

Balance Sheet

As of March 31, 2023

(Amounts in 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,352,086	【Current Liabilities】	1,071,411
Cash and cash equivalents	228,294	Accounts payable	99,162
Accounts receivable	80,582	Other accounts payable	103,535
Merchandise	127,714	Income taxes payable	2,700
Supplies	1,734	Allowance for Bonuses	69,177
Prepaid expenses	100,573	Contract liability	765,247
Deposits paid	805,690	Consumption taxes payable	31,269
Income taxes receivable	6,811	Other current liabilities	318
Other current assets	685	【Noncurrent Liabilities】	820,280
【Noncurrent Assets】	3,256,960	Asset retirement obligations	72,998
(Property, Plant, and Equipment)	2,463,502	Long-term contract liability	746,781
Machinery and equipment	259,728	Other noncurrent liabilities	500
Rail facilities	1,986,650		
Facilities attached to buildings	2,648	Total Liabilities	1,891,691
Tools, Fixtures, and Equipment	9,346	Net Assets	
Construction in progress	205,129	【Shareholder's Equity】	2,717,355
(Intangible Assets)	80,290	(Capital stock)	100,000
Software	21,002	(Capital surplus)	2,210,000
Trademarks	601	Capital reserve	1,050,000
Patents	833	Other capital surplus	1,160,000
Other intangible assets	57,852	(Retained earnings)	407,355
(Investments and Other Assets)	713,167	Other retained earnings	407,355
Long-term prepaid expenses	107,826	Retained earnings brought forward	407,355
Leasehold deposits	7,851		
Deferred tax assets	597,489	Total Net Assets	2,717,355
Total Assets	4,609,047	Total Liabilities and Net Assets	4,609,047

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

Profit and Loss Statement

From April 1, 2022
To March 31, 2023

(Amounts in 1,000 JPY)

Item	Amount	
【Sales】		2,353,564
【Cost of goods sold】		1,381,660
Gross profit		971,904
【Selling Costs and General Administrative Expenses】		592,851
Operating income		379,053
【Non-Operating Income】		
Insurance income	2,839	
Interest income	2,437	
Other income	105	5,381
【Non-Operating Expenses】		
Foreign exchange losses	1,203	
Other expenses	10	1,214
Ordinary income		383,220
【Extraordinary Losses】		
Impairment loss	1,480	1,480
Income before income taxes		381,740
Income taxes current	2,700	
Income taxes deferred	51,650	54,350
Net income		327,389

(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 facilities 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 customers. 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 recognize 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 merchandises 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 1,214,652 Thousand yen

(2) Receivables from and payables to affiliated companies

Short-term receivables 832,548 Thousand yen

Short-term payables 30,367 Thousand yen

3. Notes on tax effect accounting

(1) Significant components of deferred tax assets and liabilities

Deferred tax assets

Depreciated assets 42,875 Thousand yen

Asset retirement obligations 25,261

Allowance for bonuses 20,818

Inventory assets, etc. 4,353

Contract liability 286,091

Losses brought forward 263,961

Subtotal of deferred tax assets 643,363

Valuation allowance △ 29,615

Total of deferred tax assets 613,747

Deferred tax liabilities

Expenses for asset retirement obligations △ 13,902

Corporate taxes receivable △ 2,355

Total of deferred tax liabilities △ 16,258

Net deferred tax assets 597,489

(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 34.59 %

(Adjusted)

Effect of changing legal effective tax rate △ 22.05 %

Resident tax, per capital 0.71 %

Others 0.99 %

Income taxes after application of tax effect accounting 14.24 %

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)	1,767,309	Accounts receivable	26,857
						Contract liability	566,644
						Long-term contract liability	604,335
				Payroll payment of seconded employees (Note 2)	318,285	Other accounts payable	23,698
			Deposit of funds (Note 3)	800,000	Deposits paid	805,690	
			Receipt of interest (Note 3)	2,434			

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	107,831.56 yen
Net income per share this period	12,991.66 yen