

Balance Sheet

As of March 31, 2021

(Unit: 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,989,984	【Current Liabilities】	979,796
Cash	641,195	Accounts Payable	121,328
Accounts Receivable	76,642	Arrearage	208,639
Products	67,016	Deposits	443
Stored Goods	1,311	Reserve for Bonuses	105,788
Prepaid Expenses	79,046	Advances Received	543,585
Deposits paid	1,000,279	Asset Retirement Obligations	10
Other	124,492	【Fixed Liabilities】	524,734
【Fixed Assets】	2,862,566	Asset Retirement Obligations	54,315
(Tangible Fixed Assets)	2,085,162	Long-Term Advances Received	470,419
Mechanical Equipment	153,121		
Rail Equipment	1,758,895	Total Liabilities	1,504,531
Tools, Fixtures, and Equipment	15,079	Net Assets	
Construction in Progress	158,065	【Shareholder Capital】	3,348,019
(Intangible Fixed Assets)	406,671	(Capital)	1,260,000
Software	323,444	(Capital Surplus)	1,050,000
Trademark Rights	66	Capital Reserve	1,050,000
Software in Development	9,583	(Retained Earnings)	1,038,019
Other Intangible Assets	73,577	Other Retained Earnings	1,038,019
(Investments and Other Assets)	370,733	Retained Earnings Carried	1,038,019
Long-Term Advances Paid	121,922		
Security Deposits	16,948		
Forward Deferred Tax Assets	231,863	Total Net Assets	3,348,019
Total Assets	4,852,550	Total Net Assets and Liabilities	4,852,550

(Note) Amounts listed are shown rounding down amounts of less than 1,000 JPY.

Profit and Loss Statement

From April, 2020
To March 31, 2021

(Unit: 1,000 JPY)

Item	Amount	
【Sales】		1,819,991
【Cost of Goods Sold】		1,109,297
Gross Profit		710,693
【Selling Costs and General Administrative Expenses】		692,381
Operating Income		18,312
【Non-Operating Income】		
Interest Received	301	
Insurance Premium Revenue	10,780	
Other	48	11,130
【Non-Operating Expenses】		
Amortization of Stock Delivery	2,450	
foreign exchange loss	143	
Other	58	2,652
Expenses Ordinary Income		26,790
【Extraordinary Losses】		
Impairment Losses	56,363	56,363
Net Income Before Taxes		-29,572
Corporate, Residential, and Business Taxes	2,063	
Deferred Corporate Taxes	11,997	14,060
Net Profit for Period		-43,633

(Note) Amounts listed are shown rounding down amounts of less than 1,000 JPY.

Notes on Specific Items

1. Notes on important accounting policies

(1) Evaluation standards and methods for inventory assets

Merchandise and stocks are valued at cost method via moving average method (Amount on Balance Sheet calculated via rounding down book value due to reduced profitability).

(2) Method of fixed asset depreciation

Tangible fixed assets are depreciated using the straight-line method.

Primary service lives listed below.

Machinery and equipment	and	4-9 years
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Track and equipment		10-30 years
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Tools, furniture, and fixtures		5 years
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Intangible fixed assets are depreciated using the straight-line method.

Furthermore, the straight-line method is used based on the contract period for other intangible fixed assets and for the internal usable period for company-use software (5 years), and the method that produces the highest value (when evenly distributed based on the amount depreciated and a residual period of three years from sales revenue forecasts) is used for software for sale on the market.

(3) Accounting standards for important allowances

Allowance for employee bonuses is provided for the amount of burden this period for the estimated amount of future bonus, in order to provide bonus payment for employees.

(4) Method of processing deferred assets

Stock issuance expenses are depreciated over three years using the straight-line method.

(5) Accounting standards for consumption tax, etc.

Account processing for consumption tax, etc. uses the tax exclusion method.

(6) Conversion standard for foreign currency-denominated assets/liabilities to Japanese currency

Foreign currency-denominated debts and credits are converted using the exchange rate on the date of settlement, with difference in value due to conversion recorded as profit or loss.

(Unapplied accounting standards, etc.)

- "Accounting Standards for Revenue Recognition" (Corporate Accounting Standards No. 29, March 31, 2020)

- "Guidelines for Applying Accounting Standards for Revenue Recognition" (Guidelines for Applying Corporate Accounting Standards No. 30, March 26, 2021)

(1) Overview

These are comprehensive accounting standards for revenue recognition. Revenue is recognized through application of the following five steps.

Step 1: Identify agreement with customer.

Step 2: Identify performance obligations in agreement.

Step 3: Appraise transaction values.

