

Asahi Net, Inc.

Financial Results Briefing Materials for the Fiscal Year Ended March 2022 and Financial Forecasts for the Fiscal Year Ending March 31, 2023

May 11, 2022



Securities Code: 3834

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I am Hijikata, President of Asahi Net, Inc.

I would like to explain the financial results for the fiscal year ended March 31, 2022.



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<Cautionary Statement Concerning Forward Looking Statements>

- Statements made in this document with respect to the current plans, estimates, strategies and beliefs and other statements of Asahi Net Inc. (the "Company") that are not historical facts are forward-looking statements about the future performance of the Company.
- These statements are based on the judgment of the management of the Company drawn from currently available information. Accordingly, we advise you not to place undue reliance on these forecast statements. Actual financial results may differ significantly from these forecasts and may be worse than the forecasts due to various key factors.
- The Company has taken the greatest care in the preparation of the information presented in this document but is not held liable for any errors in the information.
- This document is a translation of the Japanese original. The Japanese original is authoritative.
- "FY" in these materials indicates the fiscal year starting on April 1 of the respective year.

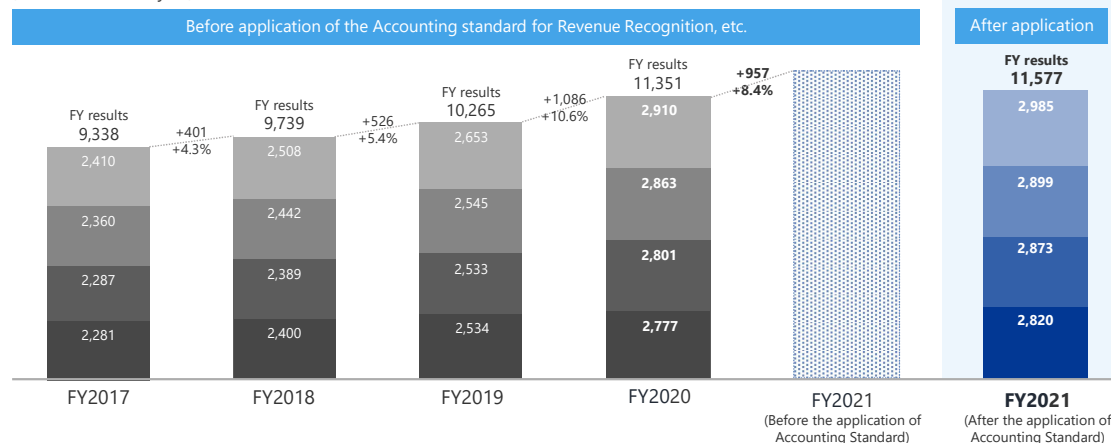
This is what I will talk about today.



Trends in Net Sales

Sales increased for ten consecutive years since FY 2013, setting a record for net sales

(Unit: millions of yen) ■ 1Q ■ 2Q ■ 3Q ■ 4Q



The Accounting Standard for Revenue Recognition, etc., applies to the figures starting from the beginning of FY2021. Therefore, I would like to explain by comparing the figures before and after the application of Accounting standard.

First, let's look at net sales.

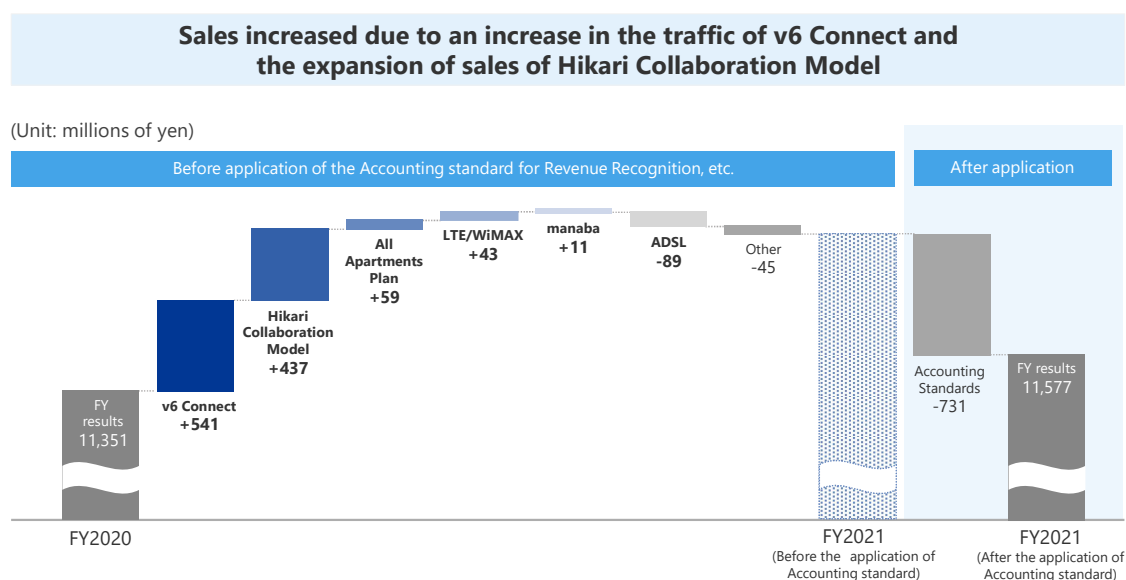
Net sales for FY2021, were 11,577 million yen. The figure increased for the tenth consecutive year since FY2012, setting a record for net sales.

The main factors were an increase in the number of subscribers to ISP Asahi Net's internet connection service and an increase in the traffic of VNE v6 Connect.

Compared with the figures before the application of Accounting standard, net sales increased by 8.4% year-on-year, resulting in an increase of 957 million yen.



Year-on-Year Difference in Net Sales



Next, let me explain the main factors behind the increase in net sales from FY2020 to FY2021.

Firstly, let's look at v6 Connect. Net sales increased by 541 million yen. The increase was due to an increase in traffic handled with our partner companies. The number of partner companies remained the same in FY2021.

Net sales from Asahi Net Hikari and Asahi Net docomo Hikari, which use the Hikari Collaboration Model, increased by 437 million yen. Since the first half of FY2021, we have been receiving orders for the Asahi Net Hikari from corporate customers, leading to an increase in net sales.

Through a sales channel partnership with NTT East and NTT West, we recorded an increase of 59 million yen in net sales from the All Apartments Plan, which provides internet connection services to apartment owners and residents.

