

ARTERIA

アルテリア・ネットワークス株式会社

8th

Annual General Meeting of
Shareholders

Notice of
Convocation

Date and time June 28, 2023 (Wednesday) 1:00 p.m.
Reception open from 12:30 p.m.

Venue 4F Bellesalle Onarimon Tower
1-1-1 Shibakoen, Minato-ku, Tokyo
105-0011

Proposals Proposal 1 Election of five (5) directors
Proposal 2 Election of one (1) Audit &
Supervisory Board members

Deadline for exercising voting rights by mail or internet, etc.

June 27, 2023 (Tuesday) 5:30 p.m.

Please understand that the Company will not prepare
gifts for shareholders attending on the day.

ARTERIA Networks Corporation

(Stock code 4423)

This English translation of the AGM notice was prepared for reference purposes only and is qualified in its entirety by the original Japanese version.

ARTERIA Networks Corporation
Stock Ticker 4423
6-9-8 Shimbashi, Minato-ku, Tokyo
(Date of sending) June 12, 2023

(Date of starting the measures for electronic provision) June 7, 2023

Notice of the 8th Annual General Meeting of Shareholders

To our shareholders,

Thank you for your continued support. I hereby notify you of the Company's 8th Annual General Meeting of Shareholders.

When convening the General Meeting of Shareholders, the Company has taken measures for electronic provision of information constituting the content of reference materials, etc. for the General Meeting of Shareholders. Accordingly, the "Notice of the 8th Annual General Meeting of Shareholders" is available on the Company's website, please feel free to access it through the link below:

The Company's website

<https://www.arteria-net.com/ir/library/agm/>

In addition to the above, this information is also posted on the following website.

JAPAN EXCHANGE GROUP TOKYO STOCK EXCHANGE (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter or search for our company name or securities code, and select "Basic information" followed by "Documents for public inspection/PR information" to see the documents.

If you will not be attending the meeting in person, please take the time to read the following Reference Material for the General Meeting of Shareholders and exercise your vote by one of the methods described on page 5 by 5:30 p.m. on June 27, 2023 (Tuesday).

Koji Kabumoto
Representative Director, President & CEO

1. Date and time	June 28, 2023 (Wednesday) 1:00 p.m. (Doors open at 12:30 p.m.)
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2. Venue	4F Bellesalle Onarimon Tower 1-1-1 Shibakoen, Minato-ku, Tokyo
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3. Agenda	Matters to be reported	1. Business report, report on the consolidated financial statements, and report on the result of the audit of the consolidated financial statements by the accounting auditor and the Audit & Supervisory Board for the 8 th term (April 1, 2023 to March 31, 2023)
		2. Report on the non-consolidated financial statements for the 8 th term (April 1, 2022 to March 31, 2023)
		Proposal 1 Election of five (5) directors
	Proposals	Proposal 2 Election of one (1) Audit & Supervisory Board members

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- Some images of the General Meeting of Shareholders will be posted on the Company's website.
 - The information provided electronically may change, we will post updated information on the Company's and JPX's websites
 - For this General Shareholders Meeting, paper-based documents including the information to be provided in electronic format will be delivered to all shareholders regardless of whether they have made a request for paper documents.
 - Of the information to be provided electronically, the following items have been posted on the Company's website and Tokyo Stock Exchange's website in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation, and are therefore not included in this Notice. In addition, these matters are included in the scope of the respective audits carried out by the Audit Committee and the Accounting Auditor when they created their audit reports.

- (1) "System for Ensuring Appropriateness of Operations and Operation Status of the System" in the business report
- (2) The "Consolidated Statements of Changes in Equity" and the "Notes to the Consolidated Financial Statements" of the consolidated financial statements
- (3) The "Statements of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" of the non-consolidated financial statements.

- If you attend the meeting on the day, please consider wearing a mask.
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Guidance for Exercising Voting Rights

The right to vote in the General Meeting of Shareholders is a very important right of shareholders. Please refer to the reference materials for the General Meeting of Shareholders then exercise your voting rights. You can exercise your voting rights in one of the three following methods.



(1) Attending the General Meeting of Shareholders

Submit the voting form at the reception desk.

Time

June 28, 2023 (Wednesday) 1:00 p.m.
(Reception scheduled to open from 12:30 p.m.)



(2) Exercising your voting rights in writing (by post)

Follow the guidance at the bottom of this page to indicate your approval or disapproval of the proposals on the voting form, then send it in by post.

Deadline

Must arrive by 5:30 p.m., June 27, 2023 (Tuesday)



(3) Exercising your voting rights via the internet

Follow the guidance on the next page to indicate your approval or disapproval.

Deadline

Voting must be complete by 5:30 p.m., June 27, 2023 (Tuesday)

*If you exercise your voting rights both in writing (post) and via the internet, the vote made via the internet will be treated as the valid vote. Furthermore, if you exercise your voting rights multiple times via the internet, the last vote will be treated as the valid vote.

(2) Exercising your voting rights in writing (by post)

※議決権行使書用紙はイメージです。

こちらに議案の賛否をご記入ください。

第1号議案

- 全員賛成の場合 >> 「賛」の欄に○印
- 全員反対する場合 >> 「否」の欄に○印
- 一部の候補者を反対する場合 >> 「賛」の欄に○印をし、反対する候補者の番号をご記入ください。

第2号議案

- 賛成の場合 >> 「賛」の欄に○印
- 反対する場合 >> 「否」の欄に○印

(3) Exercising your voting rights via the internet (only in Japanese)

By reading in the login QR code “Smart Voting”

You can log in to the voting website without entering your voting code and password.

1 議決権行使書用紙右下に記載のQRコードを読み取ってください。



※「QRコード」は株式会社デンソーウェブの登録商標です。

2 以降は画面の案内に従って賛否をご入力ください。



「スマート行使」での議決権行使は**1回のみ**。

議決権行使後に行使内容を変更する場合は、お手数ですがPC向けサイトへアクセスし、議決権行使書用紙に記載の「議決権行使コード」・「パスワード」を入力してログイン、再度議決権行使をお願いいたします。
※QRコードを再度読み取っていただくと、PC向けサイトへ遷移できます。

インターネットによる議決権行使で
パソコンやスマートフォン、携帯電話の操作方法などが
ご不明な場合は、右記にお問い合わせください。

By entering your voting code and password

Voting
website

<https://soukai.mizuho-tb.co.jp/>

1 議決権行使ウェブサイトアクセスしてください。



「次へすすむ」をクリック

2 議決権行使書用紙に記載された「議決権行使コード」をご入力ください。



「議決権行使コード」を入力

「次へ」をクリック

3 議決権行使書用紙に記載された「パスワード」をご入力ください。



「パスワード」を入力

実際にご使用になる新しいパスワードを設定してください

「登録」をクリック

4 以降は画面の案内に従って賛否をご入力ください。

※操作画面はイメージです。

Mizuho Bank, Ltd. Securities Proxy Department Internet Help Service

☎ 0120-768-524

(Operating hours 09:00-21:00 (JST))

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Material for the General Meeting of Shareholders

Proposal 1: Election of Five (5) directors

The terms of all of the Company's five (5) directors will expire at the conclusion of the Annual General Meeting. We therefore request the election of five (5) directors.

The details of this proposal have been approved by the Board of Directors having received notice of agreement of the Nomination and Compensation Committee, which is an advisory function to the Board of Directors that is chaired by an independent outside director.

The director candidates are as follows

Candidate No.	Name	Attributes	Position in the Company	Years in Office	Attendance at Board of Directors Meetings
1	Koji Kabumoto	Reelection	Representative Director, President & CEO	9	20/20 times (100%)
2	Daisuke Arita	Reelection	Director, Senior Managing Executive Officer & CCO	3	20/20 times (100%)
3	Osamu Okubo	Reelection	Director	1	14/16 times (87.5%)
4	Hiroshi Esaki	Reelection/Outside /Independent	Director	5	19/20 times (95.00%)
5	Ichiro Miyake	Reelection/Outside /Independent	Director	5	20/20 times (100%)

Note: The number of years in office is as of the end of the General Meeting of Shareholders.

Mr. Okubo was elected as a director at the 7th Annual General Meeting of Shareholders on June 29, 2022 therefore his Attendance at Board of Directors Meetings differs from the remaining directors.

