

Asahi Net, Inc.

Financial Results for the Fiscal Year Ended March 2025 and
Financial Forecasts for the Fiscal Year Ending March 31, 2026

(From April 1, 2024 to March 31, 2025)



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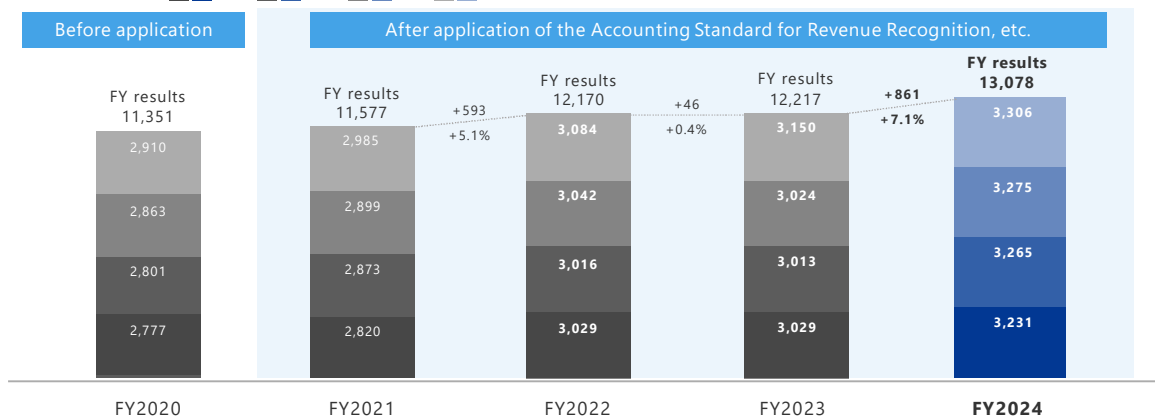
I am Hijikata, the President of Asahi Net, Inc.
I would like to explain the financial results for the fiscal year ended March 31, 2025.



Trends in Net Sales

Net sales for FY2024 increased by 861 million yen year on year

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



About sales Net sales for FY2024 were 13,078 million yen. This was an increase of 861 million yen or 7.1% year on year. It was a new record for net sales, and the 13th consecutive increase since FY2012.

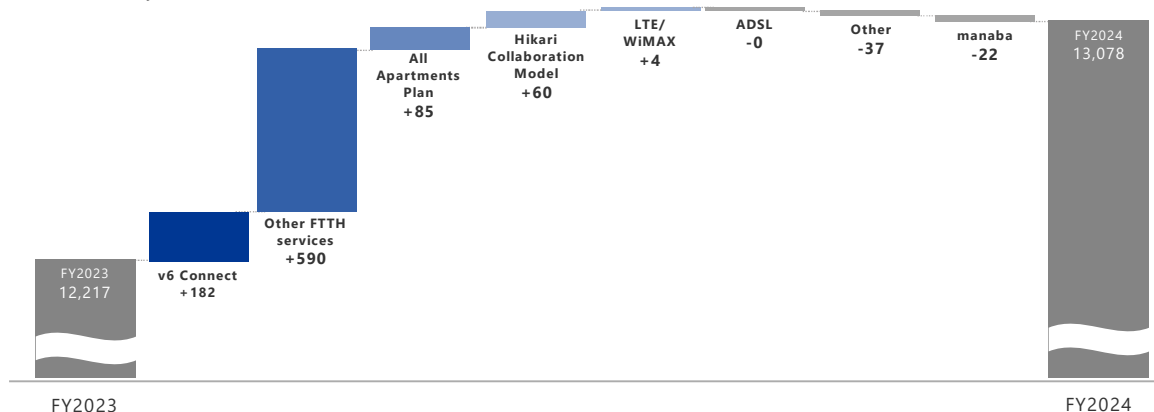
The main factors were an increase in the number of subscribers to ISP Asahi Net's internet connection services, and increase in revenue due to the renewal of fixed IP addresses and an increase in the traffic of VNE v6 Connect.



Year-on-Year Difference in Net Sales

Net sales increased due to an increase in number of v6 Connect and FTTH connection services

(Unit: millions of yen)



Next, let me explain the main factors behind the increase in net sales of 861 million yen between FY2023 and FY2024.

The first factor was v6 Connect. Net sales increased by 182 million yen. This was due to an increase in traffic handled with our partner companies.

Next, we will look at each of the ISP Asahi Net services in turn.

Net sales from other FTTH services increased by 590 million yen. This growth was driven by the expansion of FTTH connection services, supported by strengthened efforts to acquire new members through NTT and web channels, as well as price revisions following the renewal of fixed IP address options.

We recorded an increase of 85 million yen in net sales from the All Apartments Plan, which provides internet connection services to apartment owners and residents through a sales channel partnership with NTT East and NTT West.

Net sales from the Hikari Collaboration Model, including Asahi Net Hikari and Asahi Net docomo Hikari, which leverage the Hikari Collaboration Model between NTT East and NTT West, increased by 60 million yen.

