

March 15, 2022

Company name: J T O W E R Inc.
Representative: Representative Director
Atsushi Tanaka
(TSE Mothers Code No. 4485)
Contact: Ryosuke Nakamura
Managing Director, CFO

Notice of changes in the equity-method affiliate (transfer of shares), recording of extraordinary gain and revision of financial forecasts

At the meeting of the Board of Directors held today, JTOWER has resolved to transfer all the shares we own of our equity method affiliate Nabiq Inc. ("Nabiq") to MOST Investment Limited Partnership. As a result, Nabiq is excluded from our equity method affiliate.

In addition, as a consequence of this transfer, we expect to record extraordinary gain for Q4 FY03/2022 and revise the financial forecast announced on February 8, 2022. The details are as follows.

1. Changes in equity-method affiliates and recording of extraordinary gain

(1) Reason for transfer

Nabiq provides wireless broadband outsourcing services using Wi-Fi system. In addition, Nabiq aims to provide Local 5G solutions by leveraging its strengths in LAN Management, including Wi-Fi. JTOWER has been considering to sale shares in Nabiq in order to concentrate our management resources on IBS and Tower businesses and we received an offer from MOST Investment Limited Partnership operated by FGI Capital Partners, Inc., the subsidiary of FinTech Global Incorporated, and decided to transfer shares after consideration.

(2) Overview of the transferred equity-method affiliate

(1)	Name	Nabiq, Inc.		
(2)	Address	11 Iwata Building 5F, Kanda Konoya-cho, Chiyoda-ku, Tokyo, Japan		
(3)	Name and Title of Representative	Tomohito Takatsu, Representative Director		
(4)	Summary of Business	Provision of wireless broadband outsourcing services using Wi-Fi system		
(5)	Capital Stock	350 million yen		
(6)	Date of Establishment	August 8, 2013		
(7)	Major Shareholders and their Shareholding Ratio	JTOWER Inc. 43.4% MIC Innovation V Limited Liability Fund 9.0% Tamagawa Holdings Co., Ltd. 9.0% Tomohito Takatsu 8.7%		
(8)	Our Relationship with the Company	Capital Relationship	We hold 43.4% of Nabiq's voting rights.	
		Personnel Relationship	Our representative directors and president also served as Nabiq's director, but the person has resigned as of today upon this transfer.	
		Business Relationship	We have business relations with Nabiq, such as the purchase of Wi-Fi related equipment.	
(9)	Financial Position and Operating Results of Nabiq in the Past 3 years			
	Fiscal year ended	March 31, 2019	March 31, 2020	March 31, 2021
	Net assets	(4) million yen	(76) million yen	(27) million yen
	Total assets	199 million yen	124 million yen	156 million yen
	Net assets per share	(141.09) yen	(2,490.16) yen	(741.48) yen
	Net sales	139 million yen	225 million yen	210 million yen
	Operating income	(131) million yen	(71) million yen	(49) million yen
	Ordinary income	(131) million yen	(71) million yen	(51) million yen
	Net income	(131) million yen	(72) million yen	(51) million yen
	Earnings Per Share	(4,727.49) yen	(2,349.07) yen	(1,373.07) yen

(3) Overview of the counterparty of share transfer

(1)	Name	MOST Investment Limited Partnership	
(2)	Address	1-1-5, Kaneda East, Kisarazu city, Chiba	
(3)	Date of establishment	January 27, 2022	
(4)	Outline of general partner	Name	General Partner SHIBA G.K.
		Address	1-1-5, Kaneda East, Kisarazu city, Chiba
		Name and Title of Representative	Representative Member Taishi Okuda
		Summary of Business	Trading in securities
		Capital Stock	100,000 yen
(5)	Our Relationship with the Fund	Capital Relationship	Not applicable.
		Personnel Relationship	Not applicable.
		Business Relationship	Not applicable.

Note: The purpose of formation, the total amount of investment, investor, investment ratio, and the outline of investor are not disclosed due to the intention of the counterparty based on the confidentiality obligation in the share transfer agreement between the parties.

(4) Number of shares and percentage of shareholding before and after the transfer

(1)	Shares owned before change	16,249 shares (Voting rights ownership percentage: 43.4%)
(2)	Number of shares to be transferred	16,249 shares
(3)	Transfer price	240 million yen
(4)	Shares owned after change	0 shares (Voting rights ownership percentage: 0.0%)

(5) Schedule

(1)	Resolution of the Board of Directors	March 15, 2022
(2)	Date of share transfer agreement	March 15, 2022
(3)	Date of share transfer	March 16, 2022 (tentative)

(6) Future Outlook

The transfer of shares is expected to result in the extraordinary gain of approximately 240 million yen in the consolidated financial statements for the year ending March 31, 2022.

2. Revision of full year forecast

(1) Revision of full year forecast for the FY03/2022 (April 1, 2021-March 31, 2022)

	Revenue	(For reference) EBITDA*1	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Basic earnings per share
	In JPY MN	In JPY MN	In JPY MN	In JPY MN	In JPY MN	In JPY
Previously announced forecast (A)	4,200	1,670	520	490	280	12.85
Revised forecast (B)	4,200	1,670	520	490	520	23.63
Difference (B-A)	–	–	–	–	240	–
Difference in percentage (%)	–	–	–	–	85.7	–
(For reference) Actual result from FY03/2021	3,501	1,349	418	178	506	24.58

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

(2) Reason for the revision of the forecasts

As described in 1. above, we expect to record approximately 240 million yen in gain on sales of shares of subsidiaries and affiliates as extraordinary gain due to the transfer of Nabiq's shares.

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