

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

ARTERIA Networks Corporation Consolidated Financial Report For the Fiscal Year Ended March 31, 2023 [IFRS]

May 11, 2023

Company name	ARTERIA Networks Corporation	Stock listing: Tokyo Stock Exchange
Stock ticker	4423	URL https://www.arteria-net.com
Representative	(Position) Representative Director, President & CEO	(Name) Koji Kabumoto
Name of contact	(Position) Managing Executive Officer & CFO	(Name) Seiichi Tateishi TEL 03 (6823) 0349
Scheduled date of AGM:	June 28, 2023	
Scheduled date of filing:	June 29, 2023	
Scheduled date of dividend payment:	June 13, 2023	
Supplemental results materials:	Yes	
Earnings results briefing:	Yes (For institutional investors, security analysts)	

(Millions of yen; amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results For the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023, “the fiscal year”)

(1) Consolidated Operating Results

(Percentages are shown as year-on-year changes)

	Net sales		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of the parent		Comprehensive income	
		%		%		%		%		%		%
Fiscal Year ended March 31, 2023	59,452	7.3	9,470	(0.7)	8,962	(3.0)	6,271	(2.1)	5,878	(2.6)	6,293	(12.6)
Fiscal Year ended March 31, 2022	55,402	3.9	9,541	7.6	9,243	9.3	6,408	8.7	6,033	9.0	7,199	20.7

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity, attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2023	117.77	-	21.4	8.5	15.9
Fiscal Year ended March 31, 2022	120.89	-	24.3	9.8	17.2

(Reference)

Income (loss) on equity method investments

Fiscal year ended March 31, 2023	(9) million yen
Fiscal year ended March 31, 2022	- million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
				%	Yen
As of March 31, 2023	111,274	30,788	28,893	26.0	578.56
As of March 31, 2022	99,081	27,930	26,017	26.3	521.52

(3) Consolidated Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
As of March 31, 2023	14,572	(11,295)	(3,562)	7,600
As of March 31, 2022	13,312	(6,809)	(9,680)	7,781

2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	29.00	-	31.45	60.45
Fiscal year ended March 31, 2023	-	30.26	-	30.26	60.52
Fiscal year ending March 31, 2024 (forecasted)	-	0.00	-	0.00	-

	Total amount of dividends	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
		%	%
Fiscal year ended March 31, 2022	3,015	50.0	12.2
Fiscal year ended March 31, 2023	3,022	51.4	11.0
Fiscal year ending March 31, 2024 (forecasted)		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages are shown as year-on-year changes)

	Net sales		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of the parent		Basic earnings per share
		%		%		%		%		%	Yen
Fiscal year ending March 31, 2024	62,536	5.2	9,937	4.9	9,673	7.9	6,658	6.2	6,227	5.9	133.34

* Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the fiscal year ended March 31, 2023: None

(2) Changes in accounting policies and estimates

(i) Changes in accounting policies required under IFRS: None

(ii) Other changes in accounting policies: None

(iii) Changes in accounting estimates: None

(3) Number of outstanding shares (Common stock)

(i) Number of shares outstanding (including treasury stock)	As of March 31, 2023	50,000,000 Shares	As of March 31, 2022	50,000,000 Shares
(ii) Number of treasury stock	As of March 31, 2023	59,542 Shares	As of March 31, 2022	112,766 Shares
(iii) Number of weighted average common stock outstanding	As of March 31, 2023	49,920,164 Shares	As of March 31, 2022	49,912,636 Shares

(Reference)

Non-Consolidated Operating Results For the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-Consolidated Operating Results (Percentages are shown as year-on-year changes)

	Net sales		Operating profit		Ordinary income		Profit	
		%		%		%		%
Fiscal Year ended March 31, 2023	47,898	5.7	4,461	15.8	5,671	8.7	4,890	(31.1)
Fiscal Year ended March 31, 2022	45,303	(0.4)	3,851	(19.8)	5,215	(15.0)	7,100	35.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal Year ended March 31, 2023	97.96	-
Fiscal Year ended March 31, 2022	142.27	-

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Shareholders' equity ratio	Net assets per share
			%	Yen
As of March 31, 2023	93,167	23,313	25.0	466.83
As of March 31, 2022	84,563	21,435	25.3	429.68

(Reference)

Shareholders' equity:

As of March 31, 2023 23,313 million yen

As of March 31, 2022 21,435 million yen

* This consolidated financial report is not subject to review procedures by certified public accountants or an audit firm.

