

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, 2019 (Japanese GAAP) (Consolidated)

February 5, 2020

Listing exchange: Tokyo

Name of listed company: JTOWER Inc.
 Securities code: 4485 URL: <https://www.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 for submission of quarterly report: February 12, 2020
 Scheduled date for start of dividend payment: -
 Supplementary explanatory materials created for quarterly results? Yes/No: Yes
 Quarterly financial results briefing meeting held? Yes/No: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	1,729	-	487	-	16	-	(36)	-	(67)	-
Nine months ended December 31, 2018	-	-	-	-	-	-	-	-	-	-

(Note) Comprehensive income Nine months ended December 31, 2019: -112 million yen (-%) Nine months ended December 31, 2018: - million yen (-%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2019	(5.56)	-
Nine months ended December 31, 2018	-	-

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

(Note) 1 The Company has not prepared a quarterly consolidated financial statement for nine months ended December 31, 2018, so the figures of nine months ended December 2018 and the rate of increase (decrease) compared with the same period of previous fiscal year for the nine months ended December 31, 2019 are not described.

2. 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 fiscal year under review.

3. 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, 2019	11,928	5,247	44.0
As of March 31, 2019	7,396	2,508	21.0

(Reference) Equity As of December 31, 2019 5,247 million yen As of March 31, 2019 1,549 million yen

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	(Total)
	yen	yen	yen	yen	yen
Fiscal year ended March 2019	-	0.00	-	0.00	0.00
Fiscal year ending March 2020	-	0.00	-		
Fiscal year ending March 2020 (forecast)				0.00	0.00

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

3. Consolidated financial forecast for fiscal year ending March 2020 (from April 1, 2019 to March 31, 2020)

(% figures show the rate of increase (decrease) compared with the 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	2,439	77.0	600	256.5	(65)	-	(138)	-	(169)	-	(12.06)

(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” that was announced on February 5, 2020.

3. 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 fiscal year under review.

* Explanatory notes

(1) Changes in significant subsidiaries during the first three quarters

(Changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly included: — companies (Company name) —

Excluded: 2 companies (Company names) Vietnam Infrastructure Holding Ltd., Vietnam Data and Aerial System Co., Ltd.

(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 end of period	As of December 31, 2020	19,474,472 shares	As of March 31, 2019	7,180,000 shares
(ii) Number of treasury shares at end of period	As of December 31, 2020	- shares	As of March 31, 2019	- shares
(iii) Average number of shares during period (cumulative)	Nine months ended December 31, 2019	12,084,436 shares	Nine months ended December 31, 2018	- shares

(Note) 1. A quarterly consolidated financial statement has not been prepared for the nine months ended December 31, 2018, so the average number of shares during period (cumulative) of the nine months ended March 2018 are not described.

2. 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.

* 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. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	2,329,160	5,463,339
Notes and accounts receivable - trade	379,719	329,031
Other	275,013	201,043
Total current assets	2,983,893	5,993,414
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	2,817,347	3,732,932
Other, net	814,586	1,453,851
Total property, plant and equipment	3,631,934	5,186,783
Intangible assets		
Goodwill	638,635	590,038
Other	16,058	8,552
Total intangible assets	654,694	598,590
Investments and other assets	125,543	149,413
Total non-current assets	4,412,172	5,934,787
Total assets	7,396,065	11,928,202
Liabilities		
Current liabilities		
Accounts payable - trade	172,466	190,967
Short-term loans payable	12,500	35,518
Accounts payable - other	1,019,418	715,762
Income taxes payable	28,142	55,876
Unearned revenue	737,584	1,343,313
Other	172,956	337,079
Total current liabilities	2,143,069	2,678,518
Non-current liabilities		
Long-term loans payable	300,000	300,000
Long-term unearned revenue	2,042,193	3,192,631
Other	402,313	509,730
Total non-current liabilities	2,744,507	4,002,362
Total liabilities	4,887,576	6,680,880

(Unit: thousand yen)

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	1,399,711	3,610,811
Capital surplus	1,658,779	1,772,135
Retained earnings	(1,457,226)	(36,550)
Total shareholders' equity	1,601,265	5,346,396
Accumulated other comprehensive income		
Foreign currency translation adjustment	(51,539)	(99,075)
Total accumulated other comprehensive income	(51,539)	(99,075)
Non-controlling interests	958,762	-
Total net assets	2,508,488	5,247,321
Total liabilities and net assets	7,396,065	11,928,202

(2) Quarterly Consolidated Statement of Income

(Unit: thousand yen)

	Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Net sales	1,729,502
Cost of sales	857,949
Gross profit	871,553
Selling, general and administrative expenses	854,710
Operating income	16,843
Non-operating income	
Interest income	16,968
Other	1,237
Total non-operating income	18,206
Non-operating expenses	
Interest expenses	17,345
Share of loss of entities accounted for using equity method	19,667
Share issuance cost	15,477
Going public expenses	18,934
Other	202
Total non-operating expenses	71,628
Ordinary income (loss)	(36,578)
Extraordinary losses	
Loss on valuation of shares of subsidiaries and affiliates	6,651
Total extraordinary losses	6,651
Profit (Loss) before taxes	(43,230)
Income taxes	21,959
Profit (Loss)	(65,189)
Profit attributable to non-controlling interests	2,032
Profit (Loss) attributable to owners of parent	(67,222)