Net sales from LTE and WiMAX mobile connection services increased by 4 million yen. Among mobile services, net sales from LTE increased by 19 million yen. More and more corporate members are using SIM cards and fixed IPs to access remote devices via the internet. Net sales from WiMAX decreased by 15 million yen. This decline, continuing from the previous fiscal year, was a result of sluggish growth in the number of subscriptions to the

5G service, which separates communications charges from device charges and offers unlimited use at a flat rate.

Net sales from other services decreased by 37 million yen. Net sales from other service plans mainly include those of narrowband connection services such as dialup connection services.

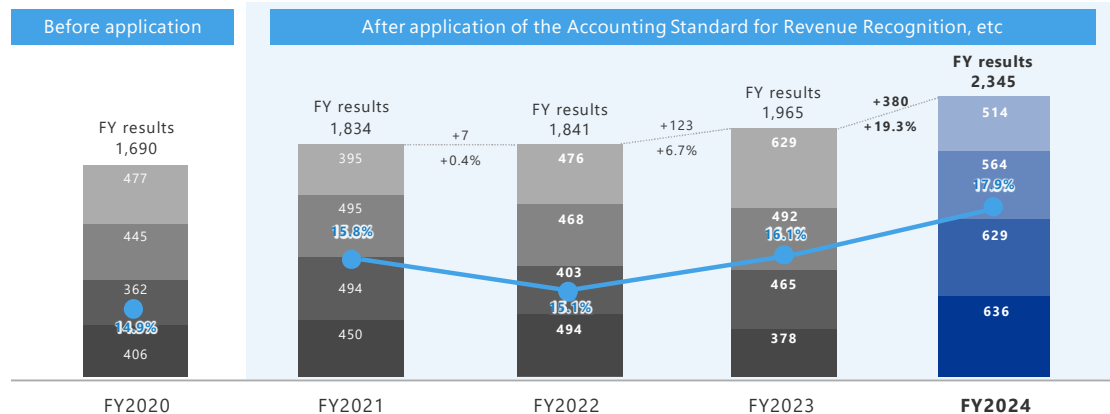
Net sales from the educational support service manaba decreased by 22 million yen due to the impact of five universities cancelling their subscriptions at the end of the previous fiscal year.



Trends in Operating Profit

Operating profit increased 19.3% year on year, reaching a record high

(Unit: millions of yen) ■ 1Q ■ 2Q ■ 3Q ■ 4Q — Operating profit margin



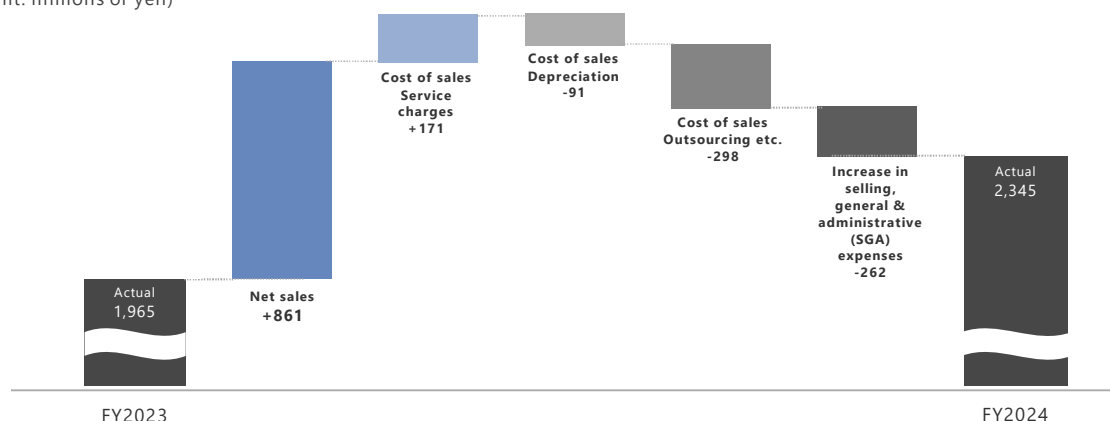
Operating profit was 2,345 million yen, and operating profit margin was 17.9%. Operating profit increased by 380 million yen or 19.3% year on year.



Year-on-Year Difference in Operating Profit

Cost of sales decreased due to more efficient communication cost, while SGA expenses for membership acquisition increased

(Unit: millions of yen)



I will explain the main factors for why operating profit increased by 380 million yen from FY2023 to FY2024.

As I explained in the previous slide, net sales increased by 861 million yen.

This has to do with cost of sales and SGA.

Firstly, about communication costs. To efficiently handle increasing traffic, we have been upgrading our network equipment for several years. We are working to avoid excessive increases in communication costs in anticipation of future increases in the number of FTTH connection services and the amount of traffic handled by “v6 Connect.”

The second is the cost increases associated with developing services. Depreciation increased due to the partial release of our ongoing the mission-critical system upgrade performed in the third and fourth quarters of FY2024. The upgrade process continues in FY2025, and is expected to involve a similar level of capital investment. As part of this process, there has been an increase in outsourcing expenses for systems maintenance related to Asahi Net systems.

The third is the cost increases associated with changes in the market environment. Due to rising prices and other factors, personnel expenses, rents and software costs have also increased.