Net sales from LTE and WiMAX mobile connection services increased by 43 million yen.

Net sales from the educational support service manaba increased by 11 million yen.

Net sales from ADSL connection services decreased by 89 million yen. This is due to the termination of the Neo-Discount ADSL Course, an ADSL connection service, in September 2021.

Among other services included, net sales decreased mainly for narrowband connection services such as Dial-up connection services.

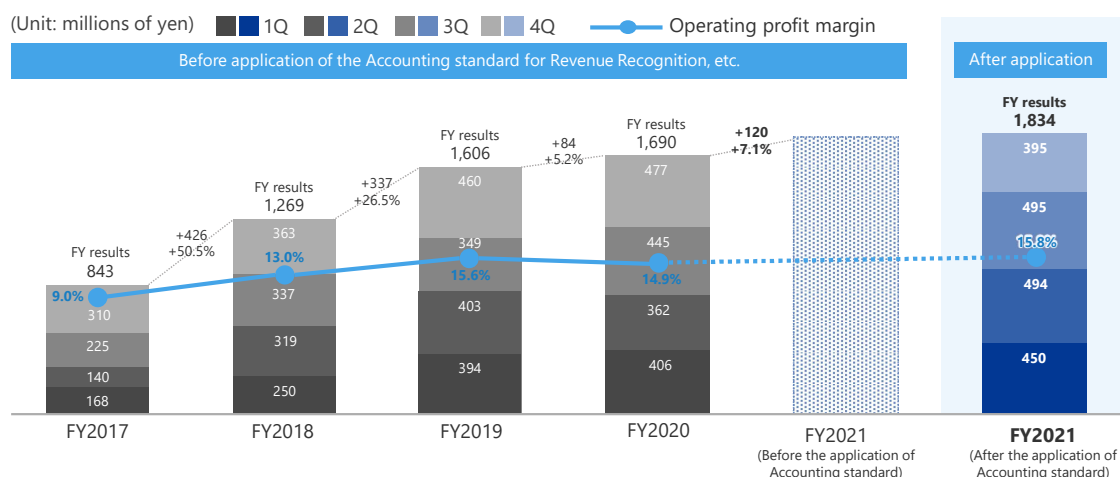
As a result, net sales before the application of Accounting standard increased 8.4% year-on-year.

Net sales decreased by 731 million yen due to the impact of applying Accounting standard. This was due to posting net sales from some of the services as a net amount instead of a total amount, and deducting the selling, general and administrative expenses such as cashback from net sales.



Trends in Operating Profit

Operating profit increased 7.1% year-on-year



Operating profit was 1,834 million yen.

Operating profit margin was 15.8%.

Compared with the figures before the application of Accounting standard, operating profit increased 7.1% year-on-year, an increase of 120 million yen.

This shows the quarterly trends in operating profit.

Operating profit increased steadily from the first quarter to the third quarter of FY2021.

The figures in the fourth quarter of FY2021, were affected by the impact of posting the cost of sales and selling, general and administrative expenses that were incurred temporarily.



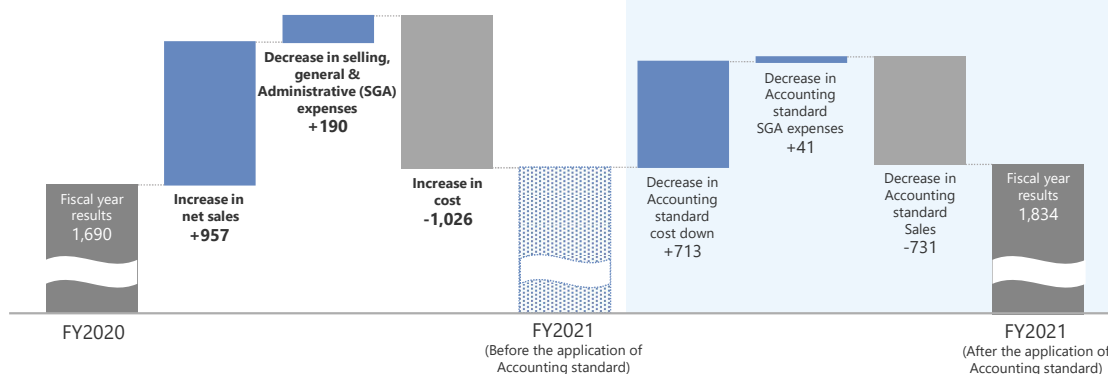
Year-on-Year Difference in Operating Profit

Communication and depreciation costs for purchasing Hikari Collaboration Model lines and maintenance of quality increased

(Unit: millions of yen)

Before application of the Accounting standard for Revenue Recognition, etc.

After application



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Now, let me explain the main factors behind the increase in operating profit from FY2020 to FY2021. The left side of the slide shows the year-on-year difference before the application of Accounting standard.

As I mentioned earlier, net sales increased by 957 million yen.

Cost of sales increased by 1,026 million yen. There were two main reasons for the increase. The first was the increase in the cost of purchasing lines associated with new subscriptions to ISP Asahi Net. Cost of sales increased in proportion to the increase in sales from the Hikari Collaboration Model, and the cost of purchasing lines is expected to also increase in FY2022. The second was the increase in communication and depreciation costs involved in maintaining service quality. In the fourth quarter of FY2021, the cost of sales increased due to signing up for additional contracts for the IPv6 network, which connects NTT East and NTT West. At the same time, depreciation increased due to accelerated investments in capital in anticipation of continuous traffic growth caused by expanded opportunities to use the internet due to lifestyle changes.

Selling, general and administrative expenses decreased by 190 million yen. In FY2020, in response to increased demand for telework, the Company actively invested in initiatives to acquire new subscribers to the FTTH connection services for individual members. On the other hand, in FY2021, selling, general and administrative expenses decreased year-on-year due to implementing initiatives to acquire new subscribers as usual.

Now, let's look at the impact on operating profit from applying Accounting standard. As I mentioned earlier, net sales decreased by 731 million yen. Cost of sales decreased 713 million yen due to posting the amount of net sales from some services as a net amount instead of a total amount. Selling, general and administrative expenses decreased by 41 million yen due to deducting cashback, etc., from sales.



Trends in EBITDA

**Recorded a steady increase in EBITDA.
Set to increase profitability by promoting appropriate investments in capital.**

(Unit: millions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Operating profit	843	1,269	1,606	1,690	1,834
Depreciation	408	410	448	581	818
EBITDA(*)	1,251	1,679	2,054	2,272	2,653
EBITDA margin	13.4%	17.2%	20.0%	20.0%	22.9%
Investments in capital	364	568	831	1,295	1,160

Note: EBITDA is calculated as the sum of operating profit and depreciation.