Candidate No.	Name (Date of birth)	Career profile, Responsibilities and Position in the Company (Important concurrent positions)	(1) Number of the Company's Shares Owned (2) Attendance at Board of Directors meetings
<p>1</p> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re election</div>	 <p>Koji Kabumoto (May 21, 1959)</p>	<p>Apr.1983 Joined Marubeni Corporation</p> <p>Oct. 1987 Assigned to Marubeni America Corporation</p> <p>Apr. 2002 Assigned to Mighty Card Corporation, President & CEO</p> <p>Apr. 2010 General Manager, IT Network Business Dept., Marubeni Corporation</p> <p>Apr. 2012 Senior Operating Officer, Finance, Logistics & IT Business Division and General Manager, ICT Service Business Dept.</p> <p>Apr. 2013 Senior Operating Officer, ICT, Finance & Insurance, Real Estate Business Division</p> <p>Aug. 2013 Chairman and Executive Director, MX Mobiling Co., Ltd.</p> <p>Jan. 2014 Representative, MAS Holdings, Co., Ltd.</p> <p>Feb. 2014 Director of the Company Director, MX Mobiling Co., Ltd.</p> <p>Apr. 2014 Executive Officer, Senior Operating Officer, ICT, Finance & Insurance, Real Estate Business Division, Marubeni Corporation Director, MARUBENI IT SOLUTIONS INC.</p> <p>Apr. 2015 Executive Officer, Chief Operating Officer, ICT & Logistics Division, Marubeni Corporation Director, MARUBENI INFORMATION SYSTEMS CO., LTD. Senior Managing Director, MARUNOUCHI DIRECT ACCESS Ltd. Director, MARUBENI LOGISTICS CORPORATION</p> <p>July 2015 Director, AIN HOLDINGS INC.</p> <p>Apr. 2016 Executive Officer, Chief Operating Officer, ICT, Logistics & Healthcare Division, Marubeni Corporation</p> <p>Mar. 2017 Representative Director and Chairman, MARUNOUCHI DIRECT ACCESS Ltd. Director, Marubeni OKI Network Solutions Inc.</p> <p>Apr. 2019 Executive Officer, Chief Operating Officer, ICT & Real Estate Business Division, Marubeni Corporation Representative Director, President & CEO of the Company (Present) Director, TSUNAGU NETWORK COMMUNICATIONS INC.</p> <p>May 2019 Representative Director and President, TSUNAGU NETWORK COMMUNICATIONS INC.</p> <p>Apr. 2020 Director, TSUNAGU NETWORK COMMUNICATIONS INC. (Present)</p> <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;">Reason for Selection as a Candidate for Director</div> <p>The candidate has extensive knowledge of the Group's businesses and wide-ranging experience as a manager, having served as a director of the Company since 2014 and as an executive officer of the Company's parent, Marubeni Corporation, and as director of several Marubeni Corporation operating companies. We therefore request his continued appointment as a director.</p>	<p>(1) 33,686 shares (2) 20/20 times (100%)</p>

Candidate No.	Name (Date of birth)	Career profile, Responsibilities and Position in the Company (Important concurrent positions)	(1) Number of the Company's Shares Owned (2) Attendance at Board of Directors meetings
<p style="text-align: center;">2</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Re election</div>	 <p style="text-align: center;">Daisuke Arita (October 1, 1959)</p>	<p>Apr. 1982 Joined Marubeni Corporation</p> <p>Apr. 1998 Assigned to Marubeni Hong Kong</p> <p>Apr. 2001 Director and General Manager of IT Business Division, Marubeni Telecom CO., LTD.</p> <p>Apr. 2005 General Manager of Sales Division, MARUBENI INFORMATION SYSTEMS CO., LTD.</p> <p>Apr. 2008 Representative Director and President, VECTANT Ltd.</p> <p>Dec. 2010 Representative Director and President, Marubeni Access Solutions Inc.</p> <p>Apr. 2011 Representative Director and Vice President, Fusion Communications Corporation (currently Rakuten Communications Corp.)</p> <p>Feb. 2014 Representative Director and Vice President of the Company</p> <p>Nov. 2014 Representative Director and President, ARTERIA Interconnect Corporation</p> <p>Apr. 2015 Director, ARTERIA Engineering Corporation</p> <p>Apr. 2017 Representative Director of the Company</p> <p>July 2017 Representative Director and Vice President of the Company</p> <p>Nov. 2017 Director, TSUNAGU NETWORK COMMUNICATIONS INC.</p> <p>Apr. 2018 Representative Director Vice President & CCO of the Company</p> <p>June 2019 Senior Managing Executive Officer & CCO of the Company</p> <p>June 2020 Director, Senior Managing Executive Officer & CCO of the Company (Present), in charge of the Corporate Sales Division</p> <div style="background-color: #e0e0e0; padding: 2px; text-align: center; margin-top: 10px;">Reason for Selection as a Candidate for Director</div> <p>The candidate has insight into the IT industry, having served as representative director and vice president of a telecommunication company. Moreover, since he is in a position supervising the Company's Corporate Sales Division, we request his continued appointment as a director.</p>	<p>(1) 8,804 shares</p> <p>(2) 20/20 times (100%)</p>

Candidate No.	Name (Date of birth)	Career Profile, Responsibilities and Position in the Company (Important concurrent positions)	(1) Number of the Company's Shares Owned (2) Attendance at Board of Directors Meetings
<p style="text-align: center;">3</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Re election</div>	 <p style="text-align: center;">Osamu Okubo (July 26, 1958)</p>	<p>Apr. 1982 Joined Marubeni Corporation</p> <p>June 1982 Sales Accounting Section 2, Machinery Sales Accounting Department 2, Marubeni Corporation</p> <p>Apr. 1985 Assigned to Nigeria Telecommunication Works Office, Marubeni Engineering (W.A.) Ltd.</p> <p>Apr. 1988 Telecommunications Equipment Department, Telecommunications Equipment Section 2, Marubeni Corporation</p> <p>Oct. 1990 Marubeni Nigeria Ltd. (concurrently) Assigned to Nigeria Telecommunication Works Office, Marubeni Engineering (W.A.) Ltd.</p> <p>Apr. 1994 Telecommunication Equipment Section 2, Telecommunication Equipment Department, Marubeni Corporation</p> <p>Apr. 1996 Manager, Project Development Section, Telecommunication Business Development Department, Marubeni Corporation</p> <p>Mar. 2000 Assigned to Global Bandwidth Solution, Inc.</p> <p>Apr. 2003 Assigned to Japan Satellite TV Ltd. (currently NHK Cosmomedia (Europe) Ltd.)</p> <p>Apr. 2006 Assigned to Global Access Ltd. (currently the Company)</p> <p>Apr. 2008 General Manager, Network Business Department, Marubeni Corporation</p> <p>Apr. 2010 Assistant General Manager, Finance, Logistics, and ICT Division (concurrently) General Manager, Overseas ICT Department, Marubeni Corporation</p> <p>Apr. 2013 Assigned to i2ts, inc. (Representative Director and President)</p> <p>Apr. 2014 Assigned to MARUBENI INFORMATION SYSTEMS CO., LTD., Managing Executive Officer</p> <p>June 2014 Director, MARUBENI INFORMATION SYSTEMS CO., LTD.</p> <p>June 2015 Managing Director, MARUBENI INFORMATION SYSTEMS CO., LTD.</p> <p>Oct. 2017 Senior Managing Director, MARUBENI INFORMATION SYSTEMS CO., LTD.</p> <p>Apr. 2019 Audit & Supervisory Board Member, MARUBENI INFORMATION SYSTEMS CO., LTD.</p> <p>July 2021 Joined Marubeni Corporation, Assigned to i2ts, inc.</p> <p>June 2022 Director, of the Company (Present)</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p style="text-align: center;">Reason for Selection as a Candidate for Director</p> <p>The candidate has extensive knowledge as a business manager, having served as Representative Director and President of i2ts, inc. and as a director and Audit & Supervisory Board member at group operating companies of the Company's parent, Marubeni Corporation. We therefore judge that he will contribute to increasing the Company's corporate value and request his continued appointment as a director. Furthermore, he brings an abundance of insight into telecommunication services, having experience at the Company's predecessor, Global Access Ltd., and at overseas telecommunication operations of Marubeni Corporation, and we believe he will make full use of these to aid the Company's growth going forward.</p> </div>	<p>(1) -</p> <p>(2) 14/16 times (87.5%)</p>