Lastly, the fourth point is the increase in selling, general & administrative expenses (SGA). We are actively investing in the acquisition of new members for the ASAHI Net ISP. Outsourcing expenses to increase the volume of sales activities, router gifts linked to the number of new members, and agency commissions have increased. We view the growth in FTTH connections as a

leading indicator of revenue and will continue to focus on acquiring new members.



Trends in EBITDA

Limited release of mission-critical systems in FY2024

(Unit: millions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Operating profit	1,690	1,834	1,841	1,965	2,345
Depreciation	581	818	895	883	974
EBITDA(*)	2,272	2,653	2,737	2,849	3,320
EBITDA margin	20.0%	22.9%	22.5%	22.3%	25.4%
Investments in capital	1,295	1,160	1,055	1,830	1,974

(*) EBITDA is calculated as the sum of operating profit and depreciation.

Next, I will explain the trends in EBITDA and EBITDA margin. EBITDA for FY2024 was 332 million yen and the EBITDA margin was 25.4%.



Operating Results

(Unit: millions of yen)

	FY2023	FY2024	Change	Percentage change
Net sales	12,217	13,078	+ 861	7.1%
Operating profit	1,965	2,345	+ 380	19.3%
Ordinary profit	1,986	2,364	+ 378	19.1%
Profit	1,289	1,752	+ 463	35.9%
Earnings per share	46.46 yen	64.99 yen	—	—

Next is the operating results for FY2024. Net sales and operating profit were as explained earlier.

Ordinary profit increased by 19.1% year on year to 2,364 million yen. Profit increased by 35.9% year on year to 1,752 million yen.

In FY2024, we posted a gain on sale of investment securities of 137 million yen as extraordinary income, and a loss on retirement of non-current assets of 5 million yen.



Financial Position

(Unit: millions of yen)

	As of March 31, 2024	As of March 31, 2025	Change	Percentage change
Total assets	14,279	14,787	+ 508	3.6%
Total liabilities	1,772	1,696	-76	-4.3%
Net assets	12,506	13,091	+ 585	4.7%
Equity ratio	87.6%	88.5%	—	

Now, let's look at the financial position for FY2024. Total assets increased 508 million yen from the end of the previous fiscal year to 14,787 million yen, total liabilities decreased 76 million yen to 1,696 million yen, and net assets increased 585 million yen to 13,091 million yen. The equity ratio was 88.5%.



Management Conscious of Cost of Capital and Stock Price

(Unit: millions of yen)

	FY2022	FY2023	FY2024
Net sales	12,170	12,217	13,078
Operating profit	1,841	1,965	2,345
Profit	1,285	1,289	1,752
Net assets per share	427.08	450.96	487.63
ROE (return on equity)	11.1%	10.5%	13.7%
Stock price (March closing price)	590 yen	644 yen	677 yen
PBR (price to book ratio)	1.38	1.43	1.39

This slide is on indicators for management conscious of cost of capital and stock price.

The Company has set return on equity (ROE) as a target management indicator for the entire company, with the goal of achieving ROE of 10% or more, which is higher than the cost of shareholders equity (5% to 6%), the yield expected by investors. The Company's ROE has been as stated in the slide for the last three fiscal years, achieving a return on capital that exceeds the cost of shareholders' equity calculated by the Company. The price to book ratio (PBR) is also shown in the slide.



Notice Concerning Dividends of Surplus

(Unit: millions of yen)

	Determined amount	Latest dividend forecast (Released February 13, 2025)	Previous period (Ended March 31, 2024)
Record date	Mar. 31, 2025	Same	Mar. 31, 2024
Dividend per share	12.50 yen	12.00 yen	11.50 yen
Total amount of dividends	335 million yen	—	318 million yen
Effective date of dividends	June 26, 2025	—	June 27, 2024
Source of funds for dividend	Earned surplus	—	Earned surplus

We will explain the cash dividends for FY2024. The Company recognizes the return of profit to its shareholders as a key management priority, and it maintains a basic policy of paying stable dividends on a continual basis while securing internal reserves to develop business in future and strengthen the management structure.

At present, we consider a dividend payout ratio of about 40% to 50% as an appropriate level. We plan to increase the year-end dividend for FY2024 from 12.00 yen to 12.50 yen. The interim dividend is 12.00 yen and the year-end dividend is set at 12.50 yen, resulting in an expected annual dividend of 24.50 yen for FY2024.



Shareholder Return

The year-end dividend is set at 12.50 yen and the annual dividend for FY2024 is set at 24.50 yen

(Unit: millions of yen)