* Regarding appropriate use of forecasts

This report contains statements that constitute forward-looking statements including estimations, forecasts targets and plans. Such forward-looking statements do not represent any guarantee by the Company of future performance. Our actual results may vary materially from those we currently anticipate. Any forward-looking statements in this report are based on the current assumptions and beliefs of the Company in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Regarding the use and definition of forecasts please refer to “Forecasts” under “1. Qualitative Information.”

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1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Operational Results

During the fiscal year the country entered the “new normal” phase and the economy started to recover slowly. On the other hand, the drawn-out war in Ukraine and rise in prices may lead to possible headwinds to the economy, such as procurement limitations and financial tightening, which need to be monitored continuously.

In the information and telecommunications market, where the Group operates, the spread of cloud-based services and increase in telecommuting has continuously accelerated the demand for high-speed communications and secure network services.

In this business environment all our core services sustained steady sales trends.

Excluding the disposal gain on the transfer of the data center, which occurred last fiscal year, revenue increase was sustained mainly driven by monthly recurring revenue generated by our core services. Gross profit has also expanded steadily supported by cost control, as a result of the structural reorganization previously executed.

In internet services, sales of FTTx and ISP increased year on year, contributing to steady overall sales growth, while sales for our IP phone services decreased slightly year on year.

In FTTx services, while the needs for telecommuting have plateaued, cloud usage continues to expand and drives demand for broadband services.

In ISP services, demand for high-quality services has increased, and take-up of our Cross Pass (note 1) service has expanded.

In network services, sales for our core products, leased circuits and VPN services, increased year on year.

Driven by steady demand for reliable high-quality and secure services from corporates, OTTs and telecommunication providers, who are promoting the introduction of DX, leased circuit sales grew year on year. We are proactively enhancing our network in areas where there is high demand, such as Tokyo-Nagoya-Osaka and data center parks.

In VPN services, supported by the expanded use of cloud services and mobile devices, sales of services such as cloud connectivity and our high-quality backbone network are increasing. We continue to expand the service lineup for our VANILA service, which uses NFV (note 2) technology, and orders are increasing.

In condominium internet services, sales in both the owned condo market and the rental apartments market grew steadily.

To cater to the need for high-speed and high-quality internet services in condominiums we have launched a service which delivers maximum 10Gbps (uplink and downlink) to each condo unit and continue to expand our service lineup.

The implementation rate of the building-wide model continues to increase in the owned condo market and our orders sustain a strong trend.

Due to the spread of telecommuting and video streaming services, the demand for high-quality services in the rental market is also increasing.

In DX services, Connectix contributes to our differentiation in the building-wide market, and the number of buildings to which it is available continues to grow. Orders for GameWith Hikari, a high-quality service for eSports provided by our equity method affiliate GameWith inc., are increasing steadily.

As a result, during the fiscal year net sales increased by 4,050 million yen (7.3%) year on year to 59,452 million yen; operating profit decreased by 70 million yen (0.7%) year on year to 9,470 million yen; profit before income taxes for the fiscal year decreased by 281 million yen (3.0%) year on year to 8,962 million yen. Profit for the period attributable to owners of the parent decreased by 154 million yen (2.6%) year on year to 5,878 million yen.

