November 10, 2020

Company name: ＪＴＯＷＥＲ Inc.
Representative: Representative Director
Atsushi Tanaka
(TSE Mothers Code No. 4485)
Contract: Ryosuke Nakamura
Managing Director, CFO

Announcement of financial forecast revision and recording of extraordinary income

Based on the latest business trends, JTOWER announces the following information regarding the upward revision of the performance forecast for the period ending March 2021 (April 1, 2020-March 31, 2021) announced on May 12, 2020, as well as the recording of extraordinary income (gain on change in equity).

1. Revision of full year forecast for the FY03/2021 (April 1, 2020-March 31, 2021)

	Revenue	(For reference) EBITDA*1	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	In JPY MN 3,381	In JPY MN 1,128	In JPY MN 150	In JPY MN 107	In JPY MN 62	In JPY 3.02
Revised forecast (B)	3,424	1,272	300	258	300	14.60
Difference (B-A)	43	144	150	151	238	–
Difference in percentage (%)	1.3	12.8	100.0	141.1	383.9	–
(For reference) Actual result from FY03/2020	2,558	737	69	5	△13	△0.94

*1: EBITDA=Operating Profit + Depreciation＋Amortization of Goodwill + Amortization of long-term prepaid expenses

2. Reasoning for the revision of the forecasts

At the time of the previous announced forecast (announced on May 12, 2020), we assumed that the period covered by a state of emergency would extend until the end of June 2020 and anticipated a temporary delay of construction works and the postponement of the opening time for new buildings. Due to these reasons we expected delays in the

launch of services of Domestic IBS business up to six months.

However, a state of emergency was lifted on May 25, 2020, earlier than originally anticipated. As a result, the impact of the temporary delay of construction after that was limited and the number of installations of IBS increased more than expected. In addition, SG&A expenses fell short of the plan due to implementations of remote works and the postponement of recruitment. For these reasons, both revenue and profits were steady in the first half of FY03/2021.

In the second half of FY03/2021, we anticipate upfront costs for Tower and Local 5G business are expected to continue to be incurred, our consolidated subsidiary Nabiq Inc.(“Nabiq”) will be transferred to an equity-method affiliate from the end of the first half of the FY03/2021 (the financial results of Nabiq will be excluded in the scope of consolidation) and the earnings forecasts incorporate to a certain effect of COVID-19 such as delay of construction works. However, considering the progress of business performance and the recent decline in the impact of COVID-19, we assume that both revenue and profits will exceed the forecasts announced earlier.

In addition, in the second quarter of FY03/2021, we posted an extraordinary gain of 99 million yen on change in ownership. Taking this impact into account, we expect profit attributable to owners of the parent to increase by 238 million yen for the full-year of FY03/2021.

NOTE: The forecasts presented are based on the information currently available to JTOWER. Actual results may differ depending on a range of factors.

3. Recording of extraordinary income (gain on change in equity)

On August 26, 2020, we announced in the Notice of Consolidated Subsidiary’s Capital Increase Through Third-Party Allotment of Shares and Changes in Consolidated Subsidiaries that Nabiq will change from a consolidated subsidiary to an equity-method affiliate as of the end of the first half of FY03/2021 and we estimated to record a change in interest as extraordinary income. In relation to that we would like to announce that following Nabiq's third-party allotment of new shares on September 11, 2020, we have confirmed to record a gain on change in equity of 99 million yen as extraordinary income in the consolidated financial statements for the second quarter of FY03/2021.

The gain on change in equity above is reflected in the Summary of Financial Results for the Six Months Ended September 30, 2020, published today.