Next is the trends in EBITDA and EBITDA margin.

In FY2021, EBITDA was 2,653 million yen and EBITDA margin was 22.9%. Investments in capital totaled 1,160 million yen.

From FY2020 through FY2021, we built a large-scale network ahead of schedule in order to cope with the continued increase in traffic. We will continue to make appropriate investments in capital.

Although depreciation increased due to investments in capital in FY2021, EBITDA, the sum of operating profit and depreciation steadily increased. Going forward, we will continue to focus on increasing profitability over the medium term by investments in capital necessary for the growth of ISP, VNE, and manaba, with operating profit as an important management indicator.



Operating Results

(Unit: millions of yen)

	FY2020	FY2021	Change	Percentage change
Net sales	11,351	11,577 (12,308)	225 (957)	2.0% (8.4%)
Operating profit	1,690	1,834 (1,810)	144 (120)	8.5% (7.1%)
Ordinary profit	1,786	1,839 (1,815)	52 (28)	2.9% (1.6%)
Profit	1,301	1,255 (1,238)	-46 (-63)	-3.6% (-4.9%)
Earnings per share	46.67 yen	44.92 yen	—	—

Note: The figures for FY2020 are those before the application of the Accounting standard for Revenue Recognition, etc. The figures for FY2021 are those after the application of the Accounting standard for Revenue Recognition, etc. Figures before the application of the Accounting standard for Revenue Recognition, etc., are indicated in brackets for year-on-year comparison.

Next is the operating results for FY2021.

Net sales and operating profit were as explained earlier.

Ordinary profit was 1,839 million yen. Profit was 1,255 million yen. As a result, earnings per share was 44.92 yen.

On a year-on-year basis, operating profit and ordinary profit increased whereas profit decreased. In FY2021, a gain on sale of shares of subsidiaries and associates of 29 million yen was recorded as extraordinary income. A loss on retirement of communication equipment of 17 million yen, which is paid to NTT East and NTT West, and a loss on retirement of non-current assets of 30 million yen were recorded as extraordinary losses.



Financial Position

(Unit: millions of yen)

	As of March 31, 2021	As of March 31, 2022	Change
Total assets	12,814	12,940	126
Liabilities	1,884	1,659	-224
Net assets	10,930	11,281	351
Equity ratio	85.3%	87.2%	—

Now, let's look at the financial position for FY2021.

Total assets increased 126 million yen to 12,940 million yen year-on-year, liabilities decreased 224 million yen to 1,659 million yen year-on-year, and net assets increased 351 million yen to 11,281 million yen.

Equity ratio was 87.2%.



Shareholder Return

An interim dividend of 10 yen and a year-end dividend of 11 yen for FY2021

(Unit: millions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Profit	577	952	1,150	1,301	1,255
Dividends	18.00 yen	18.00 yen	18.50 yen	19.50 yen	21.00 yen
Dividend payout ratio	92.2%	56.0%	45.2%	41.8%	46.7%

Next is the cash dividends for FY2021.

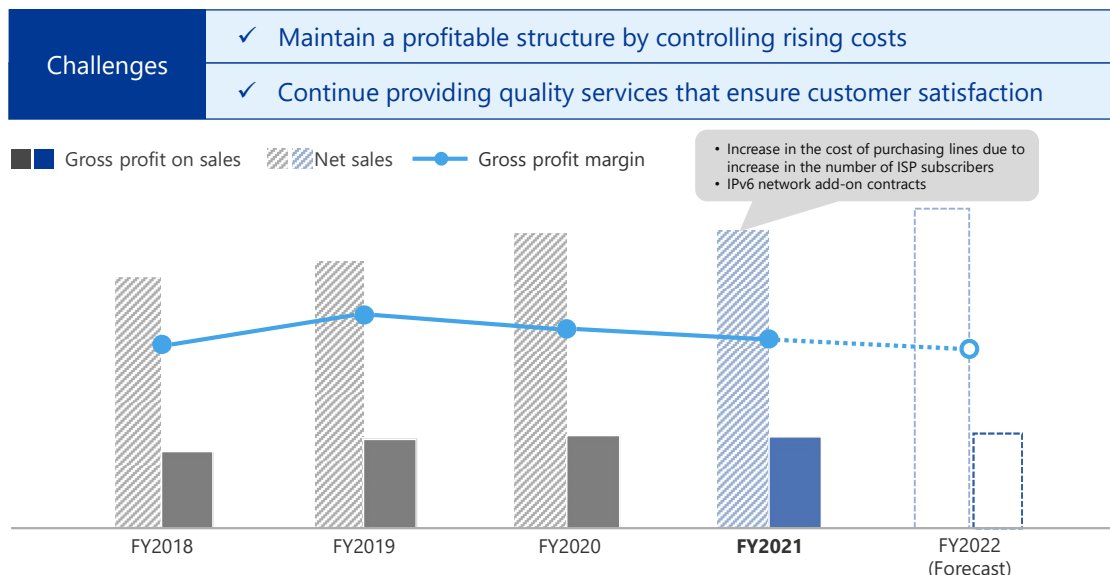
The Company recognizes the return of profits to shareholders as a key management priority, and our basic policy is to maintain stable dividends while securing retained earnings for future business development and strengthening our management structure.

At present, we consider a dividend payout ratio of about 40% to 50% as an appropriate level.

The initial plan was to pay an interim dividend of 10 yen, a year-end dividend of 10 yen, and a full-year dividend of 20 yen. However, in consideration of our shareholder return policy and financial results, we will pay a year-end dividend of 11 yen for the current fiscal year, and a full-year dividend of 21 yen. As a result, the dividend payout ratio for the full year is expected to be 46.7%.



Challenges Facing Asahi Net



Now, let me talk about the challenges facing the Company again, as I explained at the financial results briefing last year.

We have not changed the two items listed as challenges to be addressed. The first challenge is to maintain a profitable structure by controlling rising costs and the second challenge is to continue providing quality services that ensure customer satisfaction.

Let's look at the first challenge.