Candidate No.	Name (Date of birth)	Career profile, Responsibilities and Position in the Company (Important concurrent positions)	(1) Number of the Company's shares held (2) Attendance at Board of Directors meetings
<p>4</p> <p>Re election</p> <p>Outside</p> <p>Independent</p>	 <p>Hiroshi Esaki (January 18, 1963)</p>	<p>Apr. 1987 Joined TOSHIBA CORPORATION</p> <p>Oct. 1997 Assistant Professor, Computer Center, The University of Tokyo</p> <p>Apr. 1998 Assistant Professor, Information Technology Center, The University of Tokyo</p> <p>Sept. 1999 Outside Director, WIDE Research Co., Ltd.,</p> <p>Apr. 2001 Outside Director, Above Net Japan, Inc. (currently IDC Frontier Inc.)</p> <p>Sept. 2004 Outside Director of IRI Ubiteq, Inc. (currently Ubiteq, Inc.)</p> <p>Apr. 2005 Professor, Graduate School of Information Science and Technology, The University of Tokyo (Present)</p> <p>June 2018 Outside Director of the Company (Present)</p> <p>Reason for Selection as a Candidate for Outside Director and Expected Role</p> <p>The candidate has a wealth of knowledge and experience in the field of information science and technology as a Professor of the Graduate School of Information Science and Technology at the University of Tokyo, and as such he has useful and objective insight into the Company's management from an external perspective. We therefore request his continued appointment as an outside director. Moreover, if he is elected, the Company intends him to continue his involvement in the selection of director candidates and determination of director remuneration from an objective and neutral standpoint as a member of the Nomination and Compensation Committee. Furthermore, he has no experience of involvement in corporate management in the past, other than as an outside officer. However, for the above reasons, the Company judges that he can execute his duties as an outside officer appropriately.</p>	<p>(1) 3,056 shares</p> <p>(2) 19/20 times (95.0%)</p>

Candidate No.	Name (Date of birth)	Career profile, Responsibilities and Position in the Company (Important concurrent positions)	(1) Number of the Company's shares held (2) Attendance at Board of Directors meetings
<p>5</p> <p>Re election</p> <p>Outside</p> <p>Independent</p>	 <p>Ichiro Miyake (February 28, 1956)</p>	<p>Apr. 1979 Joined SHIMIZU CORPORATION</p> <p>Aug. 1990 Joined Citibank Japan Ltd.</p> <p>Mar. 1992 Managing Director of Citibank Global Markets Japan Inc.</p> <p>Aug. 2004 Director and Co-President, Mitsui Sumitomo MetLife Insurance Co., Ltd.</p> <p>Jan. 2007 Representative Director and CEO, Allianz Life Insurance Japan Inc.</p> <p>Sept. 2013 President & Representative Director, S&P Global Ratings Japan Inc.</p> <p>May 2017 Special Advisor of S&P Global Japan Inc.</p> <p>June 2018 Outside Director of the Company (Present)</p> <p>Dec. 2018 Director, Recomm Co., Ltd. (Present)</p> <p>June 2022 Outside Director, T&D FINANCIAL LIFE INSURANCE COMPANY Special advisor, S&P Global Japan (Present)</p> <p>Feb. 2023 Corporate adviser, TANAKA-Chain Optical Company</p> <p>Reason for Selection as a Candidate for Outside Director and Expected Role</p> <p>The candidate has a wealth of knowledge and experience of corporate management, having served as representative director of several companies, and as such he has useful and objective insight into the Company's management from an external perspective. We therefore request his continued appointment as an outside director. Moreover, if he is elected, the Company intends him to continue his involvement in the selection of director candidates and determination of director remuneration from an objective and neutral standpoint as chairman of the Nomination and Compensation Committee.</p>	<p>(1) 7,986 shares (2) 20/20 times (100%)</p>

Notes:

1. The Company has established a Nomination and Compensation Committee, chaired by an independent outside director, as an advisory function to the Board of Directors. The committee deliberates on the nomination and compensation, etc. of directors. This enables the Company to draw on the insight and advice of outside directors, while ensuring objectivity and transparency in the processes related to determining the nomination and compensation and so forth of directors, thereby enhancing the supervisory function of the Board of Directors and further enhancing the Company's corporate governance functions.
2. There are no particular interests between the candidates and the Company.
3. Koji Kabumoto and Osamu Okubo have the positions and areas of responsibility as business executors of the Company's parent company, etc., Marubeni Corporation, both currently and in the past 10 years, included in the column, "Career profile, responsibilities and position in the Company (Important concurrent positions)."
4. Hiroshi Esaki and Ichiro Miyake satisfy the requirements for outside director candidates and the Company's Independent Officer Selection Standards.
5. In accordance with the provisions of Article 427 (I) of the Companies Act, the Company has entered agreements with Hiroshi Esaki, Ichiro Miyake and Osamu Okubo limiting their liability under Article 423 (I) of the same act. The limit of their liability under the agreements is the higher of 5 million yen or the minimum amount stipulated by Article 425 (I) of the Companies Act. If Hiroshi Esaki, Ichiro Miyake and Osamu Okubo's reelection is approved, the Company intends to continue the agreements with them.
6. The Company has concluded a directors and officers liability insurance policy under the provision of the Companies Act Article 430-3 paragraph 1 with an insurance company. The policy covers the insureds, including the directors of the Company, for any damages that may arise from the assumption of liability related to the execution of their duties, or from the pursuit of such liability. If each candidate is elected and appointed as a director, they will be insured under the policy. Furthermore, the policy term is for one year from April 1 until March 31 of the following year, and the Company renews the policy each year. The Company has renewed the policy with basically the same details in April 2023.
7. Hiroshi Esaki and Ichiro Miyake are currently outside directors of the Company, and their term in office as outside directors will be five years as of the conclusion of the Annual General Meeting
8. The Company has submitted notification in accordance with the stipulation of the Tokyo Stock Exchange that Hiroshi Esaki and Ichiro Miyake are independent officers. If Hiroshi Esaki and Ichiro Miyake's reelection is approved, the Company intends to continue to consider them both to be independent officers.
9. The career histories of the above candidates are current as of April 1, 2023.
10. The number of the Company's shares held by the above candidates listed above includes each candidates' holdings in the Director Shareholding Association and restricted shares allocated to them as nonmonetary remuneration.

Proposal 2: Election of one (1) Audit & Supervisory Board members

The term of Audit & Supervisory Board Member Koichi Mokudai will expire at the conclusion of the Annual General Meeting. We therefore request the election of one (1) Audit & Supervisory Board member.

The details of this proposal have been approved by the Board of Directors having received notice of agreement of the Nomination and Compensation Committee, which is an advisory function to the Board of Directors that is chaired by an independent outside director. The proposal has also received agreement from the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board member is as follows.

Candidate No.	Name (Date of birth)	Career Profile and Position in the Company (Important concurrent positions)	(1) Number of the Company's Shares Owned (2) Attendance at Board of Directors Meetings (3) Attendance at Audit & Supervisory Board Meetings
<p>1</p> <div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div>	 <p>Ihara Koichi (October 8, 1962)</p>	<p>Apr. 1986 Joined Marubeni Corporation</p> <p>Apr. 2004 General Manager of Planning and Administration Section, Finance Dept., Marubeni Corporation</p> <p>Apr. 2007 Vice President and General Manager, Corporate Planning and Coordination Team, Marubeni America Corporation</p> <p>Apr. 2010 Assistant General Manager Audit Department, Team Leader Internal Control, Marubeni Corporation</p> <p>Apr. 2011 Assistant General Manager, Audit Department, Marubeni Corporation</p> <p>Apr. 2013 CFO, Marubeni ASEAN Corporation (Singapore)</p> <p>Apr. 2015 Deputy General Manager, Finance Department Marubeni Corporation</p> <p>Jan. 2017 Managing Director, Administration, MARUBENI MATES CO., LTD.</p> <p>Apr. 2018 General Manager, Head of Consumer Products Group, Marubeni Corporation</p> <p>Oct. 2018 General Manager, Planning & Strategy Dept. Consumer Products Group and Food Div.</p> <p>Nov. 2018 General Manager, Planning & Strategy Dept. Food Div.</p> <p>Apr. 2019 General Manager, Business Administration Dept., Food, Agriculture & Chemicals Div.</p> <p>May 2019 Audit & Supervisory Board Member, United Super Market Holdings Inc.</p> <p>Apr. 2022 Audit & Supervisory Board Member, TSUNAGU NETWORK COMMUNICATIONS INC. (Present)</p> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">Reason for Selection as a Candidate Audit & Supervisory Board Member</div> <p>The candidate has high-level insight and a wealth of experience in the audit and finance departments of our parent company Marubeni Corporation, as a director in charge of corporate divisions and as an audit & supervisory board member at Marubeni group companies. We judge that he will provide management supervision and appropriate advice and therefore request his election as Audit & Supervisory Board member.</p>	<p>(1) -</p> <p>(2) -</p> <p>(3) -</p>

Notes:

1. The Company has established a Nomination and Compensation Committee, chaired by an independent outside director, as an advisory function to the Board of Directors. The committee deliberates on the nomination and compensation, etc. of Audit & Supervisory Board members. This enables the Company to draw on the insight and advice of outside directors, while ensuring objectivity and transparency in the processes related to determining the nomination and compensation and so forth of Audit & Supervisory Board members, thereby enhancing the supervisory function of the Board of Directors and further enhancing the Company's corporate governance functions.
2. There are no particular interests between the candidate and the Company.
3. The candidate has the position and area of responsibility as business executor of the Company's parent company, etc., Marubeni Corporation, both currently and in the past 10 years, included in the column, "Career Profile and Position in the Company (Important concurrent positions)."
4. In accordance with the provisions of Article 427 (I) of the Companies Act, the Company has entered agreements with each Audit & Supervisory Board member, limiting their liability under Article 423 (I) of the same act. The limit of their liability under the agreements is the higher of 5 million yen or the minimum amount stipulated by Article 425 (I) of the Companies Act. If the candidate's election is approved, the Company intends to enter a similar agreement with him.
5. The Company has concluded a Audit & Supervisory Board members liability insurance policy under the provision of the Companies Act Article 430-3 paragraph 1 with an insurance company. The policy covers the insureds, including the directors of the Company, for any damages that may arise from the assumption of liability related to the execution of their duties, or from the pursuit of such liability. If the candidate is elected and appointed as a Audit & Supervisory Board members, he will be insured under the policy. Furthermore, the policy term is for one year from April 1 until March 31 of the following year, and the Company renews the policy each year. The Company has renewed the policy with the same details in April 2023.
6. The career history of the above candidate is current as of June 1, 2023.

