

English Translation

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Summary of Financial Results for the Year Ended March 31, 2023 (Japanese GAAP) (Consolidated)

May 11, 2023

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 Corporate Department Head (Name) Ryosuke Nakamura TEL: +81-3-6447-2614
 Scheduled date of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 28, 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 year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	5,228	24.0	1,688	(0.5)	117	(79.1)	(1,238)	—	(1,602)	—
Year ended March 31, 2022	4,216	20.4	1,696	25.7	560	33.9	555	210.5	644	27.2

(Note)

Comprehensive income Year ended March 31, 2023: (2,338) million yen (-%) Year ended March 31, 2022: 806 million yen (81.0%)

	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, 2023	(72.84)	—	(11.4)	(3.2)	2.2
Year ended March 31, 2022	29.56	29.36	5.8	2.7	13.3

(Reference) Share of loss of entities

accounted for using equity method Year ended March 31, 2023: - million yen Year ended March 31, 2022: - million yen

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

(Note) For the year ended March 31, 2023, 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	Net assets per share
	million yen	million yen	%	Yen
As of March 31, 2023	52,042	12,893	24.8	585.65
As of March 31, 2022	25,005	15,219	60.9	692.03

(Reference) Equity As of March 31, 2023 12,893 million yen As of March 31, 2022 15,219 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, 2023	1,445	(12,715)	20,445	23,603
Year ended March 31, 2022	1,949	(2,378)	6,781	14,375

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, 2022	-	0.00	-	0.00	0.00	-	-	-
Year ended March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Year ending March 31, 2024 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated financial forecast for fiscal year ending March 2024 (from April 1, 2023 to March 31, 2024)

(% 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	10,500	100.8	4,740	180.7	560	378.4	(680)	—	(700)	—	yen (31.80)

* Explanatory notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in change in scope of consolidation): Yes
Newly included: 1 company (Company name) JTOWER Infrastructure Inc.
- (2) 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

(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, 2023	22,031,718 shares	As of March 31, 2022	22,009,418 shares
(ii) Number of treasury shares at end of period	As of March 31, 2023	16,159 shares	As of March 31, 2022	16,159 shares
(iii) Average number of shares during period (cumulative)	Year ended March 31, 2023	22,003,857 shares	Year ended March 31, 2022	21,796,362 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.

(Reference) Overview of Non-consolidated financial results

Non-consolidated Financial Results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	4,127	13.2	1,462	(2.4)	252	(50.9)	(12)	—	(348)	—
Year ended March 31, 2022	3,646	24.9	1,498	21.7	515	16.6	489	17.8	599	85.7

	Basic earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2023	(15.82)	—
Year ended March 31, 2022	27.49	27.30

(Note) For the year ended March 31, 2023, though there are diluted shares, the diluted earnings per share are not described due to the net loss per share.

(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, 2023	43,955	15,354	34.9	697.42
As of March 31, 2022	25,305	15,690	62.0	713.43

(Reference) Equity As of March 31, 2023 15,354 million yen As of March 31, 2022 15,690 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,835,264	24,247,780
Accounts receivable - trade	592,821	529,968
Other	354,630	985,192
Total current assets	15,782,716	25,762,941
Non-current assets		
Property, plant and equipment		
Buildings and structures	68,768	14,879,185
Accumulated depreciation	(11,919)	(179,448)
Accumulated impairment	—	(94,334)
Buildings and structures, net	56,849	14,605,402
Machinery, equipment and vehicles	9,670,751	12,412,619
Accumulated depreciation	(2,895,719)	(4,145,344)
Accumulated impairment	(99,166)	(126,685)
Machinery, equipment and vehicles, net	6,675,865	8,140,589
Leased assets	1,390,356	1,437,118
Accumulated depreciation	(542,681)	(707,597)
Leased assets, net	847,675	729,520
Construction in progress	721,041	1,931,879
Other	57,410	95,703
Accumulated depreciation	(41,335)	(49,547)
Accumulated impairment	(178)	(25,407)
Other, net	15,896	20,747
Total property, plant and equipment	8,317,328	25,428,139
Intangible assets		
Goodwill	339,603	338,352
Other	633	37,774
Total intangible assets	340,237	376,126
Investments and other assets		
Investment securities	50,320	50,320
Deferred tax assets	331,591	219,501
Other	182,828	205,196
Total investments and other assets	564,740	475,017
Total non-current assets	9,222,305	26,279,284
Total assets	25,005,022	52,042,226