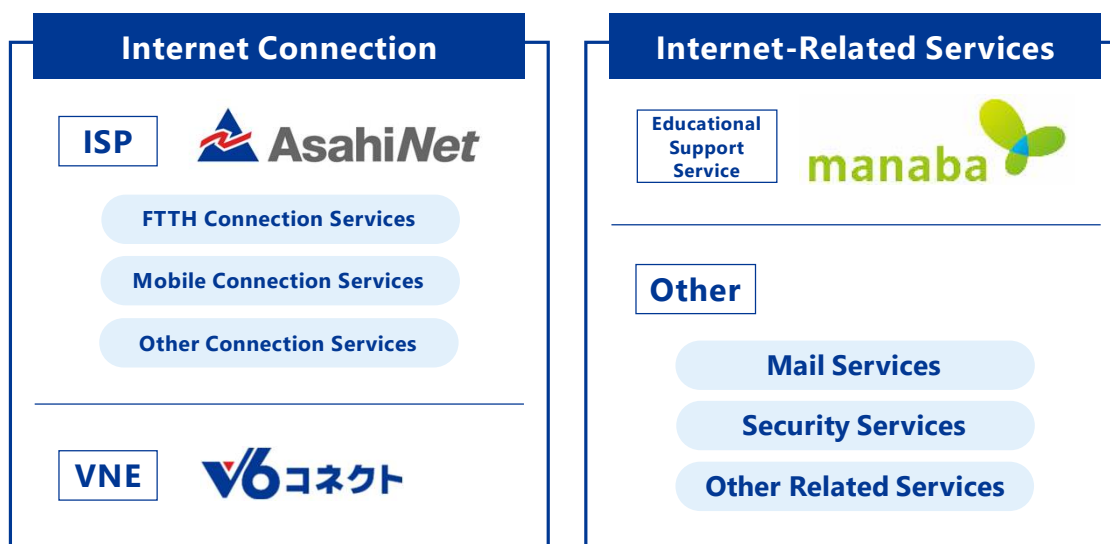
	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Profit	1,301	1,255	1,285	1,289	1,752
Dividends	19.50 yen	21.00 yen	22.50 yen	23.00 yen	24.50 yen
Dividend payout ratio	41.8%	46.7%	49.0%	49.5%	37.7%
Total amount of share purchase costs	—	—	—	195 million yen	606 million yen
Total payout ratio	41.8%	46.7%	49.0%	64.6%	72.1%

Note: A notification regarding own share repurchasing through the Off-Auction Own Share Repurchase Transaction (ToSTNeT-3) was issued on May 9, 2025.

This is a summary of shareholder return. It shows trends in dividends, the dividend payout ratio, and the total payout ratio for the past five years since FY2020. As I mentioned earlier, the Company recognizes the return of profits to shareholders as an important management issue, and its basic policy is to maintain stable dividends while securing internal reserves for future business development and strengthening its management structure. At present, we consider a dividend payout ratio of about 40% to 50% as an appropriate level.



Service Lineup of Asahi Net



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

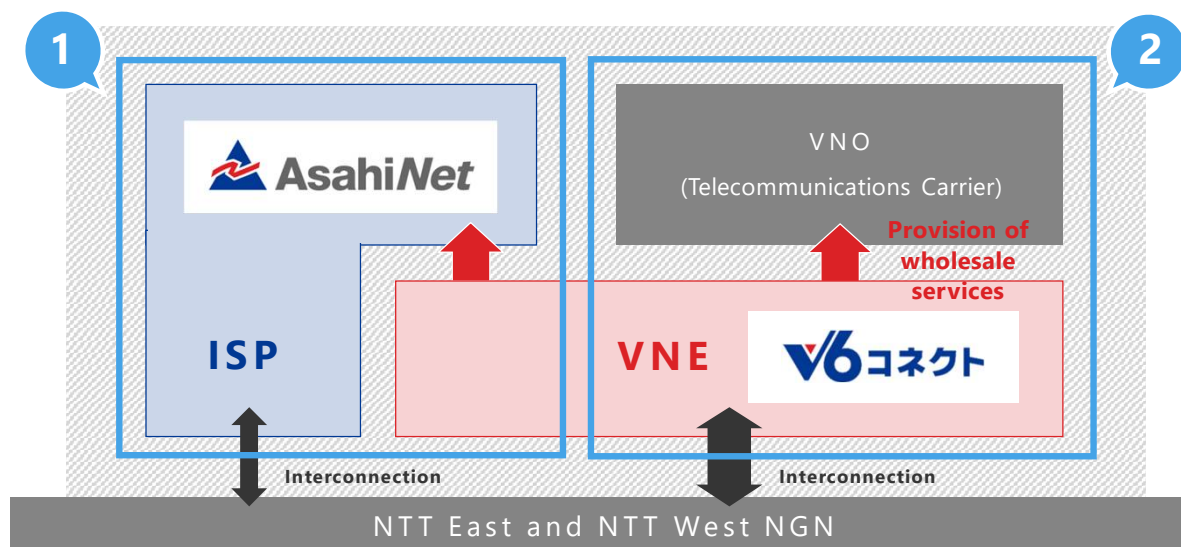
Net sales from ISP Asahi Net and VNE v6 Connect services are disclosed as net sales for internet connection services.

Net sales from the educational support service manaba and other services are shown as net sales for Internet-Related Services.

I will explain based on these points.



Structure of Internet Connection Services



First, we will look at internet connection services.

Internet connection services consist of two categories. In the first category, as indicated on the upper left of the slide, the Company provides its own service Asahi Net as an ISP; and in the second category, as indicated on the upper right of the slide, 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)

	FY2023	FY2024	Change	Percentage change
ISP Asahi Net	8,863	9,578	+ 714	8.1%
VNE v6 Connect	1,979	2,161	+ 182	9.2%
Total	10,843	11,739	+ 896	8.3%

This shows the net sales from internet connection services for FY2024. ISP Asahi Net posted 9,578 million yen, and VNE v6 Connect posted 2,161 million yen.