Quarterly gross profit for FY2021, was forecast to remain flat. The actual gross profit remained flat from the first quarter to the third quarter as forecast, and decreased in the fourth quarter. This was due to bringing forward by six months the schedule of signing up for additional contracts for the IPv6 network that connects NTT East and NTT West, which was scheduled for the fiscal year ending March 31, 2023, and incurring one-time expenses. Gross profit margin decreased 1.4% from 32.4% in FY2020 to 31.0% in FY2021.

Now, let's move on to the second challenge.

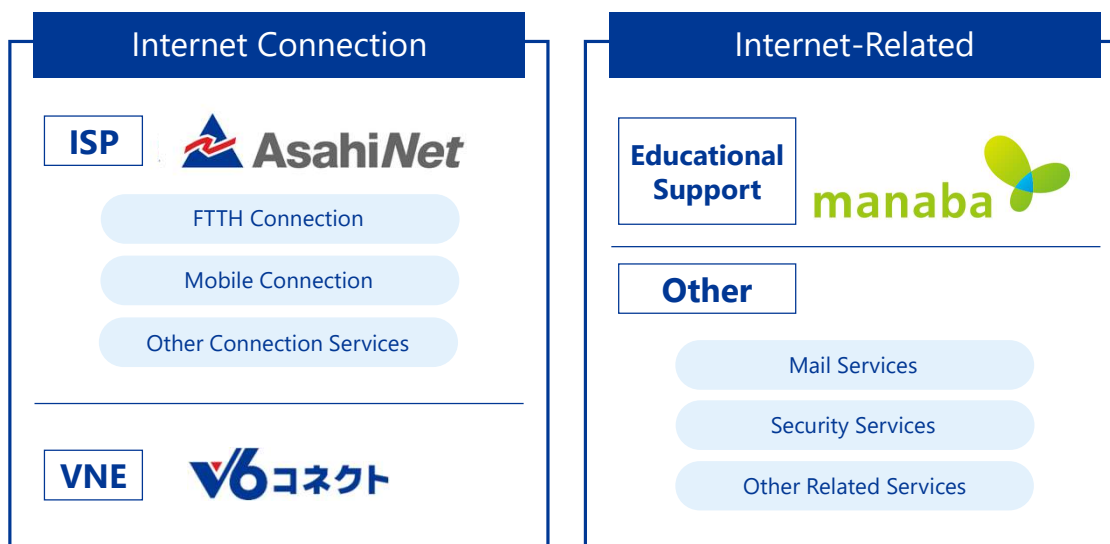
As in the previous year, the Company was ranked No.1 for overall evaluation in the internet service provider customer satisfaction survey run by a third-party organization for the RBB TODAY Broadband Award 2021 for eight consecutive years.

We believe that the efforts we have been taking in FY2021 have paid off, as we have been highly evaluated not only in terms of communication quality and price, but also in terms of customer support and procedures, such as the short time it takes to start using the service.

We thank all our members for appreciating the Company and will continue to strive to maintain quality service that satisfies our customers.



Service Lineup of Asahi Net



Next, let's look at each service in detail.

Since the beginning of FY2021, the Company has been disclosing net sales for each line of services.

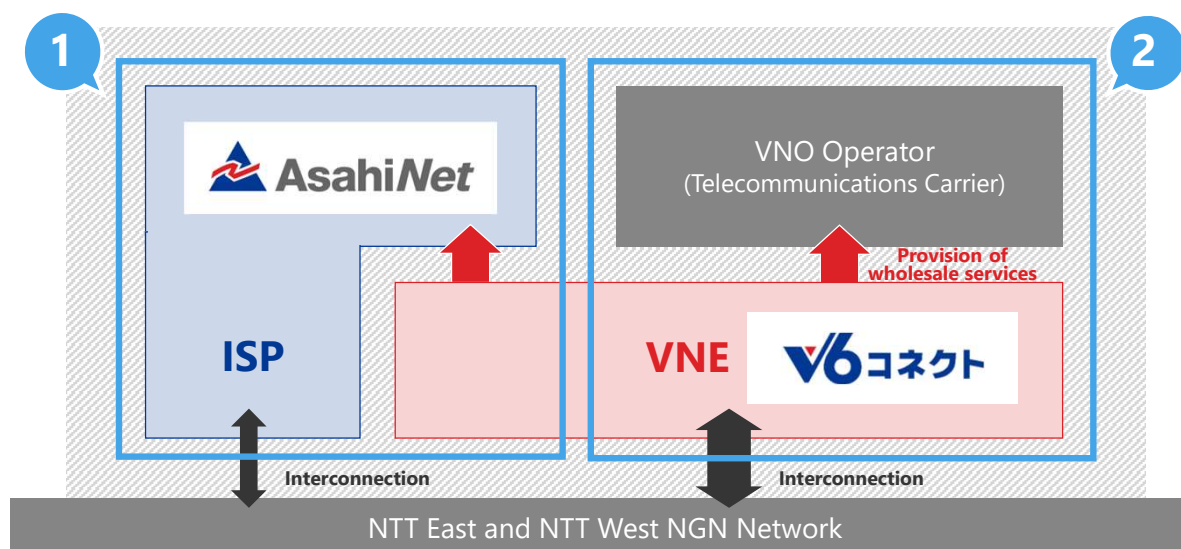
Net sales from ISP Asahi Net and VNE v6 Connect services are disclosed as net sales for internet connection services.

Net sales from manaba and other services are disclosed as net sales for internet-related services.

I will explain based on these.



Structure of Internet Connection Services



First, I will explain the status of internet connection services.

Internet connection services consist of two categories. In the first category, the Company provides its own service Asahi Net as an ISP. And, in the second category, the Company provides v6 Connect, an IPv6 connection service, to telecommunications carriers as a VNE.



Net Sales from Internet Connection Services

(Unit: millions of yen)

	FY2020	FY2021	Change	Percentage change
ISP Asahi Net	8,928	8,621 (9,352)	-307 (423)	-3.4% (4.7%)
VNE v6 Connect	842	1,383 (1,383)	540 (540)	64.2% (64.2%)
Total	9,771	10,004 (10,735)	233 (964)	2.4% (9.9%)

Note: The figures for FY2020 are those before the application of the Accounting standard for Revenue Recognition, etc. The figures for FY2021 are those after the application of the Accounting standard for Revenue Recognition, etc. Figures before the application of the Accounting standard for Revenue Recognition are indicated in brackets for year-on-year comparison.

This shows the net sales of internet connection services for FY2021.

ISP Asahi Net posted 8,621 million yen and VNE v6 Connect posted 1,383 million yen.