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	294,326	277,246
Current portion of long-term borrowings	60,000	930,000
Lease liabilities	224,554	177,781
Accounts payable - other	975,233	7,451,808
Income taxes payable	108,177	61,738
Contract liabilities	7,473,803	7,825,543
Other	79,356	106,395
Total current liabilities	9,215,452	16,830,513
Non-current liabilities		
Long-term borrowings	150,000	21,146,000
Lease liabilities	298,582	158,498
Interest rate swap liabilities	—	882,298
Other	120,996	131,313
Total non-current liabilities	569,578	22,318,110
Total liabilities	9,785,030	39,148,623
Net assets		
Shareholders' equity		
Share capital	7,989,122	7,994,860
Capital surplus	6,150,446	6,156,184
Retained earnings	1,168,343	(434,467)
Treasury shares	(100,038)	(100,038)
Total shareholders' equity	15,207,873	13,616,540
Accumulated other comprehensive income		
Deferred gains or losses on hedges	—	(882,298)
Foreign currency translation adjustment	12,118	159,161
Total accumulated other comprehensive income	12,118	(723,137)
Non-controlling interests	—	200
Total net assets	15,219,992	12,893,602
Total liabilities and net assets	25,005,022	52,042,226

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	4,216,037	5,228,928
Cost of sales	2,050,953	2,678,709
Gross profit	2,165,084	2,550,219
Selling, general and administrative expenses	1,604,630	2,433,153
Operating profit	560,453	117,065
Non-operating income		
Interest income	20,993	26,563
Foreign exchange gains	27,942	66,043
Other	161	5,535
Total non-operating income	49,097	98,141
Non-operating expenses		
Interest expenses	20,919	37,239
Share issuance costs	32,782	240
Commission expenses	—	1,415,141
Other	246	1,240
Total non-operating expenses	53,947	1,453,860
Ordinary profit (loss)	555,603	(1,238,652)
Extraordinary income		
Gain on sale of investment securities	240,164	—
Subsidy income	166,728	—
Contribution received for construction	71,125	19,474
Total extraordinary income	478,017	19,474
Extraordinary losses		
Loss on retirement of non-current assets	7,266	—
Loss on tax purpose reduction entry of non-current assets	150,000	—
Tax purpose reduction entry of contribution for construction	71,125	19,474
Impairment losses	8,148	217,449
Total extraordinary losses	236,539	236,924
Profit (loss) before income taxes	797,081	(1,456,102)
Income taxes - current	74,984	39,339
Income taxes for prior periods	43,637	—
Income taxes - deferred	34,072	107,368
Total income taxes	152,694	146,707
Profit (loss)	644,386	(1,602,810)
Profit (loss) attributable to owners of parent	644,386	(1,602,810)

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	644,386	(1,602,810)
Other comprehensive income		
Deferred gains or losses on hedges	—	(882,298)
Foreign currency translation adjustment	163,420	147,042
Share of other comprehensive income of entities accounted for using equity method	(1,793)	—
Total other comprehensive income	161,627	(735,256)
Comprehensive income	806,014	(2,338,066)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	806,014	(2,338,066)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity
For the year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,300,871	2,462,195	523,956	(350)	7,286,673
Changes during period					
Issuance of new shares	3,688,250	3,688,250			7,376,500
Profit attributable to owners of parent			644,386		644,386
Purchase of treasury shares				(99,688)	(99,688)
Net changes in items other than shareholders' equity					
Total changes during period	3,688,250	3,688,250	644,386	(99,688)	7,921,199
Balance at end of period	7,989,122	6,150,446	1,168,343	(100,038)	15,207,873