Year-on-year changes in net sales for each service are as follows. Net sales from ISP Asahi Net increased by 714 million yen or 8.1%. Net sales from VNE v6 Connect increased by 182 million yen or 9.2%.

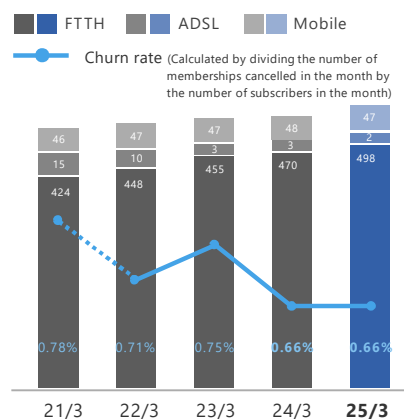


Trends in the Number of Subscribers to ISP Asahi Net's Internet Connection Services

Strengthened acquisition of subscribers and recorded an increase in the number of FTTH connection service subscribers

(Unit: thousands of IDs)

	Mar. 31, 2024	Mar. 31, 2025	Change
FTTH (fiber-optic connection)	470	498	+28
ADSL	3	2	-0
Mobile connection	48	47	-1



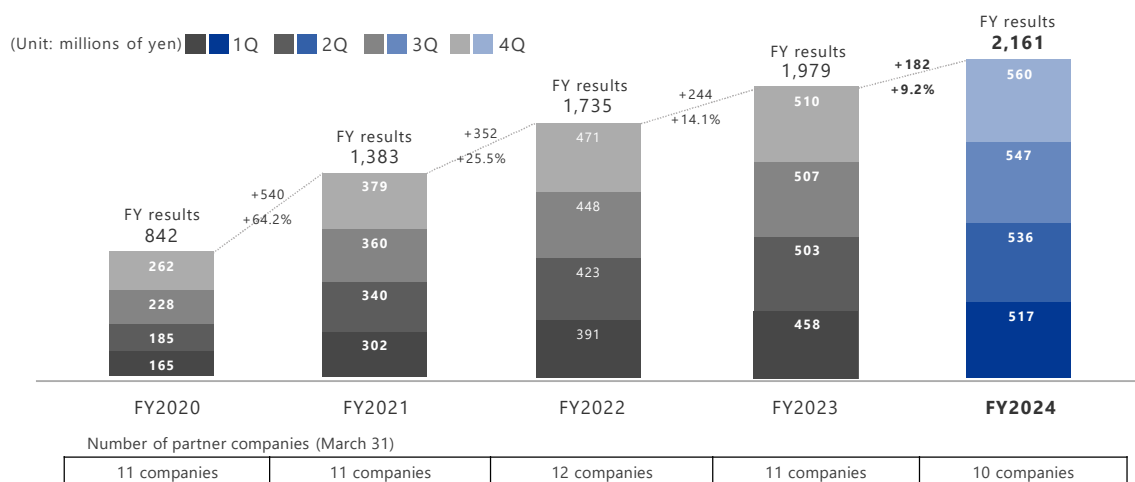
Now, let me touch on the status of the ISP Asahi Net business. The number of subscriber IDs for FTTH connection services including Asahi Net Hikari increased by 28,000 year on year to 498,000. The number of subscriber IDs for ADSL services was 2,000. The number of subscribers to mobile services decreased by 1,000 year on year to 47,000 IDs. The churn rate for subscribers of internet connection services was 0.66%. The churn rate remained low.

As we have strengthened efforts to increase the number of subscribers in NTT Channels, Web Channels and Major Corporate Customers in FY2024, the number of subscribers has been increasing cumulatively.



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

Net sales from v6 Connect increased 9.2% year on year



Now, let's look at VNE v6 Connect. Net sales from v6 Connect for FY2024 increased by 9.2% year on year to 2,161 million yen. The number of partner companies decreased by one to a total of 10 companies.

V6 Connect is an IPv6 internet connection service for VNOs (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 VNOs.

This bar chart 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 the increase in net sales for FY2024. Though we lost a contract with one partner company, the impact on net sales in FY2024 was negligible.

In the business development of VNOs, the use of v6 Connect for maintaining communication quality and cost control in the business structure is of great significance. The Company strives to maintain medium-term relationships with partner companies by adjusting prices and streamlining network maintenance costs to allow partner VNOs to expand and maintain their businesses.



