

Balance Sheet

As of March 31, 2024

(Amounts in 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,046,826	【Current Liabilities】	975,255
Cash and cash equivalents	308,780	Accounts payable	128,793
Accounts receivable	112,166	Other accounts payable	122,607
Merchandise	3,162	Income taxes payable	2,700
Supplies	1,440	Allowance for Bonuses	118,677
Prepaid expenses	113,259	Contract liability	585,639
Deposits paid	507,761	Consumption taxes payable	16,552
Other current assets	256	Other current liabilities	284
【Noncurrent Assets】	2,685,065	【Noncurrent Liabilities】	722,733
(Property, Plant, and Equipment)	2,602,326	Asset retirement obligations	77,406
Machinery and equipment	280,343	Long-term contract liability	644,827
Rail facilities	2,036,414	Other noncurrent liabilities	500
Facilities attached to buildings	2,324	Total Liabilities	1,697,988
Tools, Fixtures, and Equipment	16,821	Net Assets	
Construction in progress	266,423	【Shareholder's Equity】	2,033,903
(Intangible Assets)	1,222	(Capital stock)	100,000
Software	0	(Capital surplus)	2,210,000
Trademarks	514	Capital reserve	1,050,000
Patents	707	Other capital surplus	1,160,000
Other intangible assets	0	(Retained earnings)	△ 276,096
(Investments and Other Assets)	81,516	Other retained earnings	△ 276,096
Long-term prepaid expenses	73,665	Retained earnings brought forward	△ 276,096
Leasehold deposits	7,851	Total Net Assets	2,033,903
Total Assets	3,731,891	Total Liabilities and Net Assets	3,731,891

(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	5-10 years
Rail facilities	9-30 years
Buildings and accompanying facilities	10 years
Tools, furniture, and fixtures	4-15 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 1,382,644 Thousand yen

(2) Receivables from and payables to affiliated companies

Short-term receivables	545,983 Thousand yen
Short-term payables	35,862 Thousand yen

3. Notes on tax effect accounting

Significant components of deferred tax assets and liabilities

Deferred tax assets

Depreciated assets	26,904 Thousand yen
Asset retirement obligations	26,774
Allowance for bonuses	36,063
Inventory assets, etc.	51,979
Contract liability	179,984
Losses brought forward	<u>347,768</u>
Subtotal of deferred tax assets	669,475
Valuation allowance	<u>△ 655,796</u>
Total of deferred tax assets	13,678

Deferred tax liabilities

Expenses for asset retirement obligations	△ 13,678
Total of deferred tax liabilities	<u>△ 13,678</u>
Net deferred tax assets	<u> -</u>

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)	1,617,292	Accounts receivable	38,222
						Contract liability	382,256
				Payroll payment of seconded employees (Note 2)	613,161	Long-term contract liability	466,071
				Deposit of funds (Note 3)	500,000	Other accounts payable	31,968
			Receipt of interest (Note 3)	2,070	Deposits paid	507,761	

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 80,710.43 yen

Net income per share this period Δ 27,121.12 yen

6. Notes of significant subsequent events

There is nothing to report.

7. Net income or loss Δ 683,452,318 yen