(Reference) Composition of the Board of Directors and the Audit & Supervisory Board

Following the approval of Proposals 1 and 2, the composition of the Board of Directors and Audit & Supervisory Board will be as follows.

Name	Position and responsibility in the Company	Attributes	Years in office	Knowledge, Experience, and Capabilities of the Officer				
				Corporate management	Governance and risk management	Finance and accounting	Technology	Industry experience
Koji Kabumoto	President, Representative Director & CEO Nomination and Compensation Committee member	Full-time Internal director Male	9	•				•
Daisuke Arita	Director Senior Managing Executive Officer & CCO	Full-time Internal director Male	3	•				•
Osamu Okubo	Director	Part-time Internal director Male	1	•				•
Hiroshi Esaki	Director Nomination and Compensation Committee member	Part-time Outside / independent director Male	5				•	•
Ichiro Miyake	Director Nomination and Compensation Committee member (Chairperson)	Part-time Outside / independent director Male	5	•	•			

Name	Position and responsibility in the Company	Attributes	Years in office	Knowledge, Experience, and Capabilities of the Officer				
				Corporate management	Governance and risk management	Finance and accounting	Technology	Industry experience
Koichi Ihara	Audit & Supervisory Board member	Full-time Internal Audit & Supervisory Board member Male	-	•		•		•
Hidenori Shibasaki	Audit & Supervisory Board member	Part-time Internal Audit & Supervisory Board member Male	6	•				•
Takeshi Motomura	Audit & Supervisory Board member Related-Party Transaction Monitoring Committee member (Chairperson)	Part-time Outside / independent Audit & Supervisory Board member Male	5	•	•			
Hiroko Inokuma	Audit & Supervisory Board member Related-Party Transaction Monitoring Committee member	Part-time Outside / independent Audit & Supervisory Board member Female	3		•	•		

Note: The number of years in office is as of the end of the General Meeting of Shareholders.

(Reference) Independent Officer Selection Standards: The Independent Officer Selection Standards stipulated by the Company are as follows.

The Company has stipulated its standards for independence of outside officers (outside directors and outside Audit & Supervisory Board members) as follows. If an outside officer does not correspond with any of the following, that outside officer is deemed to be independent from the Company.

1. A business executor (*1) of the Company or a subsidiary
2. A business executor, non-executive director, or Audit & Supervisory Board member of the Company's parent company
3. A business executor of a sibling company of the Company
4. An entity for which the Company is a principal business partner (*2), or a business executor thereof
5. A principal business partner (*3) of the Company, or a business executor thereof
6. A consultant, accounting expert, or legal expert who receives a significant amount (*4) of money or other assets from the Company other than executive compensation (or, in the case where an organization is receiving the assets, a member of the organization)
7. A member of an accounting audit firm that is an accounting auditor of the Company or its subsidiary
8. A principal shareholder (*5) of the Company, or a business executor thereof
9. A person from an organization with which the Company has mutually appointed outside officers
10. An person that receives a large donation from the Company, or a director or other business executor of an organization that receives a large donation from the Company.
11. A person that has corresponded to 1.-3. above within the past 10 years
12. A person that has corresponded to 4.-10. above within the past 3 years
13. Where a person corresponding to 1.-10. above is a significant person (*6), a spouse or relation within two degrees of consanguinity of that person
14. Notwithstanding the preceding items, a person for whom there is a special reason deemed to entail a potential conflict of interest with ordinary shareholders

Notes:

1. A business executor refers to an executive director, an executive officer, or corporate officer who executes business of a corporation, etc., or a staff member who executes business, or other equivalent person or employee.
2. An entity for whom the Company is a principal business partner is an entity which has received payment of 2% or more of the amount its annual consolidated net sales for the most recent business year from the Company.
3. A principal business partner of the Company is an entity that makes payment to the Company of an amount that is 2% or more of the Company's annual net sales in the most recent business year, or an entity that has loaned the Company an amount that is 2% or more of the Company's consolidated total assets as of the most recent fiscal year-end.
4. A significant amount refers to an average over the past three business years of 10 million yen or more for an individual or over 2% of the consolidated net sales or total revenue for an organization.
5. A principal shareholder of the Company refers to an entity that holds 10% or more of the voting rights in

the Company, either directly or indirectly

6. A significant person refers to a director (excluding outside directors), Audit & Supervisory Board member (excluding outside Audit & Supervisory Board members), executive, executive officer, or employee in a senior management position of general manager class or higher, or other person that can be judged objectively and rationally to hold a position of significance.

(Provided Documents)

Business Report **(From April 1, 2022 to March 31, 2023)**

1. Current Status of the Corporate Group

(1) Status of Business in the Fiscal Year Under Review

① Business progress and 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 WEST's Flet's service. It is also compatible with services provided by their OEM partners.
2. Network Functions Virtualization

② Capital expenditure

Capital expenditure during the fiscal year under review totaled 18,557 million yen and was mainly for backbone network construction, construction work to connect new customers and equipment for connections.

③ Procurement of funds

Aiming to refinance (roll-over) existing loans the Company procured a syndicated loan for a total amount of 48.9 billion yen (including a credit line facility of 10.0 billion yen) on March 10, 2023.

④ Business transfers, absorption-type company splits or incorporation-type company splits

Not applicable

⑤ Business transfers from other companies

Not applicable

⑥ Succession to rights and obligations related to business of other corporations, etc., through absorption-type merger or absorption-type company split

Not applicable

⑦ Acquisition or disposal of shares or other holdings or stock acquisition rights of other companies

Not applicable

(2) Status of Assets and Profit and Loss for the Preceding Three Fiscal Years

① Status of the corporate group's assets and profit and losses (IFRS)

Category	5 th Term (Fiscal year ended March 2020)	6 th Term (Fiscal year ended March 2021)	7 th Term (Fiscal year ended March 2022)	8 th Term (Fiscal year under review) (Fiscal year ended March 2023)
Net sales (million yen)	51,494	53,328	55,402	59,452
Operating profit (million yen)	8,669	8,867	9,541	9,470
Profit for the period attributable to owners of the parent (million yen)	5,296	5,535	6,033	5,878
Basic earnings per share (yen)	105.93	110.74	120.89	117.77
Total assets (million yen)	90,779	89,804	99,081	111,274
Total equity attributable to owners of the parent (million yen)	20,709	23,608	26,017	28,893
Equity per share attributable to owners of the parent (yen)	414.20	472.31	521.52	578.56

② Status of the Company's assets and profit and loss (JGAAP)

Category		5 th Term (Fiscal year ended March 2020)	6 th Term (Fiscal year ended March 2021)	7 th Term (Fiscal year ended March 2022)	8 th Term (Fiscal year under review) (Fiscal year ended March 2023)
Net sales	(million yen)	43,697	45,498	45,303	47,898
Ordinary income	(million yen)	6,554	6,136	5,215	5,671
Profit for the period	(million yen)	4,869	5,226	7,100	4,890
Net income per share	(yen)	97.4	104.56	142.27	97.96
Total assets	(million yen)	74,055	75,303	84,563	93,167
Net assets	(million yen)	16,364	18,914	21,435	23,313
Net assets per share	(yen)	327.29	378.40	429.68	466.83

(3) Status of Important Parent Companies and Subsidiaries

① Status of parent company

Company Name	Capital (million yen)	Investment Ratio in the Company (%)	Relationship with the Company
Marubeni Corporation	262,947	50.0	Concurrent positions of directors, acceptance of secondees

Notes:

1. Transactions and so forth with the parent company are subject to confirmation of their rationality and conditions and must be approved by the Board of Directors based on laws and regulations and internal rules. Furthermore, the status of such transactions is surveyed once a year. The Company's Board of Directors judges that transactions with the parent company and so forth during the fiscal year under review were conducted under appropriate conditions and did not damage the interests of the Company.
2. The Company and the parent company have concluded an Agreement on the Group's Internal Control Systems, etc. regarding the Company's important financial affairs and business policies. Under the agreement, the Company's management policy, business development, and important decisions concerning business execution are to be submitted in advance along with an explanation to the parent company to request the parent company's opinion. However, the parent company's opinion in this process is not binding on the Company, and the Company shall be responsible for making decisions based on its own judgement, making reference to the opinion of Marubeni Corporation.

