

English Translation

This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Financial Results for the Nine Months Ended December 31, 2022 (Japanese GAAP) (Consolidated)

February 8, 2023

Listing exchange: Tokyo

Name of listed company: JTOWER Inc.

Securities code: 4485 URL: <https://en.jtower.co.jp/>

Representative: (Position) Representative Director (Name) Atsushi Tanaka

Contact for inquiries: (Position) Managing Director CFO and Corporate Department Head (Name) Ryosuke Nakamura TEL: +81-3-6447-2614

Scheduled date to file Securities Report: February 9, 2023

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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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	%
Nine months ended December 31, 2022	3,585	23.1	992	(15.9)	(74)	—	(937)	—	(1,159)	—
Nine months ended December 31, 2021	2,912	12.5	1,180	21.9	367	26.3	334	26.4	179	(31.0)

(Note) Nine months ended December 31, 2022: (839) million yen (—%) Nine months ended December 31, 2021: 297 million yen (30.4%)
Comprehensive income

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2022	(52.70)	—
Nine months ended December 31, 2021	8.25	8.20

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

(Note) Though there are diluted shares, the Diluted earnings per share are not described due to the net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
As of December 31, 2022	35,947	14,388	40.0
As of March 31, 2022	25,005	15,219	60.9

(Reference) Equity As of December 31, 2022 14,388 million yen As of March 31, 2022 15,219 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	(Total)
	yen	yen	yen	yen	yen
Fiscal year ended March 2022	-	0.00	-	0.00	0.00
Fiscal year ending March 2023	-	0.00	-		
Fiscal year ending March 2023 (forecast)				0.00	0.00

(Note) Recently announced dividend forecast corrected? Yes/No: No

3. Consolidated financial forecast for fiscal year ending March 2023 (from April 1, 2022 to March 31, 2023)

(% 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	%	yen
Full fiscal year	5,200	23.3	1,290	(24.0)	(290)	—	(1,730)	—	(1,970)	—	(89.53)

(Note) 1. Recently announced earnings estimate corrected? Yes/No: Yes

2. For the revision of the consolidated financial forecast, please refer to “Announcement of financial forecast revision and recording of extraordinary loss” that was announced on February 8, 2023.

* Explanatory notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in change in scope of consolidation): No
- (2) Application of accounting treatments specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - (i) Changes in accounting policies due to amendment of accounting standards, etc. : Yes
 - (ii) Changes in accounting policies other than (i) : No
 - (iii) Changes in accounting estimates : No
 - (iv) Restatements : No

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

(i) Number of shares issued and outstanding (including treasury shares) at the end of period	As of December 31, 2022	22,026,418 shares	As of March 31, 2022	22,009,418 shares
(ii) Number of treasury shares at the end of period	As of December 31, 2022	16,159 shares	As of March 31, 2022	16,159 shares
(iii) Average number of shares during period (cumulative)	Nine months ended December 31, 2022	22,001,347 shares	Nine months ended December 31, 2021	21,737,993 shares

(Note) The Company has introduced the Employee Stock Ownership Plan (J-ESOP) and the shares in the Company held by the trusts are included in the number of treasury shares to be subtracted upon calculating the number of treasury shares at the end of the period and the average number of shares during period.

* 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	14,835,264	13,416,388
Accounts receivable - trade	592,821	532,853
Other	354,630	1,427,149
Total current assets	15,782,716	15,376,391
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,849	10,313,141
Machinery, equipment and vehicles, net	6,675,865	7,350,527
Other, net	1,584,613	1,917,298
Total property, plant and equipment	8,317,328	19,580,967
Intangible assets		
Goodwill	339,603	379,791
Other	633	500
Total intangible assets	340,237	380,292
Investments and other assets	564,740	609,670
Total non-current assets	9,222,305	20,570,930
Total assets	25,005,022	35,947,322
Liabilities		
Current liabilities		
Accounts payable - trade	294,326	179,703
Accounts payable - other	975,233	12,854,037
Current portion of long-term borrowings	60,000	60,000
Contract liabilities	7,473,803	7,714,803
Other	412,088	304,925
Total current liabilities	9,215,452	21,113,470
Non-current liabilities		
Long-term borrowings	150,000	110,000
Other	419,578	335,641
Total non-current liabilities	569,578	445,641
Total liabilities	9,785,030	21,559,112

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	7,989,122	7,992,988
Capital surplus	6,150,446	6,154,312
Retained earnings	1,168,343	8,951
Treasury shares	(100,038)	(100,038)
Total shareholders' equity	15,207,873	14,056,214
Accumulated other comprehensive income		
Deferred gains or losses on hedges	—	16,613
Foreign currency translation adjustment	12,118	315,182
Total accumulated other comprehensive income	12,118	331,795
Non-controlling interests	—	200
Total net assets	15,219,992	14,388,210
Total liabilities and net assets	25,005,022	35,947,322

(2) Quarterly Consolidated Statement of Income

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	2,912,093	3,585,456
Cost of sales	1,352,725	1,785,225
Gross profit	1,559,367	1,800,231
Selling, general and administrative expenses	1,191,492	1,874,969
Operating profit (loss)	367,875	(74,737)
Non-operating income		
Interest income	15,520	18,131
Foreign exchange gains	—	62,908
Other	1,565	4,862
Total non-operating income	17,086	85,902
Non-operating expenses		
Interest expenses	17,124	9,518
Share issuance costs	32,692	210
Commission expenses	—	937,816
Other	363	1,236
Total non-operating expenses	50,180	948,782
Ordinary profit (loss)	334,781	(937,617)
Extraordinary income		
Contribution for construction	—	19,474
Total extraordinary income	—	19,474
Extraordinary losses		
Loss on retirement of non-current assets	7,266	—
Tax purpose reduction entry of contribution for construction	—	19,474
Impairment losses	—	191,553
Total extraordinary losses	7,266	211,028
Profit (loss) before income taxes	327,514	(1,129,170)
Income taxes	106,971	30,221
Income taxes for prior periods	41,102	—
Total income taxes	148,074	30,221
Profit (loss)	179,440	(1,159,391)
Profit (loss) attributable to owners of parent	179,440	(1,159,391)

(3) Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss)	179,440	(1,159,391)
Other comprehensive income		
Deferred gains or losses on hedges	—	16,613
Foreign currency translation adjustment	120,246	303,063
Share of other comprehensive income of entities accounted for using equity method	(1,793)	—
Total other comprehensive income	118,453	319,676
Comprehensive income	297,893	(839,714)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	297,893	(839,714)
Comprehensive income attributable to non-controlling interests	—	—