Now, let's look at the year-on-year change in the net sales for each service.

Compared in terms of figures before the application of Accounting standard, net sales from ISP Asahi Net increased by 4.7% to 423 million yen.

Net sales from VNE v6 Connect increased by 64.2% to 540 million yen.

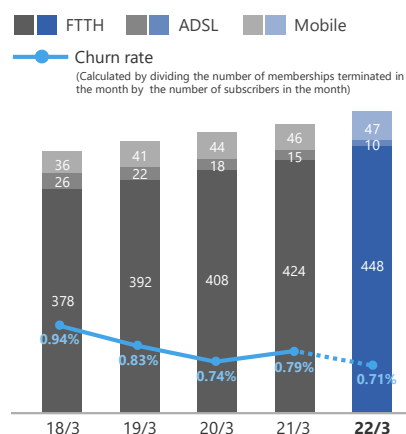


Trends in the Number of Subscribers to ISP Asahi Net's Internet Connection Service

Recorded a steady increase in the number of orders received from corporate customers and an increase in the number of FTTH connection services subscribers

(Unit: thousands of IDs)

	March 31, 2021	March 31, 2022	Change
FTTH (fiber-optic connection)	424	448	24
ADSL	15	10	-5
Mobile	46	47	1



Now, let's move on to talk about the status of ISP Asahi Net business.

The number of subscribers to FTTH connection services, including Asahi Net Hikari, increased by 24,000 IDs year-on-year to 448,000 IDs as of March 31, 2022.

The number of subscribers to ADSL connection services decreased by 5,000 IDs to 10,000 IDs. The number of subscribers to mobile connection services increased by 1,000 IDs to 47,000 IDs.

The churn rate for subscribers of internet connection services was 0.71%. The churn rate remained low.

As of March 31, 2022, the number of Asahi Net Members was 654,000 IDs, a year-on-year increase of 16,000 IDs.

As for Asahi Net Hikari, which was mentioned when I talked about net sales, the number of orders received from corporate customers increased steadily in FY2021, driving the number of subscribers to FTTH connection services.

The number of subscribers to ADSL connection services decreased due to the termination of some of the services at the end of September 2021. However, the impact on sales due to the termination of the services was minimal as the subscribers to ADSL connection services switched to FTTH and other mobile connection services.

There has been an increase in demand for mobile connection services from corporate customers who use WiMAX and LTE services with the Fixed IP Option. In March 2022, we launched Asahi Net WiMAX +5G, a high-speed, high-capacity mobile connection service that supports 5G communications.

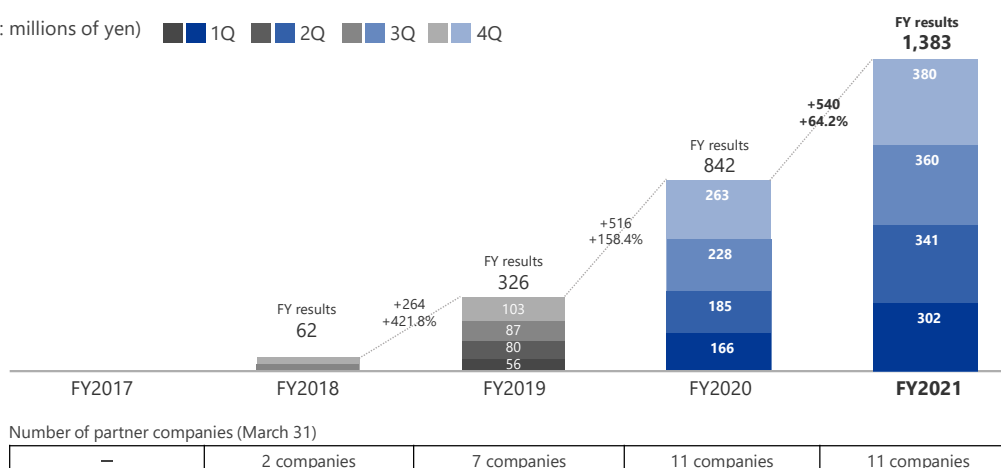


Trends in Net Sales from VNE v6 Connect and the Number of Partner Companies

Net sales from v6 Connect increased 64.2% year-on-year

(Unit: millions of yen)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



Number of partner companies (March 31)

FY2017	FY2018	FY2019	FY2020	FY2021
—	2 companies	7 companies	11 companies	11 companies

Now, let's look at v6 Connect.

Net sales from v6 Connect for FY2021, were 1,383 million yen, a year-on-year increase of 64.2%. The total number of partner companies FY2021 was 11, which remained the same year-on-year.

v6 Connect is a wholesale IPv6 internet connection service for VNO operators (telecommunications carriers), which is offered by using the IPoE connection method of FLET's Hikari provided by NTT East and NTT West. The Company records as sales the amount of fees charged on a pay-as-you-go basis based on the traffic used by VNO operators.

The graph shows the trends in quarterly net sales. There are two main factors contributing to the increase in net sales. The first is an increase in the number of FLET'S Hikari lines used by partner companies. The second is an increase in traffic per line. The increase in traffic per line contributed significantly to net sales for FY2021.



Net Sales from Internet-related Services

(Unit: millions of yen)

	FY2020	FY2021	Change	Percentage change
manaba	752	763	11	1.5%
Other	828	809	-18	-2.2%
Total	1,580	1,573	-7	-0.5%

Now, let's move on to look at the status of Internet-related services.

Internet-related services include manaba and related services such as email and security services.

This shows the net sales from internet-related services for FY2021.

Net sales from manaba increased by 1.5% year-on-year to 763 million yen. Net sales from other services decreased by 2.2% to 809 million yen.

