

Balance Sheet

As of March 31, 2025

(Amounts in 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,556,306	【Current Liabilities】	2,074,049
Cash and cash equivalents	671,625	Accounts payable	130,306
Accounts receivable	115,630	Other accounts payable	147,259
Merchandise	5,426	Income taxes payable	13,151
Supplies	2,551	Allowance for Bonuses	123,120
Prepaid expenses	152,088	Contract liability	1,582,777
Deposits paid	608,625	Consumption taxes payable	76,725
Other current assets	357	Other current liabilities	707
【Noncurrent Assets】	3,451,696	【Noncurrent Liabilities】	84,816
(Property, Plant, and Equipment)	2,759,293	Asset retirement obligations	84,316
Machinery and equipment	513,726	Long-term contract liability	500
Rail facilities	1,991,511	Other noncurrent liabilities	0
Facilities attached to buildings	8,982	Total Liabilities	2,158,866
Tools, Fixtures, and Equipment	18,014	Net Assets	
Construction in progress	227,058	【Shareholder's Equity】	2,849,136
(Intangible Assets)	5,151	(Capital stock)	100,000
Software	0	(Capital surplus)	2,210,000
Trademarks	426	Capital reserve	1,050,000
Patents	581	Other capital surplus	1,160,000
Other intangible assets	414,200	(Retained earnings)	539,136
(Investments and Other Assets)	687,251	Other retained earnings	539,136
Long-term prepaid expenses	142,089	Retained earnings brought forward	539,136
Leasehold deposits	15,406		
Deferred tax assets	529,756	Total Net Assets	2,849,136
Total Assets	5,008,002	Total Liabilities and Net Assets	5,008,002

(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

10-15 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 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 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

1,566,241 Thousand yen

(2) Receivables from and payables to affiliated companies

Short-term receivables

644,992 Thousand yen

Short-term payables

40,905 Thousand yen

3. Notes on tax effect accounting

(1) Significant components of deferred tax assets and liabilities

Deferred tax assets	
Depreciated assets	16,266 Thousand yen
Asset retirement obligations	26,652
Allowance for bonuses	36,532
Inventory assets, etc.	37,631
Accrued business office taxes	914
Denied assets	1,336
Contract liability	110,243
Losses brought forward	313,446
Subtotal of deferred tax assets	543,023
Valuation allowance	-
Total of deferred tax assets	543,023
Deferred tax liabilities	
Expenses for asset retirement obligations	△ 13,267
Subtotal of deferred tax liabilities	△ 13,267
Valuation allowance	-
Total of deferred tax liabilities	△ 13,267
Net deferred tax assets	529,756

(2) Components of principal factors accounting for significant differences between the statutory effective tax rate and the effective tax rate

Statutory effective tax rate	34.59 %
(Adjustment)	
Changes in valuation allowance	△ 219.55 %
Deferred tax asset adjustment due to tax rate change	11.25 %
Others	0.78 %
Effective tax rate after applying tax effect accounting	△ 172.93 %

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)	1,535,944	Accounts receivable	36,367
						Contract liability	965,728
				Payroll payment of seconded employees (Note 2)	591,933	Other accounts payable	38,340
				Deposit of funds (Note 3) Receipt of interest (Note 3)	600,000 863	Deposits paid	608,625

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	113,060.95 yen
Net income per share this period	32,350.52 yen

6. Notes on significant subsequent events

At the Board of Directors meeting held on January 28, 2025, We resolved to transfer the operations related to the sale and other activities of the sXGP business to SoftBank Corp. through an absorption-type company split.

(1) Business and related operations included in the absorption-type company split
Operations related to the sales and other activities of the sXGP business

(2) Successor company
SoftBank Corp.

(3) Effective date of succession
April 1, 2025

(4) Purpose of this absorption-type company split
sXGP is a corporate service that enables the construction of private networks without requiring a license, using the 1.9 GHz frequency band.
One of its key features is its immunity to network congestion and regulatory restrictions during large-scale events or disasters.
As a successor to PHS, it is widely used in sectors such as healthcare and construction.
sXGP service will be transferred to SoftBank Corp., with the aim of maximizing synergies with SoftBank’s solutions and streamlining operations.
Please note that no consideration will be exchanged for the rights and obligations transferred under this absorption-type company split.

7. Net income or loss 815,233,102 yen