② Status of important subsidiaries

Company Name	Capital (million yen)	Investment Ratio (%)	Principal Business Operations
TSUNAGU NETWORK COMMUNICATIONS INC.	1,500	80.0	Telecommunications business
ARTERIA Engineering Corporation	30	100.0	Telecommunication construction business
Arteria Interconnect Corporation	9	100.0	Telecommunication business
GameWith ARTERIA Corporation	80	51.0	Streaming studio operation business Telecommunication service business

Note: GameWith ARTERIA Corporation was established on February 18, 2022

(4) Issues to be Addressed

① Management Philosophy

- We seek to build on our corporate identity as a pioneer in our industry to address our customers' ever-changing business needs.
- We seek to differentiate ourselves through our proprietary network assets and customer-oriented approach and be proactive and flexible in proposing ideas and taking action quickly and effectively.
- Through creating a communications platform, we seek to contribute to our customers' growth and societal progress and allow each of our employees to achieve their aspirations.

② FY2021-FY2025 Mid-Term Plan (Fiscal Year Ended March 2022- Fiscal Year Ending March 2026) and Issues to Be Addressed

The Group is addressing the following issues based on the Mid-Term Plan announced on May 14, 2021.

(i) Measures for growing core business

- Gain further demand by optimizing and updating FTTx network
- Enhance customization capabilities to generate added value and aim to capture more network demand from OTTs (note 1)
- Accelerate growth in the rental market in addition to the owned condo market and further consolidate leading position

(ii) Measures for incorporating a new growth portfolio

- Respond to soaring demand for telecommuting by building a D2C (note 2) service platform for condominium residents
- Use the D2C service platform to expand the range of customers to SOHOs, and corporations
- Capture growth domains through M&A or business alliances, accelerate expansion of the non-telecommunications business

(iii) Pursue planet-friendly management by addressing workstyle reform (Hatarakikata Kaikaku) and SDGs

- Use clean energy in provisioning to condos and contribute to a decarbonized society through the provision of telecommuting solutions etc.
- Upgrade to highly energy-efficient internal system and strengthen security by implementing zero trust (note 3) security
- Enhance development of human resources, implement diversity and reform workstyles through roll out of satellite offices etc.

Notes:

1. Stands for Over The Top. Service providers who provide content such as video and audio over internet lines.
2. Stands for Direct To Consumer. Scheme to provide services directly to users through EC sites, etc.
3. A network security environment that constantly monitors and checks users and devices on the premise that all network traffic is not trusted.

③ Basic sustainability policy

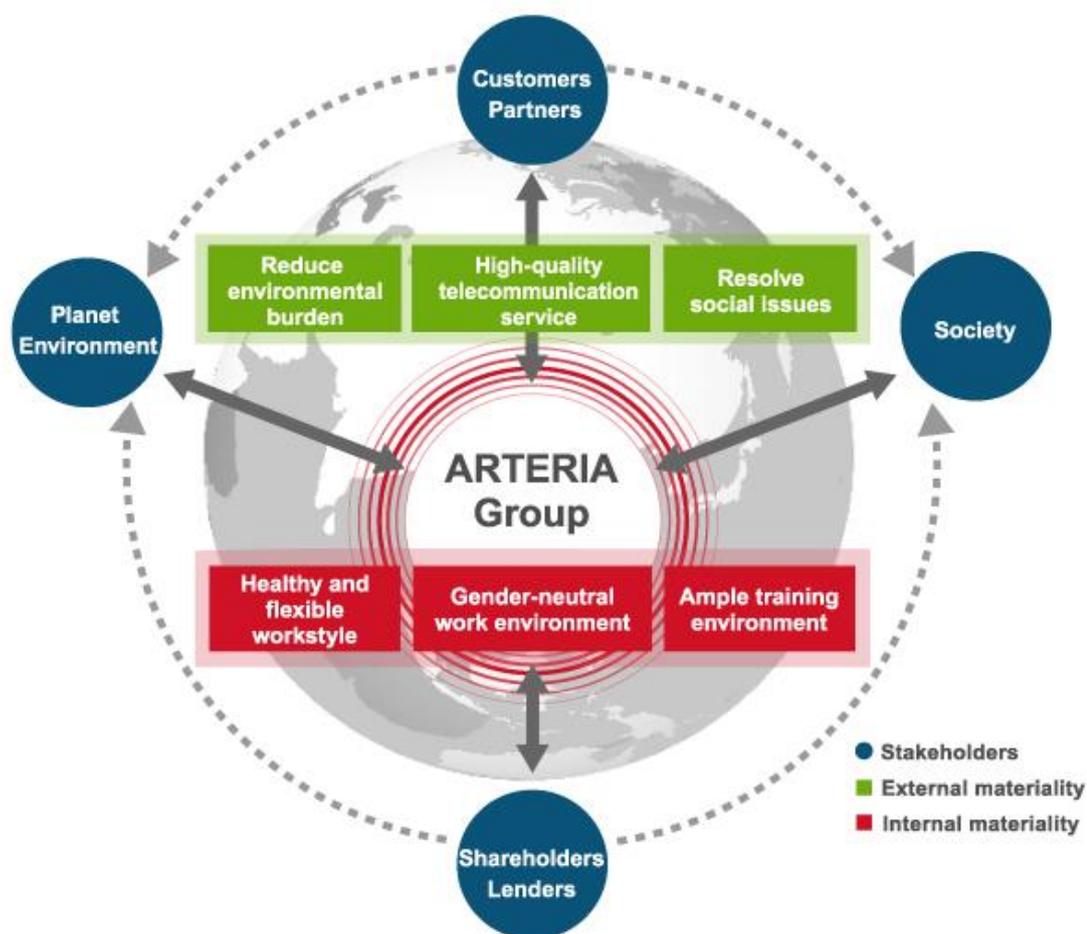
In the above Mid-Term Plan, we outlined a management strategy framework with and committed to pursue planet-friendly management by addressing workstyle reform (Hatarakikata Kaikaku), SDGs and developing a basic sustainability policy during FY2021.

Based on this basic sustainability policy the group will aim to contribute to a sustainable world through the provision of telecommunication services—our core business—and other activities.

(i) Outline of the basic sustainability policy

ARTERIA will contribute to a sustainable world through our proprietary network assets and flexible and agile services. Through these activities we will realize the dreams of each employee and hopes of our stakeholders as a corporate group.

The following chart shows how ARTERIA will serve as the arteries and heart to convey these priority issues (materiality) to the planet and the other stakeholders to contribute to a sustainable world.



(ii) Materiality

The six priority issues (materiality) defined in the basic sustainability policy are as follows:

Materiality	Goals for 2030	KGI • KPI	SDGs
High-quality telecommunication services	Provide and develop forward-looking services catering to diversified customers' needs and market trends Ensure a high-quality brand image	<ul style="list-style-type: none"> - Expand provision of high-quality services - Develop new services catering to new customer needs - Maintain high availability for line services 	
Decrease environmental burden	All group employees will be aware of the climate change risks and implement measures to reduce emission of CO2, proactively and aggressively in both personal and professional settings	<ul style="list-style-type: none"> - Obtain ISO 14001 certificate, expand scope of application - Transition company vehicles to electrical/fuel-cell vehicles - Increase procurement of environmentally responsible products - Promote volunteering activities 	
Resolve social issues	Through our various business activities, such as providing high-quality telecommunication services, we will work proactively and ambitiously to resolve various social issues	<ul style="list-style-type: none"> - Expand services in education, health care and public services - Promote education on telecommunication through internships and endowed chairs 	
Gender-neutral work environment	Diversify workforce and provide gender-neutral work environment	<ul style="list-style-type: none"> - Increase ratio of female employees - Increase the ratio of women etc. on the board and in managerial positions - Aim to obtain "Platinum Eruboshi" certification 	
Healthy and flexible workstyle	Enable each employee the flexibility to choose a comfortable place and time to work, depending on their environment Work in a physically and mentally healthy way	<ul style="list-style-type: none"> - Aim to obtain "Platinum Kurumin" certification - Eradicate harassment 	
Ample training programs	In anticipation of life expectancy reaching 100 years, maintain human resources where each employee, through recurrent reskilling based on their personal life vision, finds their job rewarding and contributes to the company and society	<ul style="list-style-type: none"> - Promotion and roll out of recurrent reskilling training program 	

(5) Main Business Activities (As of March 31, 2023)

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.), and condominium internet services (building-wide internet services for condominiums, etc.) in a single operating segment of telecommunications business based on the Telecommunications Business Act.