Overview of Educational Support Service manaba



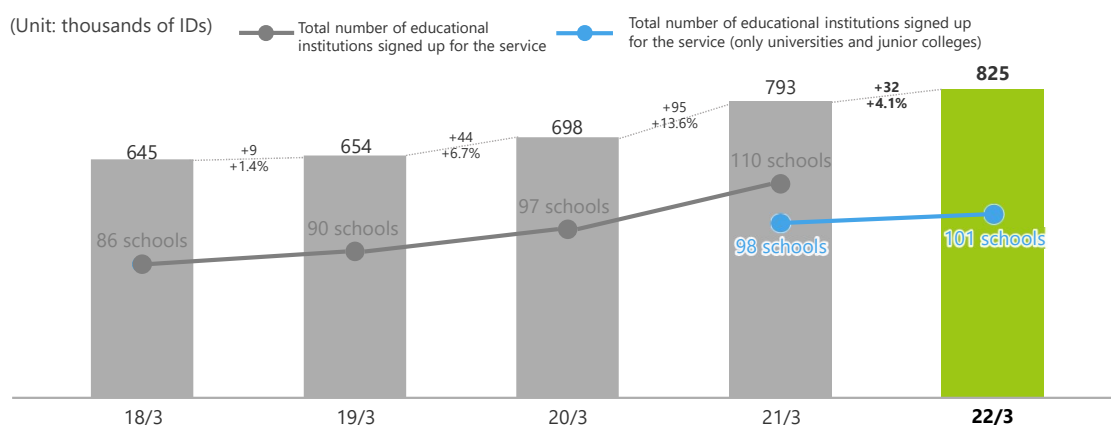
Next, let me talk about manaba.

manaba is a cloud based application service developed, sold and supported by the Company for educational institutions, mainly universities.



Number of Subscriber IDs for manaba

**The number of subscriber IDs increased by 32,000 year on year.
The total number of educational institutions signed up for the service increased to 101.**



Note: After March 31, 2021, the total number of educational institutions signed up for the service only includes universities and junior colleges. The total number of educational institutions signed up for the service does not include vocational colleges, high schools, and technical colleges.

The number of subscriber IDs as of March 31, 2022, was 825,000 IDs, a year-on-year increase of 32,000 IDs.

In the year under review, Hokkai-Gakuen University, Hyogo University of Teacher Education and other universities began using the service, and the total number of educational institutions signed up for the service was 101, a year-on-year increase of 3.

After March 31, 2021, the total number of educational institutions signed up for the service only includes universities and junior colleges.



Summary of Financial Results for FY2021

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Financial Results for FY2021

- Recorded net sales of 11,577 million yen, achieving a new record for net sales for ten consecutive years since FY2012
- Recorded an operating profit of 1,834 million yen, achieving a 7.1% year-on-year increase compared before applying Accounting standard

2

Status of Our Business

● ISP Asahi Net

The number of subscriber IDs for FTTH service increased by 24,000 year-on-year. The number of orders received from corporate customers increased steadily.

● VNE v6 Connect

Net sales increased by 64.2% year-on-year. Sales increased due to increased traffic per line used by partner companies.

● manaba

The number of subscriber IDs increased by 32,000 year-on-year to 825,000. The total number of educational institutions signed up for the service increased to 101.

Next is the summary of financial results for FY2021.

Firstly, let's look at the financial results.

Net sales for FY2021 reached a record high of 11,577 million yen. Net sales increased for ten consecutive years from FY2012.

Operating profit was 1,834 million yen. Compared with the figures before the application of Accounting standard, the profit increased 7.1% year-on-year.

Secondly, let's look at the status of our business.

The number of subscribers to the FTTH connection services of ISP Asahi Net increased by 24,000 IDs year-on-year to 448,000 IDs. The number of orders received from corporate customers increased steadily.

Net sales from VNE v6 Connect increased year-on-year by 64.2% to 1,383 million yen. The increase in sales is mainly due to increased traffic of FLET'S Hikari per line used by partner companies.

The number of subscriber IDs for manaba increased by 32,000 IDs year-on-year to 825,000 IDs. The total number of educational institutions signed up for the service increased to 101.



Earnings Forecast

Policy Make steady efforts to increase revenues from ISP, VNE, and manaba services

(Unit: millions of yen)

	FY2021	FY2022 (Forecast)	Change	Percentage change
Net sales	11,577	12,400	822	7.1%
Operating profit	1,834	2,000	165	9.0%
Ordinary profit	1,839	2,000	160	8.7%
Profit	1,255	1,300	44	3.6%
Earnings per share	44.92 yen	46.50 yen	—	—

Next, I would like to talk about the earnings forecast for FY2022.

For FY2022, we have set a strategy of steady initiatives to increase revenues from ISP, VNE, and manaba services.

In FY2021, we took initiatives such as offering FLET's Services based on the Hikari Collaboration Model for ISP Asahi Net, coping with the continued increase in traffic and ensuring communication quality for VNE v6 Connect, and ensuring quality in education for manaba.

In FY2022, we will increase revenues by steadily making various efforts. At the same time, we intend to secure profits by simultaneously promoting investments in capital and service development necessary to continuously maintain revenue growth.

Under this strategy, net sales are expected to reach 12,400 million yen, an increase of 822 million yen year-on-year, with an increase rate of 7.1%. Expenses are expected to continue to increase due to an increase in depreciation for purchasing lines and investments in capital. Operating profit is expected to reach a record high of 2 billion yen, an increase of 165 million yen year-on-year, and an increase rate of 9.0%. Ordinary profit is expected to reach 2 billion yen, an increase of 160 million yen year-on-year, with an increase rate of 8.7%. Profit is expected to reach 1.3 billion yen, an increase of 44 million yen year-on-year, with an increase rate of 3.6%.

In addition, investments in capital for FY2022 will be 1.4 billion yen.

In addition to network-related investments in capital, we plan to update our systems to make our email services easier to use and more secure, and to update our mission-critical systems for future business expansion.

EBITDA is expected to be 3 billion yen, and EBITDA margin is expected to be 24.2%.



Shareholder Return

The proposed amount of cash dividends for FY2022 is 22 yen

(Unit: millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Profit	952	1,150	1,301	1,255	1,300
Dividends	18.00 yen	18.50 yen	19.50 yen	21.00 yen	22.00 yen
Dividend payout ratio	56.0%	45.2%	41.8%	46.7%	47.3%

Now, let me explain our shareholder return plan.

