

## English Translation

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## Summary of Financial Results for the Year Ended March 31, 2020 (Japanese GAAP) (Consolidated)

May 12, 2020

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, 2020  
 Scheduled date to file Securities Report: June 25, 2020  
 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, 2020 (from April 1, 2019 to March 31, 2020)

#### (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, 2020	2,558	85.7	737	338.3	69	-	5	-	(13)	-
Year ended March 31, 2019	1,377	82.1	168	-	(169)	-	(166)	-	(214)	-

(Note)

Comprehensive income Year ended March 31, 2020: (47) million yen (-%) Year ended March 31, 2019: (246) 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, 2020	(0.94)	-	(0.3)	0.1	2.7
Year ended March 31, 2019	(29.92)	-	(15.9)	(2.7)	(12.3)

(Reference) Share of loss of entities

accounted for using equity method Year ended March 31, 2020: (26) million yen Year ended March 31, 2019: - million yen

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

(Note) 1. 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 under review.

2. 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, 2020	14,646	6,635	45.3	323.58
As of March 31, 2019	7,396	2,508	21.0	(208.90)

(Reference) Equity As of March 31, 2020 6,635 million yen As of March 31, 2019 1,549 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, 2020	3,165	(2,699)	4,385	6,851
Year ended March 31, 2019	1,290	(2,110)	570	2,006

## 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, 2019	-	0.00	-	0.00	0.00	-	-	-
Year ended March 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Year ending March 31, 2021 (forecast)	-	0.00	-	0.00	0.00		-	

## 3. Consolidated financial forecast for fiscal year ending March 2021 (from April 1, 2020 to March 31, 2021)

*(% 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	3,381	32.1	1,128	52.9	150	115.4	107	-	62	-	3.02

\* Explanatory notes

(1) Changes in significant subsidiaries during the period (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) 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, 2020	20,505,572 shares	As of March 31, 2019	7,180,000 shares
(ii) Number of treasury shares at end of period	As of March 31, 2020	84 shares	As of March 31, 2019	- shares
(iii) Average number of shares during period (cumulative)	Year ended March 31, 2020	14,017,765 shares	Year ended March 31, 2019	7,180,000 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	1,915	120.5	638	-	121	-	59	-	70	-
Year ended March 31, 2019	868	69.8	4	-	(226)	-	(241)	-	(245)	-

	Basic earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2020	4.99	4.75
Year ended March 31, 2019	(34.15)	-

(Note) 1. 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 under review.

2. For the year ended March 31, 2019, though there are diluted shares, the diluted earnings per share are not described due to the net loss per share.

3. For the year ended March 31, 2020, since the Company's shares were listed on the Mothers market of the Tokyo Stock Exchange on December 18, 2019, diluted earnings per share is calculated by regarding the average stock price from the initial listing date to the last day of the fiscal year as the average stock price during the period.

(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, 2020	15,113	7,435	49.2	362.61
As of March 31, 2019	6,151	1,620	26.3	(199.08)

(Reference) Equity As of March 31, 2020 7,435 million yen As of March 31, 2019 1,620 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, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	2,329,160	7,188,584
Notes and accounts receivable - trade	379,719	482,467
Other	275,013	361,675
Total current assets	2,983,893	8,032,726
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	3,597,595	5,882,330
Accumulated depreciation	(716,059)	(1,197,484)
Accumulated impairment loss	(64,189)	(64,189)
Machinery, equipment and vehicles, net	2,817,347	4,620,656
Leased assets	677,743	1,069,876
Accumulated depreciation	(136,629)	(227,737)
Leased assets, net	541,114	842,138
Construction in progress	264,390	380,399
Other	22,232	26,897
Accumulated depreciation	(13,151)	(9,617)
Other, net	9,081	17,280
Total property, plant and equipment	3,631,934	5,860,475
Intangible assets		
Goodwill	638,635	579,101
Other	16,058	7,611
Total intangible assets	654,694	586,712
Investments and other assets		
Investment securities	88,576	78,397
Other	36,967	88,484
Total investments and other assets	125,543	166,881
Total non-current assets	4,412,172	6,614,069
Total assets	7,396,065	14,646,796

