

Balance Sheet

As of March 31, 2022

(Amounts in 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,443,510	【Current Liabilities】	1,222,683
Cash and cash equivalents	184,805	Accounts Payable	105,160
Accounts receivable	102,736	Accounts Payable - other	172,429
Merchandise	134,636	Income taxes payable	8,479
Supplies	1,868	Allowance for Bonuses	67,689
Prepaid expenses	107,618	Contract liability	858,022
Deposits paid	903,256	Consumption taxes payable	10,311
Accounts receivable-other	7,966	Other current liabilities	589
Other current assetes	621	【Noncurrent Liabilities】	1,051,364
【Noncurrent Assets】	3,220,502	Asset Retirement Obligations	65,003
(Property, Plant, and Equipment)	2,314,474	Long-term contract liability	986,361
Machinery and equipment	195,451		
Rail facilities	1,864,111		
Buildings and accompanying facilities	2,973	Total Liabilities	2,274,048
Tools, Fixtures, and Equipment	16,017	Net Assets	
Construction in progress	235,921	【Shareholder's Equity】	2,389,965
(Intangible Assets)	107,969	(Capital stock)	1,260,000
Software	27,349	(Capital surplus)	1,050,000
Right of trademark	689	Legal capital surplus	1,050,000
Patent right	441	(Retained earnings)	79,965
Software in progress	4,437	Other retained earnings	79,965
Other intangible assets	75,051	Retained earnings brought forward	79,965
(Investments and Other Assets)	798,058		
Long-term prepaid expenses	132,164		
Security deposits	16,755		
Deferred tax assets	649,139	Total Net Assets	2,389,965
Total Assets	4,664,013	Total Liabilities and Net Assetes	4,664,013

(Note) Amounts are rounded down less than 1,000 JPY.

Profit and Loss Statement

From April 1, 2021
To March 31, 2022

(Amounts in 1,000 JPY)

Item	Amount	
【Sales】		2,050,773
【Cost of goods sold】		1,304,439
Gross profit		746,333
【Selling Costs and General Administrative Expenses】		656,307
Operating income		90,026
【Non-Operating Income】		
Insurance income	4,921	
Interest income	2,981	
Other income	819	8,721
【Non-Operating Expenses】		
Foreign exchange losses	3,448	
Other expenses	17	3,465
Ordinary income		95,281
【Extraordinary Losses】		
Impairment loss	188,092	188,092
Income before income taxes		△ 92,810
Income taxes current	3,272	
Income taxes deferred	△ 25,570	△ 22,298
Net income		△ 70,511

(Note) Amounts are rounded down less than 1,000 JPY.

Notes on Specific Items

1. Notes on important accounting policies

(1) Evaluation standards and methods for inventory

Merchandise and supplies Cost method based on the moving average method (Amount on Balance Sheet calculated by writing down carrying amount based on a decline in profitability).

(2) Depreciation method for noncurrent assets

Property, Plant, and Equipment Straight-line method is used.
Primary useful life listed below.

Machinery and equipment	4-9 years
Rail facilities	10-30 years
Buildings and accompanying facilit	10 years
Tools, furniture, and fixtures	5 years

Intangible assets

Straight-line method is used.
Software for internal use is amortized by the straight-line method over the estimated useful life of 5 years.
For software intended for sale, the larger of an amortizable amount based on estimated sales revenue or straight-line method over a remaining period of 3 years is recorded.
Other intangible assets are amortized on a straight-line basis over the contractual term.

(3) Standards for recording important allowances

Allowance for bonuses The amount expected to be paid in the future is recorded for the current period in order to provide bonuses for employees.

(4) Standards for converting foreign currency denominated assets and liabilities into Japanese currency

Receivables and payables denominated in foreign currencies are translated at the exchange rates at the end of fiscal period and the translation differences recognized as gains or losses.

(5) Standards for recording revenues and expenses

We, as a telecommunications carrier, provide mainly fiber optic lines and sXGP (shared Xtended Global Platform) based communication services to our custo
Revenue recognition is as follows.

- Provision of fiber optic lines

We identify its performance obligation to provide fiber optic line services to customers over the contract period and monthly usage fees are recorded as revenues for each month.

We also recognizes revenues from the initial installation service fees received from customers over the contract period, as the performance obligation is satisfied over the contract period.

- Provision of sXGP based communication services

We identify its performance obligation to provide sXGP based communication services to customers over the contract period and monthly usage fees are recorded as revenues for each month.

For sales of mercandises such as sXGP-compatible devices, We recognize revenue when the performance obligation is satisfied at the time these are received and inspected by the customer.

We recognize revenues from initial installation fees and administrative fees received from customers over the contract period, as the performance obligation is fulfilled over the contract period.

2. Notes on Balance Sheet

(1) Accumulated depreciation of property, plant, and equipment	1,064,480 Thousand yen
(2) Receivables from and payables to affiliated companies	
Short-term receivables	982,198 Thousand yen
Short-term payables	17,924 Thousand yen

3. Notes on tax effect accounting

(1) Significant components of deferred tax assets and liabilities

Deferred tax assets	
Depreciated assets	92,067 Thousand yen
Asset retirement obligations	19,903
Allowance for bonuses	19,176
Inventory assets, etc.	3,854
Accrued business tax	2,625
Contract liability	354,446
Losses brought forward	192,273
Subtotal of deferred tax assets	684,347
Valuation allowance	△ 23,757
Total of deferred tax assets	660,589
Deferred tax liabilities	
Expenses for asset retirement obligations	△ 11,449
Total of deferred tax liabilities	△ 11,449
Net deferred tax assets	649,139

(2) Significant differences between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

Legal effective tax rate	30.62 %
(Adjusted)	
Increase in valuation allowance	△ 3.24 %
Resident tax, per capita	△ 2.91 %
Others	△ 0.45 %
Income taxes after application of tax effect accounting	24.03 %

4. Notes on transactions with related parties

(Unit: Thousand yen)

Category	Company Name	Ratio of voting rights, etc. held (owned)	Relationship with related party	Details of transaction	Transaction amount	Item	Balance at the end of period
Parent Company	SoftBank Corp.	Owned 100% Direct	Business transactions concurrent officers	Provision of telecommunications services (Note 1)	1,656,224	Account receivable	78,942
						Contract liability	678,172
						Long-term contract liability	801,524
				Payroll payment of seconded employees (Note 2)	381,643	Accounts payable	1,498
				Deposit of funds (Note 3)	900,000	Accrued expenses	16,425
Receipt of interest (Note 3)	2,977	Deposits paid	903,256				

Transaction terms and method of deciding transaction terms, etc.

(Note 1) Prices and other terms of trade are determined by the asking price we offer after price negotiations, taking into account market conditions.

(Note 2) Salary payments to seconded employees are determined based on contractual arrangements.

(Note 3) Deposit of funds relates to a cash consumption deposit agreement (cash management service) that we have entered into with the parent company, and the transaction amount represents the balance at the end of the fiscal year.

Interest is reasonably determined by taking into account market interest rates.

5. Notes on per-share information

Net assets per share : 94,839.89 yen

Net losses per share this period : △2,798.08 yen