Net Sales from Internet-Related Services

(Unit: millions of yen)

	FY2023	FY2024	Change	Percentage change
manaba	600	577	-22	-3.8%
Other	773	761	-12	-1.6%
Total	1,373	1,338	-35	-2.6%

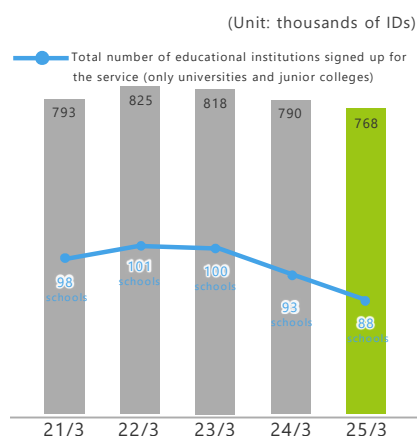
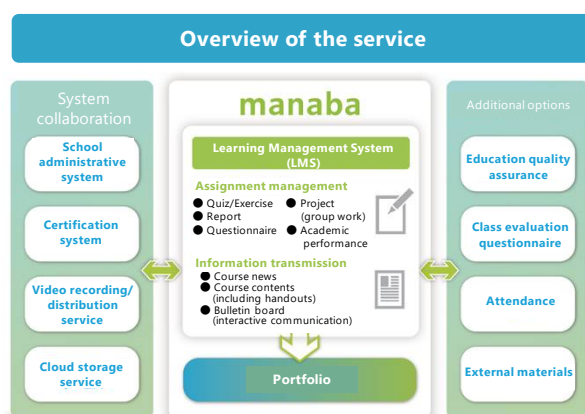
Now, let's move on to look at the status of internet-related services. Internet services include the educational support service manaba and related services such as mail and security services.

This shows the net sales from internet-related services for FY2024. Net sales from the educational support service manaba decreased by 3.8% year on year to 577 million yen. Net sales from other services decreased by 1.6% to 761 million yen.



Number of Subscriber IDs for manaba

**The number of subscriber IDs decreased by 22,000 year on year.
Total number of educational institutions signed up for the service is 88.**



Next, let me talk about the educational support service manaba. manaba is a cloud based application service developed, sold and supported by the Company for educational institutions, mainly universities.

The number of subscriber IDs as of March 31, 2025, was 768,000 IDs, a year-on-year decrease of 22,000 IDs. In FY2024, the number of universities decreased by 5 from the end of the same period of the previous year to 88, due to several universities terminating their contracts.

The environment surrounding universities has been shaped by the digital transformation of education promoted by the Ministry of Education, Culture, Sports, Science and Technology, with new value now required of any LMS and portfolio. We believe it is necessary for the educational support service manaba to provide services that are essential for achieving education quality assurance and university institutional research (IR), and in FY2024, we worked to attract more universities to the service and avoid membership cancellations by strengthening integration with various systems, extracting logs to analyze learning behavior, and developing new functionality to encourage proactive learning by students.



Summary of Financial Results for FY2024

1 Financial Results for FY2024

- Net sales reached 13,078 million yen, achieving a new record for the 13th consecutive year since FY2012
- Operating profits reached 2,345 million yen, an increase of 19.3% year on year

2 Status of Our Business

◆ ISP Asahi Net

The number of subscriber IDs for FTTH services increased by 28,000 year on year, with FTTH driving the increase in the number of Asahi Net subscribers.

◆ VNE v6 Connect

Net sales increased by 9.2% year on year. Sales increased due to increased traffic per line used by partner companies.

◆ Educational Support Service manaba

The number of subscriber IDs decreased by 22,000 year on year to 768,000. Started provision of external linking function with various systems.

Next is the summary of financial results for FY2024. Firstly, let's look at the financial results. Net sales for FY2024 reached a record high of 13,078 million yen. This was the 13th consecutive annual increase, starting in FY2012. Operating profit was 2,345 million yen, the highest operating profit on record.

Secondly, let's look at the status of our business. The number of subscriber IDs for ISP Asahi Net FTTH connection services increased by 28,000 IDs year on year to 498,000. There was an increase in subscribers to FTTH services including FLET'S Hikari. Net sales from VNE v6 Connect increased by 9.2% year on year to 2,161 million yen. The increase in sales is mainly due to the increased traffic per line used by partner companies. The number of subscriber IDs for the educational support service manaba decreased by 22,000 year on year to 768,000. A total of 88 educational institutions signed up for the service.



Earnings Forecast

Policy Produce tangible results to increase the respective revenues of ISP, VNE and manaba.

(Unit: millions of yen)

	FY2024	FY2025 (Forecast)	Change	Percentage change
Net sales	13,078	13,500	+421	3.2%
Operating profit	2,345	2,350	+4	0.2%
Ordinary profit	2,364	2,370	+5	0.2%
Profit	1,752	1,659	-93	-5.4%
Earnings per share	64.99 yen	61.79 yen	—	—

Next, I would like to talk about the earnings forecast for FY2025. For FY2025, we have set a strategy of producing tangible results to increase the respective revenues of ISP, VNE and manaba.

ISP ASAHI Net aims to increase the number of subscriptions to FTTH services centered on “Hikari Collaboration” and FLET’S, which has been an ongoing initiative since FY2024, and to increase the number of subscribers to mobile services such as LTE, which is increasingly used with IoT devices. VNE v6 Connect will address traffic that increases every year and communication quality, and the manaba educational support service will work on LMS function development to realize education quality assurance.

Under this strategy, net sales are expected to reach 13,500 million yen, a year on year increase of 421 million yen or 3.2%. We are looking to increase sales revenue from ISP, VNE, and manaba. As for expenses, we are planning for an increase in line purchases, which is linked to net sales, and an increase in depreciation due to the renewal of mission-critical systems, which has been underway since the previous year. Operating profit is expected to be 2,350 million yen. This represents a year on year increase of 4 million yen or 0.2%.

