

English Translation

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Summary of Financial Results for the Year Ended March 31, 2021 (Japanese GAAP) (Consolidated)

May 14, 2021

Name of listed company: JTOWER Inc. Listing exchange: Tokyo
 Securities code: 4485 URL: <https://en.jtower.co.jp/>
 Representative: (Position) Representative Director (Name) Atsushi Tanaka
 Contact for inquiries: (Position) Managing Director CFO and General Business Administration Department Head (Name) Ryosuke Nakamura TEL: +81-3-6447-2614
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date of dividend payments: -
 Supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results (cumulative)

(% figures show the change from the same period of previous fiscal year)

	Net sales		EBITDA*		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2021	3,501	36.9	1,349	83.0	418	501.3	178	-	506	-
Year ended March 31, 2020	2,558	85.7	737	338.3	69	-	5	-	(13)	-

(Note)

Comprehensive income Year ended March 31, 2021: 445 million yen (-%) Year ended March 31, 2020: (47) million yen (-%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	yen	yen	%	%	%
Year ended March 31, 2021	24.58	24.08	7.4	1.1	12.0
Year ended March 31, 2020	(0.94)	-	(0.3)	0.1	2.7

(Reference) Share of loss of entities

accounted for using equity method Year ended March 31, 2021: (240) million yen Year ended March 31, 2020: (26) million yen

*EBITDA = Operating income + Depreciation + Amortization of goodwill + Amortization of long-term prepaid expenses

(Note) The Company conducted a 4-for-1 stock split of its common shares as of August 30, 2019 and calculated the basic earnings per share assuming that the stock split was conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	Yen
As of March 31, 2021	16,745	7,137	42.6	342.59
As of March 31, 2020	14,646	6,635	45.3	323.58

(Reference) Equity As of March 31, 2021 7,137 million yen As of March 31, 2020 6,635 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2021	3,311	(2,470)	418	7,990
Year ended March 31, 2020	3,165	(2,699)	4,385	6,851

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	(Total)			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ended March 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Year ending March 31, 2022 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated financial forecast for fiscal year ending March 2022 (from April 1, 2021 to March 31, 2022)

(% figures show the change from the same period of previous fiscal year)

	Net sales		EBITDA		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	
Full fiscal year	4,600	31.4	1,590	17.8	260	(37.9)	180	0.6	100	(80.3)	4.80

* Explanatory notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in change in scope of consolidation): No
Newly included: — companies (Company name) —
Excluded: — companies (Company names) —

- (2) Changes in accounting policies, changes in accounting estimates, and restatements
(i) Changes in accounting policies due to amendment of accounting standards, etc. : No
(ii) Changes in accounting policies other than (i) : No
(iii) Changes in accounting estimates : No
(iv) Restatements : No

(3) Number of shares issued and outstanding (common shares)

(i) Number of shares issued and outstanding (including treasury shares) at end of period	As of March 31, 2021	20,832,872 shares	As of March 31, 2020	20,505,572 shares
(ii) Number of treasury shares at end of period	As of March 31, 2021	84 shares	As of March 31, 2020	84 shares
(iii) Average number of shares during period (cumulative)	Year ended March 31, 2021	20,603,665 shares	Year ended March 31, 2020	14,017,765 shares

(Note) The Company conducted a 4-for-1 stock split of its common shares as of August 30, 2019 and calculated “the number of shares issued and outstanding at end of period,” “the number of treasury shares at end of period,” and “the average number of shares during period” assuming that the stock split was conducted at the beginning of the preceding fiscal year.

(Reference) Overview of Non-consolidated financial results

Non-consolidated Financial Results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results (cumulative)

(% figures show the change from the same period of previous fiscal year)

	Net sales		EBITDA*		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2021	2,919	52.4	1,231	92.9	441	262.5	415	593.1	322	360.7
Year ended March 31, 2020	1,915	120.5	638	-	121	-	59	-	70	-

	Basic earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2021	15.65	15.33
Year ended March 31, 2020	4.99	4.75

(Note) The Company conducted a 4-for-1 stock split of its common shares as of August 30, 2019 and calculated the basic earnings per share assuming that the stock split was conducted at the beginning of the preceding fiscal year.

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	Yen
As of March 31, 2021	17,299	7,814	45.2	375.12
As of March 31, 2020	15,113	7,435	49.2	362.61

(Reference) Equity As of March 31, 2021 7,814 million yen As of March 31, 2020 7,435 million yen

* This summary of financial results is not subject to quarterly review by a certified public accountant or auditing company.

