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December 13, 2017

Company: BroadBand Tower, Inc.

Representative: Hiroshi Fujiwara, President,
Chairman of the Board of Directors and CEO:
(Company Code: 3776)

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Recognition of Extraordinary Income from the Transfer of Shares of the Equity Method Affiliate and Revision of Earnings Forecast

BroadBand Tower, Inc. (the "Company") has resolved at the Board of Director's meeting held on December 13, 2017 that the Company will transfer shares of BBF, Inc., which is the equity method affiliate of the Company, to HITO-Communications, Inc. As such, the Company hereby announces that recognition of an extraordinary income is expected with respect to its results for the second quarter of the fiscal year ending June 2018 and that revision has been made to its earnings forecast in relation thereto.

1. Purpose of the Share Transfer

As the technologies of Internet of Things (IoT), big data and Artificial Intelligence (AI) develop and markets of such technologies expand, the Company has been pursuing selection and concentration of business to make these markets as its area of growth and to seek expansion of business. As part of such selection and concentration of business, the Company transferred part of its shares of BBF, Inc. to HITO-Communications, Inc. on June 30, 2017, and has made BBF, Inc. its equity method affiliate.

With respect to its data center service, which is the Company's core service, the Company is planning to establish a new data center in Otemachi in August 2018. Furthermore, the Company will accelerate selection and concentration of business by transferring shares of BBF, Inc., seek development and growth of business in areas of IoT, big data and AI, and strengthen existing businesses such as data center services.

Due to this transfer of shares, BBF, Inc. will be excluded from the Company's scope of equity method beginning from the third quarter of the fiscal year ending June 2018.

The transfer of shares will be executed in installments. For the first share transfer, 810 shares will be transferred on December 14, 2017 and for the second share transfer, 600 shares will be transferred on July 2, 2018.

2. Summary of the First Share Transfer

Date of share transfer	December 14, 2017
Number of shares held before transfer	1,410 shares (percentage of the number of voting rights held: 23.5%)
Number and aggregate amount of shares transferred	810 shares, approximately JPY 1 billion
Number of shares held after transfer	600 shares (percentage of the number of voting rights held: 10.0%)

Summary of the Second Share Transfer

Date of share transfer	July 2, 2018 (scheduled)
Number of shares held before transfer	600 shares (percentage of the number of voting rights held: 10.0%)
Number and aggregate amount of shares transferred	600 shares, approximately JPY 740 million
Number of shares held after transfer	0 share

3. Effect on Operating Results

As a result of the first share transfer, approximately JPY 920 million and approximately JPY 670 million of gain on sale of affiliates' shares is expected to be recognized on non-consolidated financial statements and consolidated financial statements, respectively, for the second quarter of the fiscal year ending June 2018. The gain on sale of the second share transfer will be expected to be recognized for the following fiscal year. In consideration of these share transfers and the recent developments in operating results, the Company revised its earnings forecasts as previously announced on August 9, 2017 as follows.

With respect to the non-consolidated earnings forecast for net sales, net sales of data solution showed a better performance compared to the previously announced forecast. With respect to the profits, the Company has revised its earnings forecast due to carryforward of expenses for such as outsourcing to the second half of the year and recognition, etc. of gain on sale of affiliates' shares.

With respect to the consolidated earnings forecast for operating income, it fell below the previously announced forecast due, in addition to the factors of non-consolidated earnings forecast, mainly to the increase of the overall expenses of IoT related services of subsidiaries in the second half of the year. The Company has also revised its earnings forecast due to the recognition, etc. of gain on sale of affiliates' shares.

The Company is still working on the calculation of goodwill of converting JapanCableCast Inc. to its wholly owned subsidiary, which was announced on September 29, 2017, and will promptly disclose the results if necessary.

(1) Revision of Non-consolidated Earnings Forecast for the Second Quarter of the Fiscal Year ending

June 2018 (July 1, 2017 to December 31, 2017)

	Net sales	Ordinary income	Net income for the quarter	Net income per share for the quarter
	JPY million	JPY million	JPY million	JPY
Previously announced forecast (A)	3,500	(100)	(100)	(1.96)
Revised forecast (B)	3,660	(36)	380	7.44
Change (B - A)	160	64	480	
Percentage change	4.6%	-	-	
(For reference) Results of the second quarter of the previous fiscal year (second quarter for the fiscal year ended June 2017)	3,509	72	56	1.11

- (2) Revision of Non-consolidated Earnings Forecast for the Fiscal Year ending on June 2018 (July 1, 2017 to June 30, 2018)

	Net sales	Ordinary income	Net income	Net income per share
	JPY million	JPY million	JPY million	JPY
Previously announced forecast (A)	7,200	(200)	50	0.98
Revised forecast (B)	7,420	(108)	480	9.40
Change (B - A)	220	92	430	
Percentage change	3.1%	-	860.0%	
(For reference) Results of the previous fiscal year (fiscal year ended on June 2017)	7,388	94	744	14.59

- (3) Revision of Consolidated Earnings Forecast for the Second Quarter of the Fiscal Year ending on

June 2018 (July 1, 2017 to December 31, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent for the quarter	Net income per share for the quarter
	JPY million	JPY million	JPY million	JPY million	JPY
Previously announced forecast (A)	4,000	(200)	(100)	(100)	(1.96)
Revised forecast (B)	4,830	(46)	45	59	1.16
Change (B - A)	830	154	145	159	
Percentage change	20.8	-	-	-	
(For reference) Results of the second quarter of the previous fiscal year (second quarter for the fiscal year ended on June 2017)	18,717	522	462	89	1.75

(4) Revision of Consolidated Earnings Forecast for the Fiscal Year ending on June 2018 (July 1, 2017 to June 30, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	JPY million	JPY million	JPY million	JPY million	JPY
Previously announced forecast (A)	10,200	100	200	100	1.96
Revised forecast (B)	10,980	(46)	60	104	2.04
Change (B - A)	780	(146)	(140)	4	
Percentage change	7.6%	-	(70.0)%	4.0%	
(For reference) Results of the previous fiscal year (fiscal year ended on June 2017)	38,987	846	767	427	8.37

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