Ordinary profit is expected to reach 2,370 million yen, which represents a year on year increase of 5 million yen or 0.2%. Profit is forecast to be 1,659 million yen.

In addition, investments in capital for FY2025 are expected to be 2,000 million yen. The upgrading of mission-critical systems, in progress since FY2022, is expected to take place in the third quarter of FY2025. Capital investments in network infrastructure, as well as servers that must be replaced at regular intervals, is expected to be of the same scale as in past years. In view of the above, EBITDA and

EBITDA margin for FY2025 are expected to be 3,450 million yen and 25.6%, respectively.



Shareholder Return

We plan to pay a full-year dividend of 25 yen for FY2025.

(Unit: millions of yen)

	FY2021	FY2022	FY2023	FY2024 (Forecast)	FY2025 (Forecast)
Profit	1,255	1,285	1,289	1,752	1,659
Dividends	21.00 yen	22.50 yen	23.00 yen	24.50 yen	25.00 yen
Dividend payout ratio	46.7%	49.0%	49.5%	37.7%	40.5%

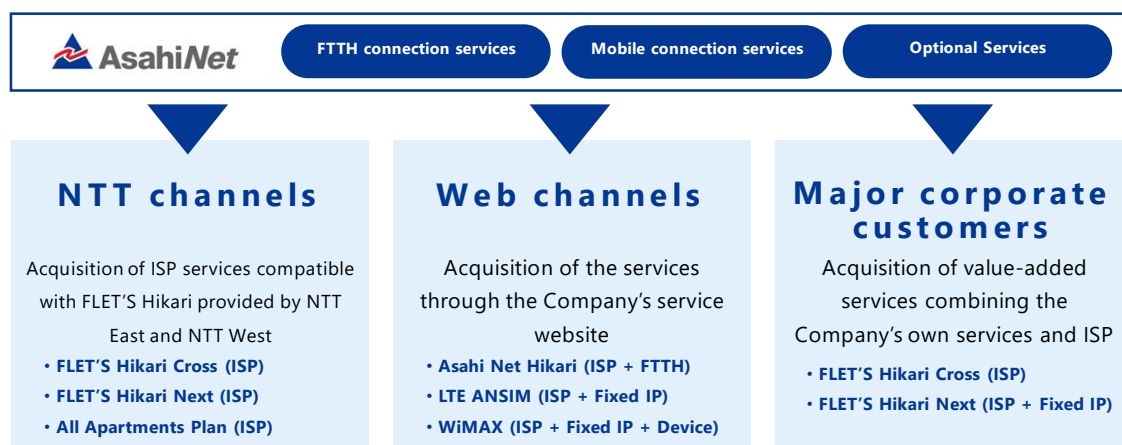
Now, let me explain our shareholder return plan. As I mentioned earlier, the Company recognizes the return of profits to shareholders as an important management issue, and its basic policy is to maintain stable dividends while securing internal reserves for future business development and strengthening its management structure.

Based on the policy of passing on profits to shareholders, we plan to pay an interim dividend of 12.50 yen and a year-end dividend of 12.50 yen for an annual dividend of 25 yen for FY2025. We will continue to make appropriate decisions based on the circumstances.



Plans for ISP Asahi Net

Aiming to increase the number of Internet connection service subscribers, strengthen strategies for each service strategies



Now, let me touch on our plans for ISP Asahi Net in FY2025.

Net sales of ASAHI Net increased in proportion to the number of FTTH and mobile subscriptions, and we disclose the number of Internet subscriptions as a leading indicator on a quarterly basis. We have been working to increase the number of subscribers via NTT and web channels as well as major corporate clients since FY2023. FTTH subscriber numbers increased steadily during FY2024. We will use a number of strategies to increase the number of subscribers in FY2025.

To begin with, we will strengthen NTT channels. We are expanding Asahi Net Hikari under the Hikari Collaboration Model and the All Apartments Plan distributed in partnership with NTT East and NTT West, while strengthening sales for FLET'S Hikari Next and FLET'S Hikari Cross, which only offer the Company's ISP service for NTT East's and NTT West's FLET'S Hikari.

The second is to strengthen web channels. We will invest in advertising and sales promotional to attract prospective customers through our website.

The third is to strengthen corporate membership. Compared to other ISP providers, we have a higher percentage of corporate members than that of individual members, as a distinguishing feature of the company. One of the reasons we were selected is that our Internet connection uses fixed IP addresses, and we are now able to use fixed IP addresses in IPv4 over IPoE. Fixed IP addresses are increasingly used for multifactor authentication and to enable remote access via the internet.