Notes:

1. Cross Pass is a flat-rate internet connection service compatible with NTT EAST and NTT WESTs' Flet's service. It is also compatible with services provided by their OEM partners.
2. Network Functions Virtualization

(2) Financial Position

	March 31, 2022	March 31, 2023	Change
Total assets (millions of yen)	99,081	111,274	12,192
Total equity (millions of yen)	27,930	30,788	2,857
Equity attributable to owners of the parent (millions of yen)	26,017	28,893	2,876
Ratio of equity attributable to owners of the parent (%)	26.3	26.0	(0.3)
Balance of borrowings (millions of yen)	36,163	38,630	2,466
EBITDA (millions of yen) (note1)	18,477	19,206	728
EBITDA margin (%) (note2)	33.4	32.3	(1.0)

Notes:

1. EBITDA = profit + income taxes – finance income + finance costs + depreciation and amortization + loss on disposal of supplies and equipment installed at customers' premises (consist of such losses recorded as part of cost of sales and other expense in our consolidated statement of income)
2. EBITDA margin = EBITDA / Net sales

During the fiscal year, total assets increased by 12,192 million yen from the end of the previous fiscal year to 111,274 million yen. Equity attributable to owners of the parent increased by 2,876 million yen year on year, to 28,893 million yen. As a result, the ratio of equity attributable to owners of the parent amounted to 26.0%. The balance of borrowings increased by 2,466 million yen year on year, to 36,630 million yen, as a result of refinancing.

(3) Overview of Cash Flows

During the fiscal year, the balance of cash and cash equivalents decreased by 180 million yen year on year, to 7,600 million yen.

(Cash flows from operating activities)

Increasing depreciation and amortization and decreasing income taxes paid resulted in an increase of 1,260 million yen year on year in cash generated by operating activities, to 14,572 million yen.

(Cash flows from investing activities)

As a result of decreased proceeds from selling fixed assets, no proceeds from sale of investment securities as well as the purchase of investments accounted for using the equity method, cash used for investing activities increased by 4,486 million yen year on year, to 11,295 million yen.

Consequently, free cash flow (*) in the fiscal year decreased by 3,225 million yen year on year to 3,277 million yen cash generated.

(Cash flows from financing activities)

Cash used for financing activities decreased by 6,117 million yen year on year, to 3,562 million yen, due to proceeds from refinancing.

* Free cash flow: cash flows from operating activities + cash flows from investing activities.

(4) Basic Policy Regarding Distribution of Profits and Dividends

Our basic policy for dividend distributions is to provide stable dividends while using internal reserves to increase our corporate value and strengthen our competitiveness. We will allocate internal reserves for proactive investments, etc. to carry out measures for strengthening our management foundation.

Regarding dividends for the interval of our mid-term plan, the fiscal year ended March 31, 2022, to the fiscal year ending March 31, 2026, our basic policy will be to target a payout ratio of 50% and to announce the forecasted minimum dividend at the beginning of each fiscal year. The dividends of surplus are to be paid out twice a year as an interim dividend and a year-end dividend.

The Company's Articles of Incorporation provide that dividends of surplus (including interim dividends) may be conducted by a resolution of the Board of Directors in accordance with Article 459 paragraph 1 of the Companies Act.

According to this policy, we decided to pay year-end dividends of 30.26 yen per share in addition to the interim dividend of 30.26 yen previously executed. As a result the total dividend for the fiscal year amounts to 60.52 yen.

As announced in our press release "Notice of Opinion Regarding Planned Commencement of Tender Offer for Shares of ARTERIA Networks Corporation by the Controlling Shareholders Marubeni Corporation and SECOM CO., LTD." dated May 11, 2023 we resolved that we will not pay an interim nor year-end dividend for the fiscal year ending March 31, 2024.

(5) Forecasts

During the fiscal year ending March 31, 2024, the drawn-out war in Ukraine and rise in prices may lead to possible headwinds to the economy, such as procurement limitations and financial tightening, which need to be monitored continuously.