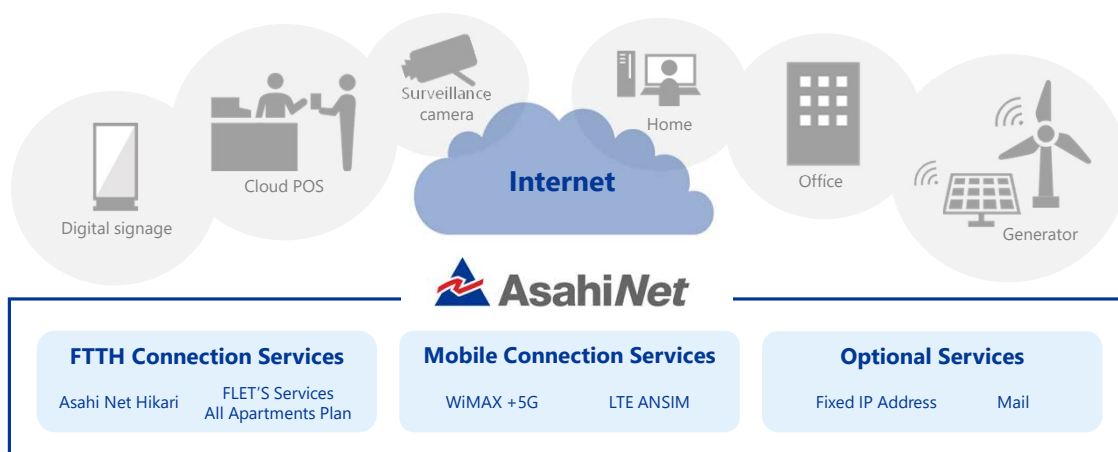
As mentioned on the previous slide, the Company recognizes the return of profits to shareholders as a key management priority, and our basic policy is to maintain stable dividends while securing retained earnings for future business development and strengthening our management structure.

Based on the policy of returning profits, we plan to pay an interim dividend of 11 yen, a year-end dividend of 11 yen, and an annual dividend of 22 yen for FY2022. We will continue to make appropriate decisions based on the situation.



Plans of ISP Asahi Net

Make improvements in terms of communication quality, price, and support, and thereby support customers with their business



Next, let me talk about the plans for each service for FY2022.
Firstly, let's look at the services offered by ISP Asahi Net.

Net sales from Asahi Net increase in proportion to the number of subscribers to FTTH connection services and mobile connection services.

As explained earlier when looking at the trends in the number of subscribers to Asahi Net as of March 31, 2022, sales from Asahi Net Hikari are driving the increase in sales. We are hoping to maintain this trend into FY2022.

In taking on the Company's challenge to continue providing quality services that ensure customer satisfaction, we will strive to improve not only communication quality but also prices and customer support. In the RBB TODAY Telework Award 2021 in March 2022, the Company won the top prize for the second time since last year. We will continue to strive to provide services that satisfy our customers.

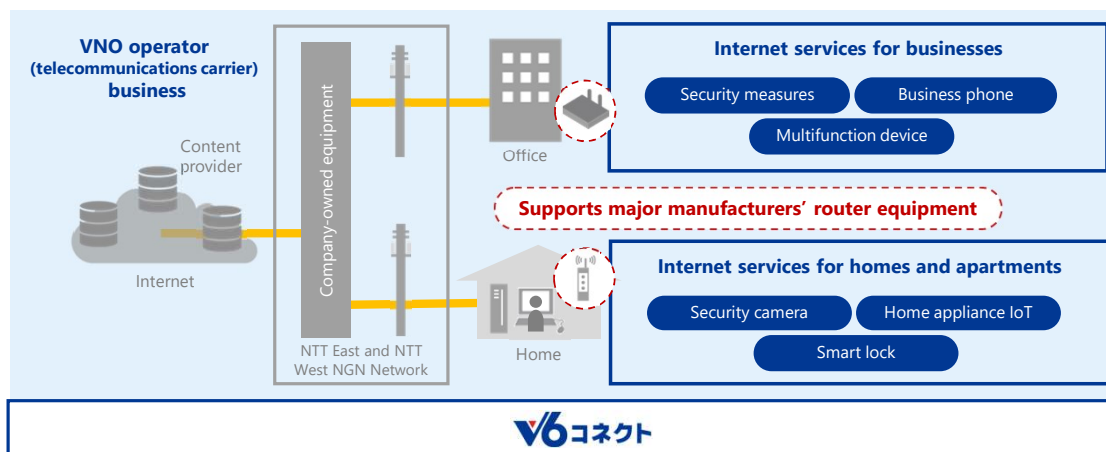
As for mobile connection services, we launched a new 5G service called Asahi Net WiMAX +5G in March 2022. In May 2022, we plan to release WiMAX +5G service, which supports fixed IP.

The number of subscribers is expected to increase as a result of combining the Company's services through IT introduction and digitalization, such as the Internet of Things (IoT), which enables remote devices to be accessed via the internet, and marketing activities that use surveillance cameras.



Plan for VNE v6 Connect

Maintain cooperative relationships with partner companies and expand device for end-users



Now, let me move on to explain the plan for VNE v6 Connect.

As for VNE v6 Connect, we will continue to focus on maintaining cooperative relationships with our partner companies and expanding alliances with new VNO operators (telecommunications carriers).

V6 Connect is a service that charges a usage fee according to the amount of traffic used by VNO operators. We expect traffic per line to increase in the future. As a result, the cost borne by VNO operators will increase.

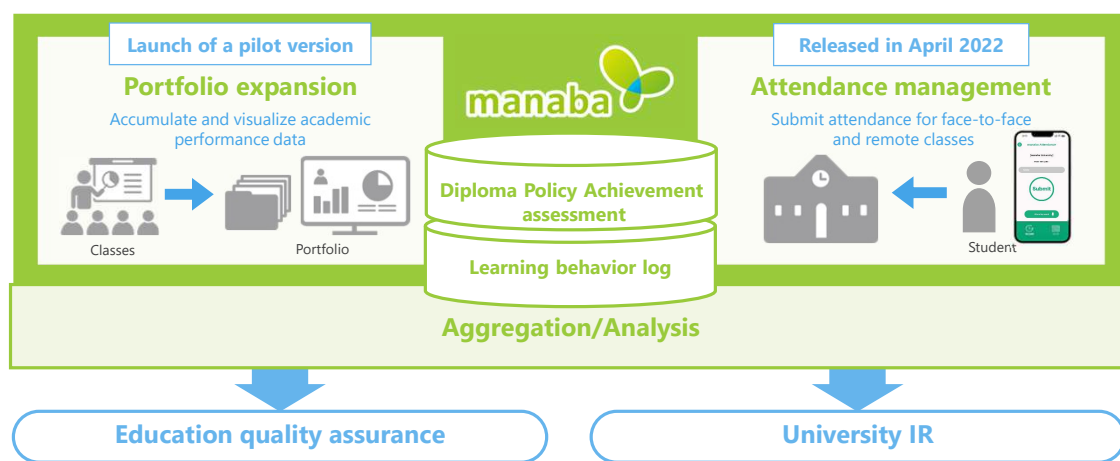
In the business development of VNO operators, the use of v6 Connect for ensuring communication quality and cost control in the business structure is of great significance in the face of increasing traffic. The Company strives to maintain medium to long-term relationships between the Company and partner companies as partners by adjusting prices and streamlining network maintenance and operation costs in order to expand and maintain the businesses of our partner VNO operators.