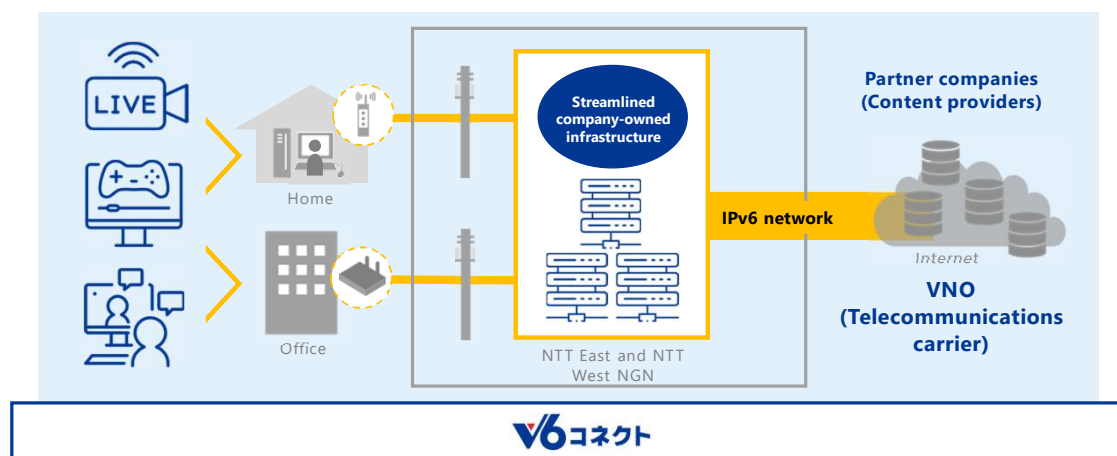
Our company has received multiple first-place awards for providing high-quality Internet communication services, as determined by third-party surveys of user satisfaction. This is the 11th consecutive year and the 14th time overall that the

provider division of the Company is awarded first place.



Plan for VNE v6 Connect

Maintain cooperative relationships with partner companies and streamline our network infrastructure



v6コネクト

Now, I'd like to explain our plans 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 VNOs (telecommunications carriers).

We expect continued growth in downloaded content, such as live sports on the Internet and online game updates, which we expect to follow a steady upward trend in the future.

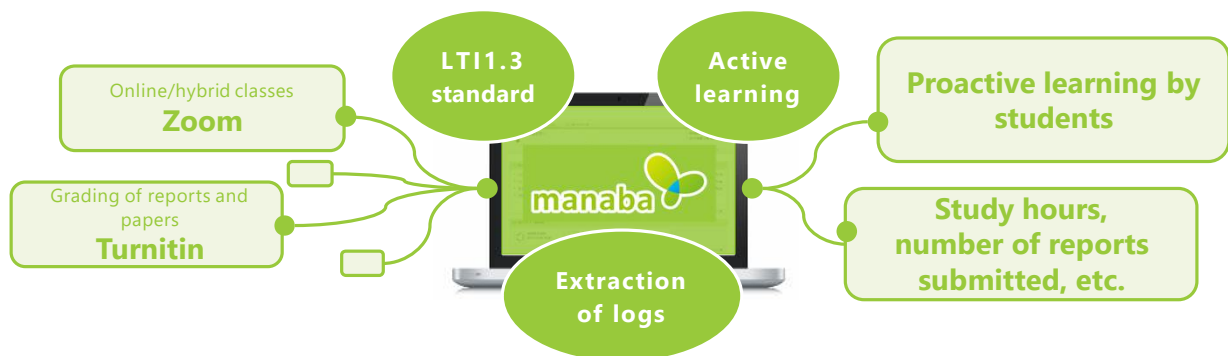
v6 Connect is a service that charges a usage fee according to the amount of traffic used by VNOs. In the business development of VNOs, the use of v6 Connect for maintaining communication quality and cost control in the business structure is of great significance. In FY2024, we reviewed part of the configuration of our IPv6 network, which is interconnected to NTT East and NTT West's NGN, as part of our efforts to increase the volume of traffic that can be handled while controlling cost increases more effectively than in the past. For FY2025 and beyond, we will continue to focus on maintaining cooperative relationships with our partner companies and expanding alliances with new VNOs (telecommunications carriers).



Initiatives for manaba

Key initiatives aimed at achieving the education quality assurance that is expected by the Ministry of Education, Culture, Sports, Science and Technology

- (i) Strengthen integration with various systems in order to adapt to the changing academic environment
- (ii) Extract logs to analyze learning behavior
- (iii) Functions that encourage proactive learning by students



Next, let me talk about the educational support service manaba.

During FY2024, we promoted three initiatives to achieve education quality assurance and university IR. The first was strengthening integration with various systems in order to adapt to the changing academic environment. Specifically, we have been developing services to comply with the LTI (Learning Tools Interoperability) a standard in the education industry, and have worked with Turnitin, a tool that performs similarity checks, and Zoom, a web conferencing tool. The second was extracting logs to analyze learning behavior. The third was to provide functions that encourage proactive learning by students.

With regard to these three initiatives, we will work to improve the service in FY2025 by identifying specific use cases and methods of utilization with universities that use manaba in order to increase the total number of educational institutions signed up for the service as well as the number of subscriber IDs. The environment surrounding universities has been shaped by the digital transformation of education promoted by the Ministry of Education, Culture, Sports, Science and Technology, and we will strive to challenge new business areas in learning management systems (LMS) such as manaba and portfolios.



This is the end of my presentation on the financial results for the fiscal year ended March 31, 2025, and the plans for the year ending March 31, 2026.
Thank you for listening.