On the other hand, in the information and telecommunications market, driven by enterprises and government agencies' use of IT services and accelerated needs for highly secure network services, internet traffic is expected to increase further. This will drive further growth in the information and telecommunications market.

In internet services we will capture growth in demand for high-quality connections, in network services we will expand sales of leased circuits directed at OTTs and capture demand for new services by corporates, while we also capture growth in the condo business.

As a result of the above, net sales for the fiscal year ending March 31, 2024 is forecasted at 62,536 million yen (5.2% year-on-year increase), operating income is forecasted at 9,937 million yen (4.9% year-on-year increase), and profit attributable to owners of the parent at 6,227 million yen (5.9% year-on-year increase).

(6) Significant Matters about Going Concern Assumption

None

2. Basic Concept Regarding Selection of Accounting Standard

To enhance the international comparability and convenience of its financial reporting in capital markets the Company has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2017.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	7,781	7,600
Trade and other receivables	8,258	9,390
Other financial assets	5	38
Inventories	275	354
Other current assets	2,395	2,856
Total current assets	18,715	20,240
Non-current assets		
Property, plant and equipment	41,775	50,943
Goodwill	12,646	12,646
Intangible assets	15,052	14,670
Investments accounted for using equity method	-	1,777
Other financial assets	8,017	7,357
Deferred tax assets	1,923	1,819
Other non-current assets	950	1,817
Total non-current assets	80,365	91,033
Total assets	99,081	111,274

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
	Millions of yen	Millions of yen
Liabilities and Equity		
Liabilities		
Current liabilities		
Borrowings	36,163	1,428
Trade and other payables	7,655	10,414
Lease liabilities	2,630	2,725
Income and other taxes payable	2,519	2,013
Provisions	182	181
Other current liabilities	4,611	5,025
Total current liabilities	53,762	21,789
Non-current liabilities		
Borrowings	-	37,202
Long-term lease liabilities	8,508	11,490
Retirement benefit liabilities	906	991
Provisions	3,704	3,797
Deferred tax liabilities	2,320	2,140
Other non-current liabilities	1,948	3,073
Total non-current liabilities	17,388	58,696
Total liabilities	71,151	80,485
Equity		
Common stock	5,150	5,150
Capital surplus	4,703	4,760
Retained earnings	16,485	19,305
Treasury stock	(322)	(322)
Other components of equity	(0)	0
Total equity attributable to owners of the parent	26,017	28,893
Non-controlling interests	1,913	1,894
Total equity	27,930	30,788
Total liabilities and equity	99,081	111,274

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Statement of Income)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Net sales	55,402	59,452
Cost of sales	38,543	41,109
Gross profit	16,859	18,343
Selling, general and administrative expenses	9,315	9,944
Other income	2,270	1,337
Other expenses	273	265
Operating profit	9,541	9,470
Finance income	189	131
Finance costs	486	629
Share of (loss) profit of investments accounted for using equity method	-	(9)
Profit for the period before income taxes	9,243	8,962
Income taxes	2,835	2,691
Profit for the period	<u>6,408</u>	<u>6,271</u>
Profit for the period attributable to:		
Owners of the parent	6,033	5,878
Non-controlling interests	374	392
Profit for the period	<u>6,408</u>	<u>6,271</u>
Earnings per share		
Basic earnings per share (yen)	120.89	117.77
Diluted earnings per share (yen)	-	-

(Consolidated Statement of Comprehensive Income)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Profit for the period	6,408	6,271
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	758	0
Remeasurements of defined benefit plan	32	20
Total items that will not be reclassified to profit or loss	791	21
Items that may be reclassified to profit or loss		
Share of other comprehensive income of investments accounted for using equity method	-	(0)
Total items that may be reclassified to profit or loss	-	(0)
Total other comprehensive income, net of tax	791	21
Comprehensive income for the period	7,199	6,293
Comprehensive income for the period attributable to:		
Owners of parent	6,825	5,900
Non-controlling interests	374	392
Comprehensive income for the period	7,199	6,293