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(149,508)	(149,508)	7,137,165
Changes during period			
Issuance of new shares			7,376,500
Profit attributable to owners of parent			644,386
Purchase of treasury shares			(99,688)
Net changes in items other than shareholders' equity	161,627	161,627	161,627
Total changes during period	161,627	161,627	8,082,827
Balance at end of period	12,118	12,118	15,219,992

For the year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,989,122	6,150,446	1,168,343	(100,038)	15,207,873
Changes during period					
Issuance of new shares	5,738	5,738			11,477
Profit (loss) attributable to owners of parent			(1,602,810)		(1,602,810)
Net changes in items other than shareholders' equity					
Total changes during period	5,738	5,738	(1,602,810)	—	(1,591,333)
Balance at end of period	7,994,860	6,156,184	(434,467)	(100,038)	13,616,540

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	—	12,118	12,118	—	15,219,992
Changes during period					
Issuance of new shares					11,477
Profit (loss) attributable to owners of parent					(1,602,810)
Net changes in items other than shareholders' equity	(882,298)	147,042	(735,256)	200	(735,056)
Total changes during period	(882,298)	147,042	(735,256)	200	(2,326,389)
Balance at end of period	(882,298)	159,161	(723,137)	200	12,893,602

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	797,081	(1,456,102)
Depreciation	1,102,581	1,532,024
Impairment losses	8,148	217,449
Loss on tax purpose reduction entry of non-current assets	150,000	—
Tax purpose reduction entry of contribution for construction	71,125	19,474
Subsidy income	(166,728)	—
Contribution received for construction	(71,125)	(19,474)
Loss (gain) on sale of shares of subsidiaries and associates	(240,165)	—
Amortization of goodwill	30,738	36,024
Interest income	(20,993)	(26,563)
Interest expenses	20,919	37,239
Share issuance costs	32,782	240
Commission expenses	—	1,415,141
Foreign exchange losses (gains)	(28,509)	(48,861)
Decrease (increase) in trade receivables	(168,662)	86,659
Increase (decrease) in trade payables	156,843	(25,619)
Decrease (increase) in prepaid expenses	(18,164)	(70,028)
Increase (decrease) in income taxes payable - factor based tax	39,531	(20,822)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(32,643)	(618,882)
Increase (decrease) in accounts payable - other	(5,496)	116,851
Increase (decrease) in contract liability	316,667	350,926
Other, net	83,948	64,099
Subtotal	2,057,878	1,589,775
Interest received	21,765	22,139
Interest paid	(20,919)	(78,029)
Income taxes paid	(109,194)	(88,698)
Net cash provided by (used in) operating activities	1,949,530	1,445,187
Cash flows from investing activities		
Payments into time deposits	(843,519)	(842,036)
Proceeds from withdrawal of time deposits	844,477	689,347
Purchase of property, plant and equipment	(2,585,342)	(12,732,072)
Subsidies received	—	150,000
Proceeds from contribution received for construction	71,125	19,474
Payments of leasehold and guarantee deposits	(95,178)	(8,431)
Proceeds from refund of leasehold and guarantee deposits	692	35,311
Proceeds from sale of shares of subsidiaries and associates	240,165	—
Other, net	(11,225)	(26,916)
Net cash provided by (used in) investing activities	(2,378,805)	(12,715,324)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	21,926,000
Repayments of long-term borrowings	(210,000)	(60,000)
Commission expenses paid	—	(1,245,106)
Proceeds from issuance of shares	7,343,718	11,237
Purchase of treasury shares	(99,688)	—
Proceeds from sale and leaseback transactions	16,667	46,761
Repayments of lease liabilities	(268,929)	(233,619)
Other, net	—	200
Net cash provided by (used in) financing activities	6,781,769	20,445,472
Effect of exchange rate change on cash and cash equivalents	32,473	53,531
Net increase (decrease) in cash and cash equivalents	6,384,967	9,228,867
Cash and cash equivalents at beginning of period	7,990,145	14,375,112
Cash and cash equivalents at end of period	14,375,112	23,603,980