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	172,466	193,462
Short-term borrowings	12,500	45,000
Lease obligations	134,659	213,328
Accounts payable - other	1,019,418	1,204,276
Income taxes payable	28,142	58,001
Unearned revenue	737,584	1,525,681
Other	38,297	48,807
Total current liabilities	2,143,069	3,288,557
Non-current liabilities		
Long-term borrowings	300,000	300,000
Lease obligations	371,283	525,502
Long-term unearned revenue	2,042,193	3,869,972
Other	31,030	27,597
Total non-current liabilities	2,744,507	4,723,072
<b>Total liabilities</b>	<b>4,887,576</b>	<b>8,011,629</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,399,711	4,272,495
Capital surplus	1,658,779	2,433,819
Retained earnings	(1,457,226)	17,489
Treasury shares	—	(350)
Total shareholders' equity	1,601,265	6,723,454
Accumulated other comprehensive income		
Foreign currency translation adjustment	(51,539)	(88,288)
Total accumulated other comprehensive income	(51,539)	(88,288)
Non-controlling interests	958,762	—
<b>Total net assets</b>	<b>2,508,488</b>	<b>6,635,166</b>
<b>Total liabilities and net assets</b>	<b>7,396,065</b>	<b>14,646,796</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	1,377,990	2,558,500
Cost of sales	730,595	1,278,929
Gross profit	647,394	1,279,570
Selling, general and administrative expenses	817,100	1,209,948
Operating profit	(169,705)	69,622
Operating loss		
Non-operating income		
Interest income	18,633	24,184
Other	114	1,385
Total non-operating income	18,747	25,569
Non-operating expenses		
Interest expenses	13,312	23,049
Share of loss of entities accounted for using equity method	—	26,135
Share issuance costs	2,449	20,081
Going public expenses	—	19,981
Other	107	302
Total non-operating expenses	15,869	89,549
Ordinary profit (loss)	(166,826)	5,642
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	6,651
Total extraordinary losses	—	6,651
Loss before income taxes	(166,826)	(1,009)
Income taxes - current	38,453	37,630
Income taxes - deferred	(5,786)	(27,489)
Total income taxes	32,666	10,140
Loss	(199,493)	(11,149)
Profit attributable to non-controlling interests	15,348	2,032
Loss attributable to owners of parent	(214,841)	(13,182)

## (Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Loss	(199,493)	(11,149)
Other comprehensive income		
Foreign currency translation adjustment	(46,901)	(38,391)
Share of other comprehensive income of entities accounted for using equity method	—	1,643
Total other comprehensive income	(46,901)	(36,748)
Comprehensive income	(246,394)	(47,898)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(252,904)	(49,931)
Comprehensive income attributable to non- controlling interests	6,509	2,032

(3) Consolidated Statement of Changes in Equity  
For the year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,049,712	1,341,713	(1,239,319)	-	1,152,106
Changes during period					
Issuance of new shares	349,999	349,999			699,998
Loss attributable to owners of parent			(214,841)		(214,841)
Change in ownership interest of parent due to transactions with non-controlling interests		(32,933)			(32,933)
Decrease in retained earnings arising from increase in entities accounted for using equity method			(3,064)		(3,064)
Net changes in items other than shareholders' equity					
Total changes during period	349,999	317,065	(217,906)	-	449,158
Balance at end of period	1,399,711	1,658,779	(1,457,226)	-	1,601,265

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(2,245)	(2,245)	1,059,640	2,209,501
Changes during period				
Issuance of new shares				699,998
Loss attributable to owners of parent				(214,841)
Change in ownership interest of parent due to transactions with non-controlling interests				(32,933)
Decrease in retained earnings arising from increase in entities accounted for using equity method				(3,064)
Net changes in items other than shareholders' equity	(49,294)	(49,294)	(100,877)	(150,172)
Total changes during period	(49,294)	(49,294)	(100,877)	298,986
Balance at end of period	(51,539)	(51,539)	958,762	2,508,488

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

## (3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
<b>Cash flows from operating activities</b>		
Loss before income taxes	(166,826)	(1,009)
Depreciation	300,118	612,515
Amortization of goodwill	36,580	53,370
Interest income	(18,633)	(24,184)
Interest expenses	13,312	23,049
Share issuance costs	2,449	20,081
Share of loss (profit) of entities accounted for using equity method	—	26,135
Decrease (increase) in trade receivables	(145,050)	(105,639)
Decrease (increase) in prepaid expenses	(18,402)	(37,849)
Decrease (increase) in consumption taxes refund receivable	(102,512)	31,466
Increase (decrease) in unearned revenue	1,437,496	2,565,180
Other, net	(17,982)	41,081
Subtotal	1,320,550	3,204,196
Interest received	13,085	18,674
Interest paid	(13,312)	(23,100)
Income taxes paid	(30,107)	(33,811)
Net cash provided by (used in) operating activities	1,290,217	3,165,959
<b>Cash flows from investing activities</b>		
Payments into time deposits	(325,287)	(880,083)
Proceeds from withdrawal of time deposits	185,488	860,609
Purchase of securities	—	(51,623)
Purchase of investment securities	(91,640)	—
Purchase of property, plant and equipment	(1,775,827)	(2,611,232)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(99,311)	—
Other, net	(3,903)	(17,123)
Net cash provided by (used in) investing activities	(2,110,482)	(2,699,453)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(2,500)	32,500
Proceeds from issuance of shares	697,548	5,725,486
Proceeds from sale and leaseback transactions	145,518	392,132
Repayments of lease obligations	(111,686)	(159,244)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(158,281)	(1,604,929)
Other, net	—	(350)
Net cash provided by (used in) financing activities	570,599	4,385,594
Effect of exchange rate change on cash and cash equivalents	(4,980)	(578)
Net increase (decrease) in cash and cash equivalents	(254,646)	4,851,521
Cash and cash equivalents at beginning of period	2,261,234	2,006,588
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(6,651)
Cash and cash equivalents at end of period	2,006,588	6,851,458