Step 4: Distribute transaction value over performance obligation in agreement.

Step 5: Recognize revenue when or as performance obligations are met.

(2) Scheduled date of application

Applies from the start of the fiscal year ending March 2022.

(3) Impact of application of the accounting standards in question, etc.

The amount of impact on fiscal statement values due to application of the "Accounting Standards for Revenue Recognition" is currently under evaluation.

(Changes in methods of display)

"Accounting Standards for Disclosure of Accounting Estimates" (Corporate Accounting Standards No. 31, March 31, 2020)

shall apply starting this fiscal year, and disclosure shall be made in the Notes on Specific Items (Notes on accounting estimates).

(Notes on accounting estimates)

Assets and liabilities recorded through accounting estimates in financial statements for the current fiscal year with a risk of major impact on financial statements for the following fiscal year are as follows.

(1) Deferred tax assets

There is 231,863 thousand yen recorded in financial statements for this fiscal year.

Recognition of deferred tax assets is estimated via the time of accrual and amount of taxable income pursuant to future business plans. Said estimates are subject to impact from fluctuations in future uncertain economic circumstances, etc., and in the event taxable income timing and amount actually accrued vary from estimates, this may have a significant impact on the amount of deferred tax assets on financial statements for the following fiscal year.

(2) Impairment of fixed assets

Financial statements for this fiscal year record impairment losses of 56,363 thousand yen.

In the event that fixed assets or asset groups showing signs of impairment produce pre-discount cash flow totals below book values,

the book value is reduced to the recoverable value, and the amount of said reduction is recorded as impairment loss. Careful deliberation is performed in assessment of warning signs of impairment and recognition of impairment loss,

but there is a chance impairment processing will be required if there is a reduction in estimated value due shifts in business plan or market conditions causing distinct conditions or a change in appraisal from the premise of the estimate,

which could have a significant impact on financial statements for the following fiscal year.

2. Notes on Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 952,355 Thousand yen

(2) Monetary credits and debts to affiliated companies

Short-term credits 1,062,445 Thousand yen

Short-term debts 29,511 Thousand yen

3. Notes on tax effect accounting

(1) Breakdown deferred tax assets and deferred tax liabilities by primary causes

Deferred tax asset

Depreciated assets 72,480 Thousand yen

Asset retirement obligations 16,631

Allowance for employee bonuses 29,475

Inventory assets, etc. 3,947

Accrued enterprise tax 855

Deposits and deferred income 77,807

Losses brought forward 60,966

Deferred tax asset subtotal 262,163

Valuation allowance △ 20,752

Deferred tax asset total 241,410

Deferred tax liabilities

Retirement expenses for asset retirement obligat △ 9,547

Deferred tax liability total △ 9,547

Net deferred tax assets 231,863

(2) Breakdown by primary item causing discrepancy in cases of major discrepancy

between legal effective tax rate and enterprise tax, etc. rate after application of tax effect accounting

Legal effective tax rate 30.62 %

(Adjusted)

Increase in valuation allowance △ 70.17 %

Resident tax, per capita △ 7.74 %

Other △ 0.26 %

Enterprise tax, etc. rate after application of t △ 47.55 %

4. Notes on transactions with concerned parties

(Unit: Thousand yen)

Category	Company Name	Ratio of voting rights, etc. held (owned)	Relationship with concerned party	Details of transaction	Transaction Amount (Note 4)	Item	Balance at End of Period (Note 4)
Parent Company	SoftBank Corp.	Owned 100% Direct	Operating Transactions Concurrent Officer Roles	Provision of telecommunications services (Note 1)	1,422,681	Account Receivable	62,165
						Advances Received	440,037
						Long-Term Advances Received	468,978
				Payment of seconded salary (Note 2)	415,963	Arrearage	29,358
			Deposit of funds (Note 3)	1,000,000	Deposits paid	1,000,279	
			Receipt of interest (Note 3)	279			

Transaction terms and method of deciding transaction terms, etc.

(Note 1) Prices and other transaction terms are decided after appraisal of market conditions, presentation of desired company price, and price negotiations.

(Note 2) Payment of seconded staff compensation is determined based on agreements.

(Note 3) Deposits of funds involve a cash consumption deposit agreement (cash management service)

for which an agreement has been signed with our parent company, and transaction amounts list balances at the end of the period.

Furthermore, interest rates are decided reasonably in light of market rates.

(Note 4) Transaction amounts do not include consumption tax, etc. Consumption tax, etc. is included in balances at the end of the period.

5. Notes on per-share information

Net assets per share: 132,857.92 yen

Net losses per share this period: 1,731.50 yen