Balance Sheet

As of March 31, 2026

(Amounts in 1,000 JPY)

Assets		Liabilities	
Item	Amount	Item	Amount
【Current Assets】	1,605,551	【Current Liabilities】	1,642,254
Cash and cash equivalents	687,379	Accounts payable	115,870
Accounts receivable	146,800	Other accounts payable	192,610
Merchandise	105	Income taxes payable	103,909
Supplies	2,616	Allowance for Bonuses	78,257
Prepaid expenses	143,888	Contract liability	1,150,177
Consumption taxes receivable	13,944	Other current liabilities	1,430
Deposits paid	610,453	【Noncurrent Liabilities】	88,228
Other current assets	362	Long-term contract liability	86,828
【Noncurrent Assets】	3,393,767	Other noncurrent liabilities	1,400
(Property, Plant, and Equipment)	2,868,735	Total Liabilities	1,730,483
Machinery and equipment	637,003	Net Assets	
Rail facilities	2,002,789	【Shareholder's Equity】	3,268,835
Facilities attached to buildings	8,483	(Capital stock)	100,000
Tools, Fixtures, and Equipment	13,909	(Capital surplus)	2,210,000
Construction in progress	206,549	Capital reserve	1,050,000
(Intangible Assets)	329	Other capital surplus	1,160,000
Software	0	(Retained earnings)	958,835
Trademarks	272	Other retained earnings	958,835
Patents	56	Retained earnings brought forward	958,835
Other intangible assets	0		
(Investments and Other Assets)	524,702		
Long-term prepaid expenses	158,284		
Leasehold deposits	19,619		
Deferred tax assets	346,798	Total Net Assets	3,268,835
Total Assets	4,999,319	Total Liabilities and Net Assets	4,999,319

(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	10-18 years
Tools, furniture, and fixtures	4-15 years

(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 custom
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.

2. Notes on accounting estimates

The following are the assets and liabilities that were recorded in the financial statements for the current fiscal year based on accounting estimates and that pose a risk of having a significant impact on the financial statements for the following fiscal year.

(1) Deferred tax assets

The financial statements for this fiscal year include an amount of 346,798 thousand yen.
The recognition of deferred tax assets is estimated based on the timing and amount of taxable income generated under future business plans.
This estimate may be affected by uncertain future economic conditions, and if the actual timing and amount of taxable income differ from the estimate, it could have a significant impact on the amount of deferred tax assets in the financial statements for the following fiscal year.

3. Notes on Balance Sheet

(1) Accumulated depreciation of property, plant, and equipment	1,736,622 Thousand yen

(2) Receivables from and payables to affiliated companies

Short-term receivables	631,659 Thousand yen
Short-term payables	27,649 Thousand yen

4. Notes on tax effect accounting

(1) Significant components of deferred tax assets and liabilities

Deferred tax assets	
Depreciated assets	6,451 Thousand yen
Asset retirement obligations	27,368
Allowance for bonuses	21,443
Accrued business office taxes	8,518
Contract liability	77,531
Losses brought forward	218,011
Subtotal of deferred tax assets	359,325
Valuation allowance	-
Total of deferred tax assets	359,325
Deferred tax liabilities	
Expenses for asset retirement obligations	△ 12,527
Total of deferred tax liabilities	△ 12,527
Net deferred tax assets	346,798

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

Statutory effective tax rate	
(Adjustment)	34.59 %
Changes in valuation allowance	4.73 %
Others	1.85 %
Effective tax rate after applying tax effect accounting	41.17 %

5. 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)	1,506,095	Accounts receivable	21,206
						Contract liability	795,271
				Payroll payment of seconded employees (Note 2)	365,568	Other accounts payable	26,518
				Deposit of funds (Note 3)	600,000	Deposits paid	610,453
				Receipt of interest (Note 3)	1,828		
			Absorption splitting (Note 4)	Total assets transferred	132,373	-	-
				Total liabilities transferred	132,373	-	-
Subsidiary of the parent company	LY Corp.	None	Business transactions	Provision of telecommunications services (Note 1)	536,271	Accounts receivable	26,676

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 pric

(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.

(Note 4) Regarding the absorption-type split, the business related to the sale of sXGP based communication services was spun off.
The calculation is based on the book value of assets and liabilities.

6. Notes on per-share information

Net assets per share	129,715.70 yen
Net income per share this period	16,654.75 yen

7. Net income or loss 419,699,706 yen