(3) Consolidated Statement of Changes in Equity

Equity attributable to owners of the parent

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	5,150	4,663	13,765	(79)	-	109
Profit for the year	-	-	6,033	-	-	-
Other comprehensive income	-	-	-	-	-	758
Comprehensive income for the year	-	-	6,033	-	-	758
Transfer to retained earnings	-	-	901	-	-	(868)
Purchase of Treasury stock	-	-	-	(242)	-	-
Cash dividends	-	-	(4,214)	-	-	-
Share-based payment transactions	-	39	-	-	-	-
Establishment of subsidiary with non-controlling interests	-	-	-	-	-	-
Total transactions with owners	-	39	(3,313)	(242)	-	(868)
As of March 31, 2022	5,150	4,703	16,485	(322)	-	(0)
Profit for the year	-	-	5,878	-	-	-
Other comprehensive income	-	-	-	-	(0)	0
Comprehensive income for the year	-	-	5,878	-	(0)	0
Transfer to retained earnings	-	-	20	-	-	-
Cash dividends	-	-	(3,080)	-	-	-
Share-based payment transactions	-	56	-	-	-	-
Total transactions with owners	-	56	(3,059)	-	-	-
As of March 31, 2023	5,150	4,760	19,305	(322)	(0)	0

Equity attributable to owners of the parent

	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plan	Total			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2021	-	109	23,608	1,922	25,531
Profit for the year	-	-	6,033	374	6,408
Other comprehensive income	32	791	791	-	791
Comprehensive income for the year	32	791	6,825	374	7,199
Transfer to retained earnings	(32)	(901)	-	-	-
Purchase of Treasury stock	-	-	(242)	-	(242)
Cash dividends	-	-	(4,214)	(423)	(4,638)
Share-based payment transactions	-	-	39	-	39
Establishment of subsidiary with non-controlling interests	-	-	-	39	39
Total transactions with owners	(32)	(901)	(4,416)	(384)	(4,801)
As of March 31, 2022	-	(0)	26,017	1,913	27,930
Profit for the year	-	-	5,878	392	6,271
Other comprehensive income	20	21	21	-	21
Comprehensive income for the year	20	21	5,900	392	6,293
Transfer to retained earnings	(20)	(20)	-	-	-
Cash dividends	-	-	(3,080)	(411)	(3,491)
Share-based payment transactions	-	-	56	-	56
Total transactions with owners	(20)	(20)	(3,023)	(411)	(3,435)
As of March 31, 2023	-	0	28,893	1,894	30,788

(4) Consolidated Statement of Cash Flows

	Previous fiscal year (From April 1, 2021 To March 31, 2022)	Current fiscal year (From April 1, 2022 To March 31, 2023)
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit for the period before income taxes	9,243	8,962
Depreciation and amortization	8,707	9,500
Finance income	(189)	(131)
Finance costs	486	629
Share of loss (profit) of investments accounted for using equity method	-	9
Loss on disposal of property, plant and equipment	178	154
(Increase) decrease in trade and other receivables	(379)	(1,129)
(Increase) decrease in inventories	(166)	(199)
Increase (decrease) in trade and other payables	362	515
(Gain) loss on sale of property, plant and equipment, and intangible assets	(2,094)	(872)
Other	1,150	700
Subtotal	17,299	18,140
Interest received	94	100
Dividend income received	68	-
Interest paid	(376)	(406)
Income taxes paid	(3,774)	(3,262)
Net cash provided by (used in) operating activities	13,312	14,572
Cash flows from investing activities		
Purchases of property, plant and equipment	(8,910)	(9,623)
Proceeds from sale of property, plant and equipment	2,191	581
Disposals of property, plant and equipment	(349)	(229)
Purchases of intangible assets	(1,121)	(1,052)
Proceeds from sale of intangible assets	-	921
Purchases of investments accounted for using equity method	-	(1,776)
Proceeds from sale of investment securities	1,500	-
Other	(118)	(116)
Net cash (used in) provided by investing activities	(6,809)	(11,295)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	38,630
Repayments of long-term borrowings	(2,240)	(36,244)
Repayments of lease liabilities	(2,582)	(2,684)
Dividends paid	(4,213)	(3,079)
Dividends paid to non-controlling interests	(423)	(411)
Proceeds from share issuance to non-controlling interests	39	-
Proceeds from sale and leaseback transactions	-	190
Purchase of Treasury stock	(242)	-
Other	(17)	35
Net cash (used in) provided by financing activities	(9,680)	(3,562)
Net effect of currency translation on cash and cash equivalents	1	104
Net (decrease) increase in cash and cash equivalents	(3,175)	(180)
Cash and cash equivalents at the beginning of the period	10,957	7,781
Cash and cash equivalents at the end of the period	7,781	7,600