(6) Main Offices and Factories (As of March 31, 2023)

Head office	6-9-8 Shimbashi, Minato-ku, Tokyo
Osaka office	2-1-6 Honmachi, Chuo-ku, Osaka City, Osaka

(7) Status of Employees (As of March 31, 2023)

① Status of employees of the corporate group

Business Category	Number of Employees
Telecommunications business	829
Total	829

Notes:

1. Since the Group operates a single business, segment information is omitted.
2. The number of temporary employees is omitted since they account for less than 10% of the total number of employees.

② Status of employees of the Company

Number of Employees	Average Age	Average Years of Service
653	42 years and 6 months	8 years and 10 months

Notes:

1. Since the Company operates a single business, segment information is omitted.
2. The number of temporary employees is omitted since they account for less than 10% of the total number of employees.

(8) Status of Main Lenders (As of March 31, 2023)

Lender	Amount of Borrowings (million yen)
Syndicated Loan (note 1)	30,000
Syndicated Loan (note 2)	8,900

Notes:

1. Syndicated loan with Mizuho Bank, Ltd. as the arranger and agent, and Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd.
2. Syndicated loan in which 12 banks participate with Sumitomo Mitsui Banking Corporation as the arranging bank.

(9) Other Important Matters Related to the Current Status of the Corporate Group

Not applicable

2. Current Status of the Company

(1) Status of Shares (As of March 31, 2023)

① Total number of authorized shares 200,000,000

② Total number of issued shares 50,000,000

③ Number of shareholders 16,016

④ Major shareholders

Shareholder Name	Number of Shares Held	Ownership Ratio (%)
Marubeni Corporation	25,000,100	50.06
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	4,538,511	9.09
The Master Trust Bank of Japan (Trust Account)	3,846,400	7.70
Custody Bank of Japan (Trust Account)	2,655,600	5.32
KIA FUND F149	631,200	1.26
JP MORGAN CHASE BANK 385781	365,390	0.73
JPMorgan Securities Japan Co., Ltd.	350,536	0.70
THE CHASE MANHATTAN, BANK N.A. LONDON SPECIAL ACCOUNT NO.1	349,500	0.70
STATE STREET BANK AND TRUST COMPANY 505001	337,700	0.68
J.P. MORGAN BANK LUXEMBOURG S.A. 384513	334,300	0.67

Notes:

1. Ownership ratios are calculated after deducting treasury stock (59,542 shares).

2. In a report on large shareholders made available for public inspection as of December 18, 2018, it is stated that Janchor Partners Limited holds the following shares as of December 12, 2018. However, as the Company could not confirm the actual number of shares owned as of March 31, 2022, Janchor Partners Limited has not been included in the above status of major shareholders. The contents of the report on large shareholders are as follows.

Large shareholder Janchor Partners Limited

Address 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong

Number of shares held 4,500,000

Ownership ratio 9.0%

3. In a report on change of large shareholders made available for public inspection as of June 4, 2020, it is stated that Sumitomo Mitsui DS Asset Management Company, Limited holds the following shares as of May 29, 2020. However, as the Company could not confirm the actual number of shares owned as of March 31, 2022, Sumitomo Mitsui DS Asset Management Company, Limited has not been included in the above status of major shareholders. The contents of the report on change in large shareholders are as follows.

Large shareholder Sumitomo Mitsui DS Asset Management Company, Limited

Address Atago Green Hills MORI Tower 28F, 2-5-1 Atago, Minato-ku, Tokyo

Number of shares held 1,771,300

Ownership ratio 3.54%

4. In a change report on large shareholders made available for public inspection as of December 7, 2020, it is stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint equity holder Nikko Asset Management Co., Ltd. respectively hold the following shares as of November 30, 2020. However, as the Company could not confirm the actual number of shares owned as of March 31, 2023, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. have not been included in the above status of major shareholders. The contents of the change report on large shareholders are as follows.

Shareholder Name	Address	Number of Shares Held	Ownership Ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shiba Koen, Minato-ku, Tokyo	1,686,000	3.37
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	1,530,800	3.06

⑤ Status of shares delivered to officers of the Company as consideration for execution of duties during the fiscal year under review.

The details of shares delivered as remuneration during the fiscal year under review are as follows.

Officer Category	Number of Shares	Number of Recipients
Executive director	17,795	2

(2) Status of Stock Acquisition Rights, etc.

Not applicable.

(3) Status of Officers of the Company

① Status of directors and Audit & Supervisory Board members (As of March 31, 2023)

Position in the Company	Name	Responsibilities and Important Concurrent Positions
Representative Director, President & CEO	Koji Kabumoto	Representative Director and President, TSUNAGU NETWORK COMMUNICATIONS INC.
Senior Managing Executive Officer & CCO	Daisuke Arita	Corporate Sales Division
Director	Osamu Okubo	i2ts, inc.
Director	Hiroshi Esaki	Professor, Graduate School of Information Science and Technology, The University of Tokyo
Director	Ichiro Miyake	Outside Director, Recomm Co., Ltd. Outside Director, T&D FINANCIAL LIFE INSURANCE COMPANY Special advisor, S&P Global Japan Corporate adviser, TANAKA-Chain Optical Company
Audit & Supervisory Board Member (Full-time)	Koichi Mokudai	Audit & Supervisory Board member, ARTERIA Engineering Corporation Audit & Supervisory Board member, GameWith ARTERIA Corporation
Audit & Supervisory Board Member	Hidenori Shibasaki	Representative Director and President, ma Telecom Co., Ltd. Director, MarPless Communication Technologies (PTY) Ltd.
Audit & Supervisory Board Member	Takeshi Motomura	Lawyer, Partner, IWATA GODO Director, Audit and Supervisory Committee Member, Data Applications Co., Ltd. Auditor, Otsuma Gakuin Educational Institution
Audit & Supervisory Board Member	Hiroko Inokuma	Professor, the School of Liberal Arts and Sciences at Musashi University Part-time Lecturer, Keio University Faculty of Business and Commerce (Commerce Studies Course) Part-Time Lecturer, Keio University Graduate School of System Design and Management

Notes:

1. Directors Hiroshi Esaki and Ichiro Miyake are outside directors.
2. Audit & Supervisory Board Members Koichi Mokudai, Takeshi Motomura, and Hiroko Inokuma are outside Audit & Supervisory Board members.
3. Audit & Supervisory Board Member Takeshi Motomura has abundant knowledge and experience as a lawyer, and has considerable knowledge of legal affairs.
4. Audit & Supervisory Board Member Hiroko Inokuma has abundant knowledge and experience as a

certified public accountant, and has considerable knowledge of finance and accounting

5. Directors Hiroshi Esaki and Ichiro Miyake and Audit & Supervisory Board Members Takeshi Motomura and Hiroko Inokuma are independent officers, which the Company is obliged to secure by the TSE, and have been notified as such.
6. The status of important concurrent positions of directors and Audit & Supervisory Board members during the fiscal year under review changed as follows.

Name	Status of Important Concurrent Positions		
	Before change	After change	Transfer date
Hiroshi Esaki	Outside Director of Ubiteq, Inc.	Retired	September 27, 2022
Ichiro Miyake	-	Outside Director, T&D FINANCIAL LIFE INSURANCE COMPANY	June 20, 2022
Hiroko Inokuma	Professor, the School of Liberal Arts and Sciences at Musashi University	Retired	March 31, 2023

② Details of limited liability agreement

The Company's Articles of Incorporation have provisions regarding limited liability agreements with its directors (excluding executive directors, etc.) and Audit & Supervisory Board members. In accordance with the Articles of Incorporation, the Company concluded limited liability agreements with all of its directors (excluding executive directors, etc.) and Audit & Supervisory Board members. An overview of the agreements is as follows.

Limited liability agreement with directors and Audit & Supervisory Board members

After concluding the agreement, the liability for damages of directors (excluding executive directors, etc.) and Audit & Supervisory Board members who fail in their duties shall be limited to the higher amount of 5 million yen or the amount prescribed by laws and regulations, provided that they have acted in good faith and without gross negligence in performing their duties.

③ Details of the directors and officers liability insurance policy

The Company has concluded a directors and officers liability insurance policy as provided by Article 430-3 paragraph 1 of the Companies Act with an insurance company. The insureds under the policy are the directors and Audit & Supervisory Board members (including those in office during the fiscal year under review) of the Company and its subsidiaries. The Company bears the entire amount of the insurance premium.

