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Representative: Representative Director
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Notice of earnings forecast revision and recording of extraordinary loss

Based on the latest business trends, JTOWER announces the following information regarding the revision of the earnings forecast announced on May 12, 2022.

In addition, in the third quarter of the fiscal year ending March 2023, an extraordinary loss (impairment loss) was recorded as shown below.

１．Revision of earnings forecast

（１）Revision of full year forecast for the FY03/2023 (April 1, 2022-March 31, 2023)

	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 5,840	In JPY MN 1,590	In JPY MN (240)	In JPY MN (1,800)	In JPY MN (1,840)	In JPY (83.68)
Revised forecast (B)	5,200	1,290	(290)	(1,730)	(1,970)	(89.53)
Difference (B-A)	(640)	(300)	(50)	70	(130)	–
Difference in percentage (%)	(11.0)	(18.9)	–	–	–	–
(For reference) Actual result from FY03/2022	4,216	1,696	560	555	644	29.56

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

（2）Reasons for revision

Revenue is expected to increase by 50 million yen due to the progress in Domestic IBS business. In addition to the expansion of existing 4G IBS (new installations), new growth measures such as 5G IBS and 4G IBS (replacement) are trending favorably. In International IBS business, revenue is also expected to increase by 210 million yen due to the contribution from the IBS asset purchase and the impact of a depreciation of yen. On the other hand, revenue is expected to decrease by 900 million yen due to the delay in the transfer of contracts for tower carve-outs in Tower business. As the result, consolidated revenue is expected to be 5.2 billion yen, which is 640 million yen less than the previously announced forecast.

With regard to profits, gross profit is expected to decrease by 215 million yen due to the decrease in revenue described above. SG&A expenses are also expected to decrease 165 million yen. While tower sharing preparation cost of 360 million yen will be incurred, there are costs that are expected to decline, such as R&D cost for 5G mmWave shared radio unit of 145 million yen (delay in the development), financing structuring costs of 111 million yen and personnel costs of 109 million yen. As for non-operating profit and loss, exchange gain of 63 million yen was incurred in Q3 of FY03/2023 due to the effect of a depreciation of yen. As the result, operating loss becomes 290 million yen and ordinary loss becomes 1.73 billion yen. In addition, as described in 2. Recording of extraordinary loss (impairment loss), by recording an impairment loss of 191 million yen on Digital Pole assets as an extraordinary loss, we anticipate a net loss attributable to owners of the parent of 1.97 billion yen.

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

２．Recording of extraordinary loss (impairment loss)

With regard to Digital Pole assets for which the demonstration project is underway in the Nishi-Shinjuku areas, as we no longer anticipate the revenues that we originally expected, indicators of impairment were found in some fixed assets. As a result, we reviewed the future recoverability of these assets in accordance with the Accounting Standard for Impairment of Fixed Assets, and as a result, we recorded an impairment loss of 191 million yen as an extraordinary loss.