

English Translation

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Summary of Financial Results for the Six Months Ended September 30, 2020 (Japanese GAAP) (Consolidated)

November 10, 2020

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 General Business Administration Department Head (Name) Ryosuke Nakamura TEL: +81-3-6447-2614
 Scheduled date to file Securities Report: November 12, 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 six months ended September 30, 2020 (from April 1, 2020 to September 30, 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	%
Six months ended September 30, 2020	1,728	57.7	630	101.5	187	-	175	-	200	-
Six months ended September 30, 2019	1,096	-	312	-	10	-	(3)	-	(28)	-

(Note) Six months ended September 30, 2020: 197 million yen (-%) Six months ended September 30, 2019: (83) million yen (-%)
 Comprehensive income

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2020	9.74	9.54
Six months ended September 30, 2019	(1.71)	-

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

(Note) Since the Company prepares its quarterly consolidated financial statement from the six months ended September 30, 2019, the rate of increase (decrease) compared with the same period of previous fiscal year for the six months ended September 30, 2019 are not described.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
As of September 30, 2020	16,614	6,851	41.2
As of March 31, 2020	14,646	6,635	45.3

(Reference) Equity As of September 30, 2020 6,851 million yen As of March 31, 2020 6,635 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 2020	-	0.00	-	0.00	0.00
Fiscal year ending March 2021	-	0.00			
Fiscal year ending March 2021 (forecast)			-	0.00	0.00

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

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	%	
Full fiscal year	3,424	33.8	1,272	72.5	300	330.9	258	-	300	-	14.60

(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 income” that was announced on November 10, 2020.

* Explanatory notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in change in scope of consolidation): No

Newly included: — companies (Company name) —

Excluded: — companies (Company name) —

(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. : No

(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 September 30, 2020	20,581,072 shares	As of March 31, 2020	20,505,572 shares
(ii) Number of treasury shares at the end of period	As of September 30, 2020	84 shares	As of March 31, 2020	84 shares
(iii) Average number of shares during period (cumulative)	Six months ended September 30, 2020	20,541,845 shares	Six months ended September 30, 2019	16,367,472 shares

* 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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	7,188,584	8,766,707
Notes and accounts receivable - trade	482,467	448,286
Other	361,675	172,707
Total current assets	8,032,726	9,387,701
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	4,620,656	5,111,068
Other, net	1,239,818	1,394,192
Total property, plant and equipment	5,860,475	6,505,260
Intangible assets		
Goodwill	579,101	358,855
Other	7,611	418
Total intangible assets	586,712	359,273
Investments and other assets	166,881	362,439
Total non-current assets	6,614,069	7,226,974
Total assets	14,646,796	16,614,675
Liabilities		
Current liabilities		
Accounts payable - trade	193,462	148,584
Accounts payable - other	1,204,276	996,946
Unearned revenue	1,525,681	2,261,584
Other	365,137	461,971
Total current liabilities	3,288,557	3,869,087
Non-current liabilities		
Long-term borrowings	300,000	390,000
Long-term unearned revenue	3,869,972	4,875,439
Other	553,099	628,511
Total non-current liabilities	4,723,072	5,893,950
Total liabilities	8,011,629	9,763,038

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	4,272,495	4,282,080
Capital surplus	2,433,819	2,443,405
Retained earnings	17,489	217,647
Treasury shares	(350)	(350)
Total shareholders' equity	6,723,454	6,942,782
Accumulated other comprehensive income		
Foreign currency translation adjustment	(88,288)	(91,145)
Total accumulated other comprehensive income	(88,288)	(91,145)
Total net assets	6,635,166	6,851,637
Total liabilities and net assets	14,646,796	16,614,675

(2) Quarterly Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Net sales	1,096,265	1,728,489
Cost of sales	528,593	837,802
Gross profit	567,672	890,687
Selling, general and administrative expenses	556,758	703,370
Operating profit	10,913	187,316
Non-operating income		
Interest income	10,076	14,892
Other	1,139	236
Total non-operating income	11,216	15,128
Non-operating expenses		
Interest expenses	10,199	12,517
Share of loss of entities accounted for using equity method	13,309	14,367
Other	2,150	242
Total non-operating expenses	25,659	27,127
Ordinary profit (loss)	(3,529)	175,317
Extraordinary income		
Gain on change in equity	—	99,979
Total extraordinary income	—	99,979
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	6,651	—
Total extraordinary losses	6,651	—
Profit (loss) before income taxes	(10,181)	275,296
Income taxes	15,792	75,139
Profit (loss)	(25,973)	200,157
Profit attributable to non-controlling interests	2,032	—
Profit (loss) attributable to owners of parent	(28,006)	200,157

(3) Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Profit (loss)	(25,973)	200,157
Other comprehensive income		
Foreign currency translation adjustment	(57,130)	(6,208)
Share of other comprehensive income of entities accounted for using equity method	(665)	3,350
Total other comprehensive income	(57,796)	(2,857)
Comprehensive income	(83,770)	197,300
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(85,803)	197,300
Comprehensive income attributable to non- controlling interests	2,032	—

(4) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	(10,181)	275,296
Depreciation	274,177	415,572
Amortization of goodwill	26,825	26,531
Loss (gain) on change in equity	—	(99,979)
Decrease (increase) in trade receivables	(909,381)	13,169
Increase (decrease) in trade payables	(30,413)	(30,639)
Decrease/increase in consumption taxes receivable/payable	104,750	127,879
Increase (decrease) in accounts payable - other	17,853	50,071
Increase (decrease) in unearned revenue	2,190,089	1,708,112
Other, net	29,342	(11,448)
Subtotal	1,693,062	2,474,565
Interest received	12,575	17,894
Interest paid	(10,250)	(12,517)
Income taxes paid	(17,833)	(26,027)
Net cash provided by (used in) operating activities	1,677,554	2,453,914
Cash flows from investing activities		
Payments into time deposits	(753,388)	(305,602)
Proceeds from withdrawal of time deposits	186,370	220,610
Proceeds from redemption of securities	—	51,096
Purchase of property, plant and equipment	(1,616,788)	(1,282,982)
Purchase of shares of nonconsolidated subsidiaries	—	(26,030)
Other, net	(16,487)	—
Net cash provided by (used in) investing activities	(2,200,294)	(1,342,909)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,024,874	(45,000)
Proceeds from long-term borrowings	—	300,000
Proceeds from issuance of shares	—	19,170
Proceeds from share issuance to non-controlling shareholders	—	99,979
Proceeds from sale and leaseback transactions	—	258,319
Repayments of lease obligations	(66,883)	(130,603)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,604,929)	—
Net cash provided by (used in) financing activities	(646,937)	501,866
Effect of exchange rate change on cash and cash equivalents	(1,039)	(436)
Net increase (decrease) in cash and cash equivalents	(1,170,716)	1,612,435
Cash and cash equivalents at beginning of period	2,006,588	6,851,458
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(6,651)	(117,984)
Cash and cash equivalents at end of period	829,219	8,345,909