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Segment Information)

(i) Overview of reportable segments

The Group is mainly engaged in the provision of internet services (optical internet connection services, etc.), network services (leased circuit services, VPN connection services, etc.), condominium internet services (building-wide condominium internet service, etc.), and DX services (telephone and other services for condominiums, etc.) in a single operating segment of telecommunications business based on the Telecommunications Business Act.

The outline of each line of service is as follows:

- Optical internet connection services: This service includes high-speed data transmission by using optical fibers for access lines. The Group provides proprietary, high-quality service.
- Leased circuit services: This is a service which connects two specific locations and is characterized by high reliability, quality and security. The Group has a competitive advantage in terms of its ability to provide high-performance connections within Tokyo and between Tokyo, Nagoya, Osaka, and Fukuoka.
- VPN connection services: This is a private network service that configures a virtual communication tunnel among users connected to the internet. The Group offers a comprehensive, one-stop service from design to maintenance using various access lines.
- Building-wide condominium internet service: As an internet connection service for individual users, the Group provides this connection service for which all the condominium residents sign a contract with a service provider.
- Telephone and other services for condominiums: These services include telephone service for condominium residents and condominium-related operation support services.

(ii) Net sales and other operating results by segment

The Group is engaged in a single business segment providing telecommunications services.

(iii) Information on products and services

Net sales to external customers by product and service are as follows:

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
	Millions of yen	Millions of yen
Internet services	19,368	20,357
Network services	13,309	14,757
Condominium internet services	11,198	11,970
DX services	747	784
Others	10,778	11,583
Total	55,402	59,452

(Earnings per Share)

The calculation basis for basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2021 To March 31, 2022)	Current fiscal year (From April 1, 2022 To March 31, 2023)
Profit attributable to owners of the parent (Millions of yen)	6,033	5,878
Average number of shares of common stock during the period (shares)	49,912,636	49,920,164
Basic earnings per share (yen)	120.89	117.77

Note:

Diluted earnings per share are not calculated as there are no potential dilutive shares.

(Significant subsequent events)

At the meeting of the Board of Directors held on May 11, 2023 a resolution was made regarding the planned commencement of tender offer (the “Tender Offer”) for the shares of ARTERIA Networks Corporation (the “Company Shares”) stating that if the Tender Offer commences, the position of the Company as of this date is that it will declare a position in support of the Tender Offer and that it will recommend that the Company’s shareholders accept the Tender Offer.

The above resolution of the Board of Directors was made on the premise that a series of transactions to achieve the Tender Offer, including transactions with the purpose of making the Tender Offerors the only shareholders of the Company through the Tender Offer and the subsequent series of transactions is contemplated, and that the Company Shares are scheduled to be delisted. Please refer to the “Notice of Opinion Regarding Planned Commencement of Tender Offer for Shares of ARTERIA Networks Corporation by the Controlling Shareholders Marubeni Corporation and SECOM CO., LTD.” dated May 11, 2023.