

May 14, 2021

Company name:	J T O W E R Inc.
Representative:	Representative Director Atsushi Tanaka (TSE Mothers Code No. 4485)
Contract:	Ryosuke Nakamura Managing Director, CFO

Announcement of recording of non-operating expenses, extraordinary losses and deferred tax assets, and the difference between the full-year earnings forecasts and actual results for the fiscal year ended March 31, 2021

The following are the differences between the forecasts for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021) which were announced on March 17, 2021 and the actual results announced today, as well as the recording of non-operating expenses (equity in losses of affiliates), extraordinary losses (impairment losses and provision for allowance for doubtful accounts), and deferred tax assets.

1. Recording of non-operating expenses (equity in losses of affiliates)

With regard to the shares of affiliated companies related to our equity-method affiliates Nabiq, Inc. and GNI Myanmar Co., Ltd. we determined that the profitability and future business plans were no longer expected after considering changes in the market environment, including the impact of COVID-19 and political instability in Myanmar. As a result, equity in losses of affiliates of 240 million JPY, including the one-time write-off of goodwill, was recorded as non-operating expenses.

2. Recording of extraordinary loss (impairment loss)

In Domestic IBS Business, there were indications of impairment of certain fixed assets. Consequently, we recorded an impairment loss of 27 million JPY as an extraordinary loss based on a review of future recoverability in accordance with the Accounting Standard for Impairment of Fixed Assets.

3. Recording of extraordinary loss (provision of allowance for doubtful accounts)

After reviewing the collectability of receivables from GNI Myanmar Co., Ltd. our equity-method affiliate, based on the financial position of the company, the provision for doubtful accounts of 37 million JPY was recorded as an extraordinary loss.

4. Recording of deferred tax assets

Considering the fiscal year ended March 31, 2021 and future performance trends, we

decided to record additional deferred tax assets mainly for the loss carried forward for the tax purposes as a result of examining the recoverability of deferred tax assets. As a result, income taxes-deferred ("-" is profit) for the fiscal year ended March 31, 2021 amounted to -353 million JPY.

5. Difference between forecast and actual results

(1) Difference between forecast and actual results for FY03/2021 (April 1, 2020 to March 31, 2021)

	Revenue	(For reference) EBITDA*1	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	In JPY MN 3,501	In JPY MN 1,330	In JPY MN 400	In JPY MN 360	In JPY MN —	In JPY —
Revised forecast (B)	3,501	1,349	418	178	506	24.58
Difference (B-A)	(8)	19	18	(181)	—	—
Difference in percentage (%)	(0.2)	1.5	4.7	(50.3)	—	—
(For reference) Actual result from FY2019	2,558	737	69	5	(13)	(0.94)

*1: EBITDA=Operating Profit + Depreciation + Amortization of Goodwill + Amortization of long-term prepaid expenses

(2) Reasons for the difference

In the fiscal year ended March 31, 2021, revenue, EBITDA and operating profit were roughly in line with the previously announced forecasts, due to a steady increase in Infra-Sharing revenue in Domestic IBS business and other factors. Ordinary profit was lower than the previously announced forecast, mainly due to the recording of equity in losses of affiliates as described in 1. above. Profit attributable to owners of the parent was 506 million JPY mainly due to the recording of extraordinary losses and income taxes-deferred as described in 2. to 4. in addition to the above.