* Explanation regarding appropriate use of financial forecasts, and other notes

(Notes on forward-looking statements)

The financial forecast and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual business performance and other results may differ materially due to various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	7,188,584	8,398,235
Notes and accounts receivable - trade	482,467	397,015
Other	361,675	160,032
Total current assets	8,032,726	8,955,283
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	5,882,330	7,419,350
Accumulated depreciation	(1,197,484)	(1,894,949)
Accumulated impairment	(64,189)	(91,195)
Machinery, equipment and vehicles, net	4,620,656	5,433,205
Leased assets	1,069,876	1,373,688
Accumulated depreciation	(227,737)	(383,001)
Leased assets, net	842,138	990,686
Construction in progress	380,399	485,958
Other	26,897	71,712
Accumulated depreciation	(9,617)	(12,865)
Other, net	17,280	58,847
Total property, plant and equipment	5,860,475	6,968,697
Intangible assets		
Goodwill	579,101	329,143
Other	7,611	252
Total intangible assets	586,712	329,395
Investments and other assets		
Investment securities	78,397	41,823
Deferred tax assets	22,240	369,843
Other	66,243	118,069
Allowance for doubtful accounts	—	(37,745)
Total investments and other assets	166,881	491,990
Total non-current assets	6,614,069	7,790,083
Total assets	14,646,796	16,745,366

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	193,462	129,417
Short-term borrowings	45,000	—
Current portion of long-term borrowings	—	210,000
Lease obligations	213,328	265,708
Accounts payable - other	1,204,276	851,664
Income taxes payable	58,001	61,784
Unearned revenue	1,525,681	2,318,750
Other	48,807	44,363
Total current liabilities	3,288,557	3,881,689
Non-current liabilities		
Long-term borrowings	300,000	210,000
Lease obligations	525,502	509,690
Long-term unearned revenue	3,869,972	4,985,825
Other	27,597	20,996
Total non-current liabilities	4,723,072	5,726,512
Total liabilities	8,011,629	9,608,201
Net assets		
Shareholders' equity		
Share capital	4,272,495	4,300,871
Capital surplus	2,433,819	2,462,195
Retained earnings	17,489	523,956
Treasury shares	(350)	(350)
Total shareholders' equity	6,723,454	7,286,673
Accumulated other comprehensive income		
Foreign currency translation adjustment	(88,288)	(149,508)
Total accumulated other comprehensive income	(88,288)	(149,508)
Total net assets	6,635,166	7,137,165
Total liabilities and net assets	14,646,796	16,745,366

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	2,558,500	3,501,932
Cost of sales	1,278,929	1,685,700
Gross profit	1,279,570	1,816,231
Selling, general and administrative expenses	1,209,948	1,397,560
Operating profit	69,622	418,671
Non-operating income		
Interest income	24,184	28,062
Other	1,385	277
Total non-operating income	25,569	28,339
Non-operating expenses		
Interest expenses	23,049	26,466
Share of loss of entities accounted for using equity method	26,135	240,337
Share issuance costs	20,081	—
Going public expenses	19,981	—
Other	302	1,264
Total non-operating expenses	89,549	268,068
Ordinary profit	5,642	178,942
Extraordinary income		
Gain on change in equity	—	99,979
Total extraordinary income	—	99,979
Extraordinary losses		
Impairment losses	—	27,006
Loss on valuation of shares of subsidiaries and associates	6,651	—
Provision of allowance for doubtful accounts	—	37,745
Total extraordinary losses	6,651	64,751
Profit (loss) before income taxes	(1,009)	214,170
Income taxes - current	37,630	60,978
Income taxes - deferred	(27,489)	(353,274)
Total income taxes	10,140	(292,296)
Profit (loss)	(11,149)	506,466
Profit attributable to non-controlling interests	2,032	—
Profit (loss) attributable to owners of parent	(13,182)	506,466

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	(11,149)	506,466
Other comprehensive income		
Foreign currency translation adjustment	(38,391)	(61,370)
Share of other comprehensive income of entities accounted for using equity method	1,643	149
Total other comprehensive income	(36,748)	(61,220)
Comprehensive income	(47,898)	445,246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49,931)	445,246
Comprehensive income attributable to non- controlling interests	2,032	—

