2,026)	(1,116)
Cash flows from financing activities		
Purchase of treasury shares	(0)	–
Dividends paid	(529)	(558)
Net cash provided by (used in) financing activities	(529)	(558)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(667)	(246)
Cash and cash equivalents at beginning of period	4,906	4,239
Cash and cash equivalents at end of period	4,239	3,992