To give an outline of the insurance policy details, under the policy the insurance company covers any damage incurred by the insureds from the assumption of liability related to the execution of their duties, or from the receipt of claims connected to the pursuit of such liability.

Furthermore, the policy term is for one year from April 1 until March 31 of the following year, and the Company renews the policy each year. The Company has renewed the policy with basically the same details in April 2023.

④ Remuneration, etc. of directors and Audit & Supervisory Board members

(i) Determination by resolution of the General Meeting of Shareholders

The General Meeting of Shareholders held on July 17, 2017 resolved that remuneration for directors is to be an annual amount of no more than 300 million yen. The number of directors as of the end of that General Meeting of Shareholders was eight (8) (including four (4) outside directors).

Furthermore, at the 5th Annual General Meeting of Shareholders, held on June 26, 2020, it was resolved that the Company may allocate to directors, excluding outside directors, restricted shares up to an upper limit of 50,000 shares each business year within an annual allowance of 100 million yen, separate from the abovementioned remuneration allowance. This allocation is to serve as a medium- to long-term incentive remuneration to further enhance their motivation toward contribution to the rise in stock price and the increase in corporate value. The number of directors as of the end of that General Meeting of Shareholders was five (5) (including two (2) outside directors).

Remuneration for Audit & Supervisory Board members was resolved to be within an annual amount of 70 million yen at the General Meeting of Shareholders held on June 30, 2016. As of the end of that meeting, the number of Audit & Supervisory Board members was four (4).

(ii) Policy regarding determination of details of officer remuneration, etc.

The Company makes the determination by having it deliberated and reported by the Nomination and Compensation Committee, which is an advisory committee to the Board of Directors, taking into account the responsibilities, capabilities and contribution to the Company that are required of each director, as well as the status of the Company's earnings and management. The Nomination and Compensation Committee comprises three members, including an independent outside director as chairman and two other members one of whom is also an independent outside director.

a) Remuneration for part-time directors

At its meeting held on February 26, 2021, the Company's Board of Directors resolved the following policy on details of individual remuneration, etc. for part-time directors. In making its resolution, the Board of Directors consulted with the Nomination and Compensation Committee on the details of the resolution in advance and received a report.

Furthermore, the Board of Directors has confirmed that the details of remuneration in the decision on individual remuneration of directors for the fiscal year under review are in accordance with the following policy.

Policy for deciding on remuneration of part-time directors

The remuneration for part-time directors shall be basic remuneration only, with the amount decided individually by resolution of the Board of Directors based on a comprehensive consideration of responsibilities and role, etc. In making the decision, the Board of Directors shall consult with the Nomination and Compensation Committee in advance.

b) Remuneration for full-time directors

At its meeting held on March 30, 2020, the Company's Board of Directors resolved the following policy on content of individual remuneration, etc. for full-time directors. In making its resolution, the Board of Directors consulted with the Nomination and Compensation Committee on the content of the resolution in advance and received a report.

Furthermore, the Board of Directors has confirmed that the details of remuneration in the decision on individual remuneration of directors for the fiscal year under review are in accordance with the following policy.

i) Policy regarding decision on payment ratio for performance-linked remuneration and remuneration, etc. other than performance-linked remuneration

The Company's remuneration for full-time directors consists of fixed remuneration, variable remuneration (performance-linked remuneration), and non-monetary remuneration (restricted shares). The calculation method for variable remuneration is decided with the intention that it should function as a healthy incentive for the Company's sustainable growth.

ii) Indicators for performance-linked remuneration, reason for selection of the indicators, and method of deciding the amount of the performance-linked remuneration

The indicators for quantitative evaluation of variable remuneration are the achievement rate of annual earnings (consolidated sales, consolidated profit for the year, and consolidated free cash flow). These indicators were selected because the Company judges that it is important to increase total earning power and free cash flow, including from financing activities in particular.

Furthermore, as a qualitative evaluation of variable remuneration, the result of the quantitative evaluation may be adjusted through consideration of the Nomination and Compensation Committee based on the overall judgement of the representative director and president. The adjustment of the result may be $\pm 20\%$ in principle, but the adjustment may be as large as $\pm 50\%$ in special circumstances.

iii) Content of non-monetary compensation, etc.

The content of non-monetary compensation is restricted shares of the Company. The allocation is decided giving overall consideration to general matters such as contribution to the Company's Board of Directors. The status of deliveries of restricted shares in the fiscal year under review is described in "2. (1) ⑤ Status of shares delivered to officers of the Company as consideration for execution of duties during the fiscal year under review."

iv) Policy for each position regarding determination of the amount of officer remuneration, etc. and method of calculation thereof

There is no policy for each position.

v) Targets and results for indicators relating to the performance-linked remuneration for the fiscal year under review

The targets and results for Companywide performance in the fiscal year ended March 31, 2023 (the 8th term)

Indicator	Evaluation Weighting	Evaluation Coefficient Variation	Targets (Millions of yen)	Actual Results (Millions of yen)
Consolidated net sales	25%	0-200%	58,000	59,452
Consolidated profit for the year	50%	0-200%	6,436	6,271
Consolidated free cash flow	25%	0-200%	3,758	3,277

vi) Name of the entity with authority to determine the amount of officer remuneration, etc. or the calculation method thereof, content of that authority, and extent of discretion

The entity with authority to determine the amount of remuneration, etc. of the directors of the Company, or the calculation method thereof, is the Board of Directors. The content of that authority and extent of discretion is the determination, etc. of the individual portions of director remuneration.

vii) Overview of the procedure of the committee involved in determining the policy regarding the determination of the amount of officer remuneration, etc. or the calculation method thereof

The Nomination and Compensation Committee acts as an advisory organization to the Board of Directors. It deliberates on the content of proposals regarding the basic policy and standards on remuneration, etc. of officers, etc., and total allowances of remuneration, etc. for directors and Audit & Supervisory Board members. The committee reports its opinion to the Board of Directors to assist the decision making of the Board of Directors.

viii) Activities of the Board of Directors and committees, etc. in the determination process of the amount of remuneration, etc. for officers

The Nomination and Remuneration and Compensation committee also deliberated on remuneration for the fiscal year ended March 31, 2023 and reported to the Board of Directors.

(iii) Total amount of remuneration, etc. for the fiscal year under review

Category	Remuneration Amount (million yen)	Amount by Type (million yen)			Number of Recipients
		Fixed	Performance-linked	Non-monetary	
Directors (incl. outside directors)	104 (20)	79 (20)	2 (-)	22 (-)	6 (2)
Audit & Supervisory Board members (incl. outside Audit & Supervisory Board members)	45 (41)	45 (41)	- (-)	- (-)	4 (3)
Total (incl. outside officers)	150 (61)	125 (61)	2 (-)	22 (-)	10 (5)

Note:

1. The amount of remuneration paid to directors includes the remuneration of a director who retired at the previous AGM.
2. The amount of remuneration paid to directors and audit & supervisory board members includes 12 million yen paid to the chairman of the Special Investigation Committee established on June 12, 2022.

⑤ Outside officers

(i) Status of important positions held concurrently at other companies and relationship between the Company and such companies

The status of important positions held concurrently at other companies is as described in “Status of directors and Audit & Supervisory Board members.”

Moreover, there are no important special relationships between the companies where the outside officers hold important concurrent positions and the Company.

ii) Main activities during the fiscal year under review

Name	Board of Directors Meetings	Audit & Supervisory Board Meetings	Overview of Statements Made and Duties Performed Related to the Expected Role of Outside Director
Director Hiroshi Esaki	19/20 times (95%)	-	<p>Since his appointment as outside director, Mr. Hiroshi Esaki has adequately performed the role and responsibilities required of an outside director, including guidance on the status and latest trends in network infrastructure, which is the Company's business foundation, and advice regarding new service development and industry trends, based on his abundant knowledge and experience in the field of information science and technology.</p> <p>Furthermore, as the chairman of the Cyber Security Committee (2 meetings held in the fiscal year under review), he has also contributed to improving the Company's cyber security system.</p> <p>Furthermore, as a member of the Nomination and Compensation Committee, he was involved in deliberations regarding officer personnel and compensation.</p>
Director Ichiro Miyake	20/20 times (100%)	-	<p>Since his appointment as outside director, Mr. Ichiro Miyake has adequately performed the role and responsibilities required of an outside director, including supervision of management from the standpoint of minority shareholders and giving advice on management in general, such as corporate governance, drawing on his abundant knowledge and experience of corporate management.</p> <p>Furthermore, as the chairman of the Nomination and Compensation Committee, he was involved in deliberations regarding officer personnel and compensation.</p>
Audit & Supervisory Board Member Koichi Mokudai	20/20 times (100%)	16/16 times (100%)	<p>Since his appointment as outside Audit & Supervisory Board Member, Mr. Koichi Mokudai has drawn on his broad and high-level insight and experience as a manager, cultivated through many years in the field of information and telecommunications.</p> <p>As a full-time Audit & Supervisory Board member he has attended important meetings, exchanged opinions with the representative director and president and senior managing executive officers, viewed important documents, and surveyed important financial assets. He has also conducted interviews with business units and surveys of subsidiaries, etc. as well as conducting three-way audits, etc. in coordination with the Internal Audit Department and the accounting auditor.</p>