We believe that, as an overall trend, the use of content via the internet, such as video streaming services and online games, will further expand. In order to prepare for expansion, the Company has been expanding its network through investments in capital for two years from FY2020. As for connection to the NGN network provided by NTT East and NTT West, the Company signed up for additional contracts for the IPv6 network in the fourth quarter of FY2021, and will not sign up for additional contracts in FY2022. For end users, we plan to work with router device manufacturers to reduce user effort by automating settings necessary for connecting to IPv6, and to further promote v6 Connect for devices such as Wi-Fi routers installed in homes and business routers installed in offices.



Plan for Educational Support Service manaba

Enhance and propose services that can ensure quality in education expected by the Ministry of Education, Culture, Sports, Science and Technology



Now, I will talk about the plan for manaba.

As for manaba, we will continue in FY2022 to strengthen the service and make proposals to ensure quality in education expected for universities by the Ministry of Education, Culture, Sports, Science and Technology.

We have been expanding our Portfolio functions in line with our initiatives to ensure quality in education. We will provide a pilot version to universities and collect examples of how universities use it for making further functionality enhancements.

In addition, we released an attendance management feature in April 2022. Attendance information, which indicates whether a student has attended a class, is an indicator for a university to measure a student's academic performance and the quality assurance of education. Students can easily submit their attendance through a dedicated smartphone app. Teachers can easily manage student attendance information in conjunction with manaba and manage correct attendance information by using a function to prevent a student from asking someone else to answer roll call. Universities can use cross-class and organization-specific information for a wide range of analyses.

By deepening these efforts, the Company will contribute to university education through manaba as a service that supports diverse learning so that people will think of education quality assurance when they hear the word manaba.



Reference: Initiatives to Improve Corporate Value

April 2022: Transition to the TSE Prime Market

April 2022: Establishment of Sustainability Promotion Committee

June 2022: Transition to a company with an audit and supervisory committee (planned)

Now, let's move on to the final slide, which was added for your reference. Firstly, I would like to talk about the latest trends.

As previously mentioned, the Company passed a resolution to transfer to the TSE Prime Market and completed its transfer to the TSE Prime Market on April 4, 2022. The Prime Market is a market segment for companies focused on constructive dialogue with global investors. The Company is committed to engaging in constructive dialogue with investors to meet their expectations.

As part of these efforts, we established the Sustainability Promotion Committee on April 26, 2022.

Based on the corporate philosophy of "Interaction and Creativity," the Company conducts corporate activities with the mission of contributing to the development of society by enhancing the value of people-to-people exchanges through the use of information technology.

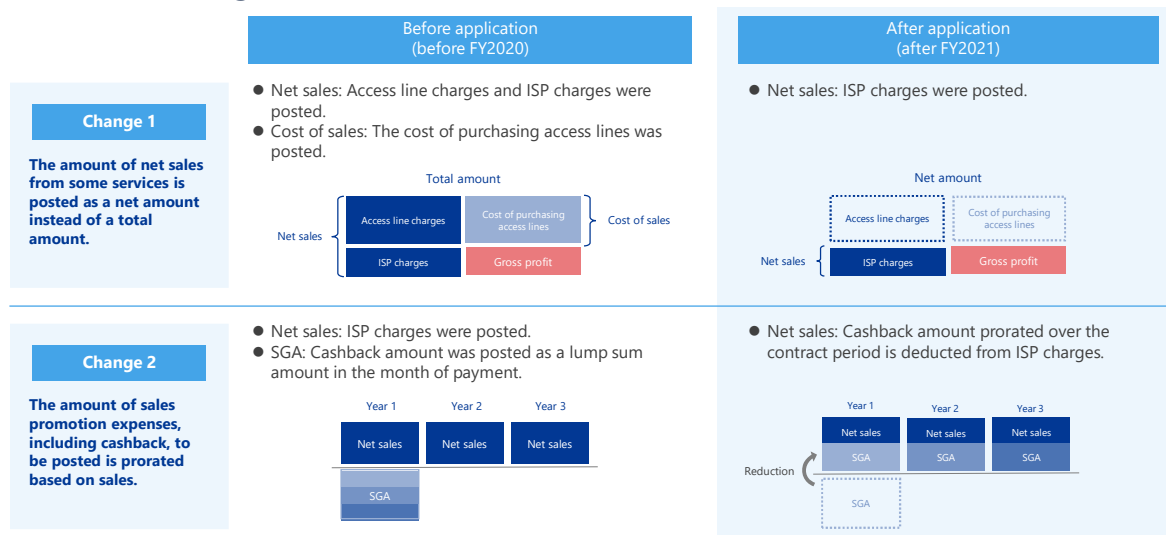
Aiming to enhance sustainable corporate value and develop a sustainable society through corporate activities, we will promote efforts related to sustainability.

At the same time, the Company plans to transition to a company with an audit and supervisory committee to strengthen governance.

In order to improve management transparency and expedite decision-making, the Company plans to make the transition after having obtained approval at the annual general meeting of shareholders to be held on June 28, 2022.



Reference: Details of the Applied Accounting Standard for Revenue Recognition, etc.



Next, let's look at the impact of the Accounting standard for Revenue Recognition, etc., which has been applied to the figures since the beginning of FY2021. There have been two major changes.

The first change is that the amount of net sales from some of the transactions of the internet connection services is posted as a net amount instead of a total amount. Before applying Accounting standard, the figures of sales, cost of sales, and gross profit were posted according to the method shown in the diagram. After applying Accounting standard, the amount of gross profit is posted as net sales.

The second change is that the amount of sales promotion expenses, including cashback, to be posted is prorated based on sales for each contract period instead of posting the amount of selling, general and administrative expenses. Before the application of Accounting standard, they were posted as selling, general and administrative expenses as shown in the diagram. After the application of Accounting standard, the amount of selling, general and administrative expenses that is prorated over the contract period is deducted from net sales.



This is the end of my presentation on the financial results for the fiscal year ended March 31, 2022, and the plans for the year ending March 31, 2023.

Thank you for listening.