(3) Consolidated Statement of Changes in Equity
For the year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,399,711	1,658,779	(1,457,226)	-	1,601,265
Changes during period					
Issuance of new shares	2,872,784	2,872,784			5,745,568
Loss attributable to owners of parent			(13,182)		(13,182)
Deficit disposition		(1,471,171)	1,471,171		—
Change in ownership interest of parent due to transactions with non-controlling interests		(626,572)			(626,572)
Increase in retained earnings due to exclusion of subsidiaries from consolidation			16,727		16,727
Purchase of treasury shares				(350)	(350)
Net changes in items other than shareholders' equity					
Total changes during period	2,872,784	775,040	1,474,715	(350)	5,122,189
Balance at end of period	4,272,495	2,433,819	17,489	(350)	6,723,454

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(51,539)	(51,539)	958,762	2,508,488
Changes during period				
Issuance of new shares				5,745,568
Loss attributable to owners of parent				(13,182)
Deficit disposition				—
Change in ownership interest of parent due to transactions with non-controlling interests				(626,572)
Increase in retained earnings due to exclusion of subsidiaries from consolidation				16,727
Purchase of treasury shares				(350)
Net changes in items other than shareholders' equity	(36,748)	(36,748)	(958,762)	(995,511)
Total changes during period	(36,748)	(36,748)	(958,762)	4,126,677
Balance at end of period	(88,288)	(88,288)	—	6,635,166

For the year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,272,495	2,433,819	17,489	(350)	6,723,454
Changes during period					
Issuance of new shares	28,376	28,376			56,752
Profit (loss) attributable to owners of parent			506,466		506,466
Net changes in items other than shareholders' equity					
Total changes during period	28,376	28,376	506,466	—	563,219
Balance at end of period	4,300,871	2,462,195	523,956	(350)	7,286,673

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(88,288)	(88,288)	6,635,166
Changes during period			
Issuance of new shares			56,752
Profit (loss) attributable to owners of parent			506,466
Net changes in items other than shareholders' equity	(61,220)	(61,220)	(61,220)
Total changes during period	(61,220)	(61,220)	501,998
Balance at end of period	(149,508)	(149,508)	7,137,165

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(1,009)	214,170
Depreciation	612,515	887,542
Impairment losses	—	27,006
Amortization of goodwill	53,370	41,126
Increase (decrease) in allowance for doubtful accounts	—	37,745
Interest income	(24,184)	(28,062)
Interest expenses	23,049	26,466
Share of loss (profit) of entities accounted for using equity method	26,135	240,337
Loss (gain) on change in equity	—	(99,979)
Decrease (increase) in trade receivables	(105,639)	55,564
Increase (decrease) in trade payables	21,942	(47,256)
Decrease/increase in consumption taxes receivable/payable	31,466	122,374
Increase (decrease) in unearned revenue	2,565,180	1,881,577
Other, net	1,370	(7,094)
Subtotal	3,204,196	3,351,518
Interest received	18,674	34,053
Interest paid	(23,100)	(26,466)
Income taxes paid	(33,811)	(47,889)
Net cash provided by (used in) operating activities	3,165,959	3,311,216
Cash flows from investing activities		
Payments into time deposits	(880,083)	(660,987)
Proceeds from withdrawal of time deposits	860,609	571,354
Purchase of securities	(51,623)	—
Proceeds from redemption of securities	—	50,569
Purchase of property, plant and equipment	(2,611,232)	(2,401,912)
Purchase of shares of nonconsolidated subsidiaries	—	(26,030)
Other, net	(17,123)	(3,982)
Net cash provided by (used in) investing activities	(2,699,453)	(2,470,988)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	32,500	(45,000)
Proceeds from long-term borrowings	—	300,000
Repayments of long-term borrowings	—	(30,000)
Proceeds from issuance of shares	5,725,486	56,752
Proceeds from share issuance to non-controlling shareholders	—	99,979
Proceeds from sale and leaseback transactions	392,132	303,812
Repayments of lease obligations	(159,244)	(267,244)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,604,929)	—
Other, net	(350)	—
Net cash provided by (used in) financing activities	4,385,594	418,299
Effect of exchange rate change on cash and cash equivalents	(578)	(1,856)
Net increase (decrease) in cash and cash equivalents	4,851,521	1,256,670
Cash and cash equivalents at beginning of period	2,006,588	6,851,458
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(6,651)	(117,984)
Cash and cash equivalents at end of period	6,851,458	7,990,145