<p>Audit & Supervisory Board Member Takeshi Motomura</p>	<p>20/20 times (100%)</p>	<p>16/16 times (100%)</p>	<p>Since his appointment as outside Audit & Supervisory Board member, Mr. Takeshi Motomura has made statements to secure the appropriateness and validity of decision making by the Board of Directors in its meetings, based on his abundant knowledge and experience as a lawyer. Furthermore, in the Audit & Supervisory Board meetings he has made appropriate and necessary statements regarding the Company's compliance system, etc.</p> <p>Furthermore, he also attended meetings of the Cyber Security Committee (2 meetings held in the fiscal year under review), where he contributed to improving the Company's cyber security system by giving advice from specialist perspective.</p>
<p>Audit & Supervisory Board Member Hiroko Inokuma</p>	<p>20/20 times (100%)</p>	<p>16/16 times (100%)</p>	<p>Since her appointment as outside Audit & Supervisory Board member, Ms. Hiroko Inokuma has made statements to secure the appropriateness and validity of decision making by the Board of Directors in its meetings, based on her abundant knowledge and experience as a certified public accountant. Furthermore, in the Audit & Supervisory Board meetings she has made appropriate and necessary statements regarding issues for the Company in the fields of accounting and finance, and its accounting audits, etc.</p>

(4) Status of Accounting Auditor

① Name of accounting auditor: Ernst & Young ShinNihon LLC

② Amount of compensation

	Amount of Compensation (million yen)
Compensation for the accounting auditor for the fiscal year under review	76
Total amount of money and property benefits to be paid to the accounting auditor by the Company and its subsidiaries	85

Notes:

1. In the audit contract between the Company and the accounting auditor, there is no clear division between the amounts of audit compensation, etc. for audits conducted based on the Companies Act and audits conducted based on the Financial Instruments & Exchange Act. Since it is not practically possible to divide them, the amount of compensation, etc. for the accounting auditor for the fiscal year under review represents the total amount for both of these audits.
2. The Audit & Supervisory Board has judged the amount of compensation, etc. to be appropriate, having conducted the necessary investigations regarding the content of the accounting auditor's audit plan and state of audit execution, and grounds for calculation of the compensation estimate to determine whether they are appropriate.

③ Details of non-audit services

Not applicable

④ Policy concerning decisions on dismissal or non-reappointment of an accounting auditor

The Audit & Supervisory Board decides on the content of resolutions submitted to the Annual General Meeting of Shareholders regarding the dismissal or non-reappointment of the accounting auditor in cases where it deems this to be necessary, such as cases where the accounting auditor is obstructed from executing its duties.

In cases where the accounting auditor is deemed to fall under the items specified in each item of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor with the consensus of all Audit & Supervisory Board members. In such cases, an Audit & Supervisory Board member selected by the Audit & Supervisory Board will report the dismissal of the accounting auditor and the reason therefore at the first General Meeting of Shareholders convened after the dismissal.

⑤ Details of limited liability agreement

Not applicable

3. Policies Concerning Decisions on the Distribution of Retained Earnings and Other Matters

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.

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.

Consolidated Statement of Financial Position

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	20,240	Current liabilities	21,789
Cash and cash equivalents	7,600	Borrowings	1,428
Trade and other receivables	9,390	Trade and other payables	10,414
Other financial assets	38	Lease liabilities	2,725
Inventories	354	Income and other taxes payable	2,013
Other current assets	2,856	Provisions	181
Non-current assets	91,033	Other current liabilities	5,025
Property, plant and equipment	50,943	Non-current liabilities	58,696
Goodwill	12,646	Borrowings	37,202
Intangible assets	14,670	Long-term lease liabilities	11,490
Investments accounted for using equity method	1,777	Retirement benefit liabilities	991
Other financial assets	7,357	Provisions	3,797
Deferred tax assets	1,819	Deferred tax liabilities	2,140
Other non-current assets	1,817	Other non-current liabilities	3,073
		Total liabilities	80,485
		(Equity)	
		Total equity attributable to owners of the parent	28,893
		Common stock	5,150
		Capital surplus	4,760
		Retained earnings	19,305
		Treasury Stock	(322)
		Other components of equity	0
		Non-controlling interests	1,894
		Total equity	30,788
Total assets	111,274	Total liabilities and equity	111,274

Consolidated Statement of Income

(From April 1, 2022
To March 31, 2023)

(Millions of yen)

Item	Amount
Net sales	59,452
Cost of sales	41,109
Gross profit	18,343
Selling, general and administrative expenses	9,944
Other income	1,337
Other expenses	265
Operating profit	9,470
Finance income	131
Finance costs	629
Share of (loss) profit of investments accounted for using equity method	(9)
Profit for the year before income taxes	8,962
Income taxes	2,691
Profit for the year	6,271
Profit for the year attributable to:	
Owners of the parent	5,878
Non-controlling interests	392
Profit for the year	6,271

Non-Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	16,289	Current liabilities	17,760
Cash and deposits	4,056	Current portion of long-term loans	1,428
Trade receivables	7,138	Current portion of lease obligations	966
Non-trade receivables	1,458	Account payables	4,467
Goods	53	Account payables – Facilities	5,595
Supplies	1,469	Accrued expenses	1,451
Prepaid expenses	1,817	Income and other taxes payables	1,357
Other current assets	295	Consumption tax payables	84
Allowance for doubtful accounts	(0)	Deposit received	58
Non-current assets	76,878	Provision for losses on Antimonopoly Act	129
Property, plant and equipment	44,966	Other current liabilities	18
Cable and wiring	16,006	Non-current liabilities	52,093
Ducts and poles	8,755	Long-term Borrowings	37,472
Buildings	3,881	Long-term deferred income	4,075
Structures	23	Lease obligations	5,757
Machinery equipment	60,409	Retirement benefit liabilities	1,019
Tools, furniture and fixtures	1,837	Asset retirement obligations	3,761
Land	249	Other non-current liabilities	7
Lease assets	8,485		
Construction in progress	3,102		
Accumulated depreciation	(57,784)		
Intangible assets	12,316		
Right of use of submarine cable	0		
Right of use of facilities	52		
Trademarks	1,219		
Customer-related intangible assets	1,983		
Software	1,357		
Goodwill	6,324		
Software in progress	836		
Other intangible assets	542		
Investments and other assets	19,594		
Investment securities	40		
Long-term non-trade receivables	4,674		
Shares of subsidiaries and affiliates	10,650		
Claims in bankruptcy	3		
Security deposit	2,640		
Deferred tax assets	530		
Other assets	1,058		
Allowance for doubtful accounts	(3)		
Total assets	93,167	Total liabilities	69,853
		(Net Assets)	
		Shareholders' equity	23,313
		Common stock	5,150
		Capital surplus	3,506
		Legal capital surplus	131
		Other legal capital surplus	3,375
		Retained earnings	14,764
		Legal retained earnings	994
		Retained earnings brought forward	13,770
		Treasury stock	(107)
		Total net assets	23,313
		Total liabilities and net assets	93,167

Non-Consolidated Statement of Income

(From April 1, 2022

To March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		47,898
Cost of sales		34,998
Gross profit		12,899
Selling, general and administrative expenses		8,438
Operating profit		4,461
Non-operating income		
Interest income	101	
Dividends income	1,644	
Other income	337	2,083
Non-operating expenses		
Interest expenses	358	
Commission for syndicate loan	282	
Loss on asset disposal	130	
Other expenses	101	873
Ordinary income		5,671
Extraordinary income		
Gain on sales of intangible assets	842	
Gain on transfer of customer contracts	30	872
Profit for the year before income taxes		6,543
Income taxes - current		1,685
Income taxes - deferred		(31)
Profit for the year		4,890

Annual General Meeting of Shareholders
Bellesalle Onarimon Tower 4F
1-1-1 Shiba Koen, Minato-ku, Tokyo
Japan 105-0011



Nearest Station:
Toei Mita Line Onarimon Station (Exit A3b)
One minute walk

*Please be aware that there is no dedicated parking at the venue.

As a measure for saving electricity, the Company's officers will be attending the meeting informally dressed without ties ("Cool Biz" style). Shareholders are also encouraged to attend in an informal style.