

FY03/2022 Q3

JTOWER

Financial Results for the 3rd Quarter of FY2021 ended December 31, 2021

February 8, 2022

J T O W E R Inc.

JTOWER's Vision

Infra-Sharing Services from Japan Lead the World

Japan is behind in the field of global telecommunications infrastructure sharing.

In 2012, when the term "Infra-Sharing" was not common in Japan, we launched our first business.

Our goal is not the same as other global tower companies; our goal is what they have never done.

Meeting the world's highest standard for network quality as required in the Japanese telecommunications industry, we will overcome challenges and improve services.

We will treat all stakeholders with respect and honesty, including mobile network operators, real-estate developers, and partner companies,

We will continue to innovate and challenge new ideas to expand business globally.

We will pursue the world's state-of-the-art technologies, services, and business models.

As a result of these efforts, we will make the Infra-Sharing services that we provide global standards and create our future through businesses expansion.

This is the vision of our company.

1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

FAQ

5

Initiatives for Future Growth

6

Appendix

Consolidated revenue increased by 13% YoY to JPY2,912 million

- Excluding Nabiq, consolidated revenue grew by 16% YoY.
- The revenue for the Domestic IBS business increased by 21% YoY to JPY2,468 million, driving overall revenue growth.
- Infra-Sharing revenue*¹ accounted for 93% of the total revenue, establishing a stable revenue base.

Profit increased due to an increase in Infra-Sharing revenue

- GPM improved due to the increase in the Infra-Sharing revenue ratio. Both operating profit and ordinary profit increased by 26% and EBITDA increased by 22% YoY.
- As for SG&A expenses (planned as upfront investments), R&D expenses for Local 5G was booked in Q3, but the impact was limited and overall profitability improved.
- Net income decreased due to a reaction to the recording of a gain on change in equity (JPY99 million) in Q2 of the previous fiscal year.

Revised full-year forecasts

- Revenue: Revenues from new projects (Local 5G and traffic signal demonstration) are newly expected, while the previous forecast has been revised down by JPY400 million due to a delay in Tower business and unrealized new M&A (International IBS). Steady progress in existing growth measures centered on Domestic IBS.
- Operating profit: Gross profit is expected to be lower than the initial forecast due to the above-mentioned reason (revenue from new growth measures), but the upward revision of JPY260 million is expected in light of the delay in R&D investment for 5G mmWave shared radio units and the reduction in other SG&A expenses.

*1: Revenue from Infra-Sharing service based on long-term contracts. For details, please refer to "Breakdown of Infra-Sharing and Other Revenues by Business" in Appendix.

- Revenue increased to JPY2,912 million (+13% YoY), excluding the impact of deconsolidation of Nabiq, grew by 16% YoY.
- Operating profit and ordinary profit increased 26% and EBITDA increased 22% YoY.
- Net income decreased due to a reaction to the recording of a gain on change in equity (JPY99 million) in Q2 of the previous fiscal year.

(JPY mn)	FY2020	FY2021		
	9 Months Results	9 Months Results	Change	
			Amount	%
Revenue	2,588	2,912	+323	+12.5%
EBITDA *1	968	1180	+212	+21.9%
<i>EBITDA Margin</i>	37.4%	40.5%	+3.1pt	—
Operating Profit	291	367	+76	+26.3%
<i>Operating Profit Margin</i>	11.3%	12.6%	+1.3pt	—
Ordinary Profit	264	334	+70	+26.4%
Net Income	260	179	- 80	-31.0%
Capital Expenditure *2 (Investment Cash Flow)	-1,981	-1,669	+312	-15.7%

*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

*2: Unaudited figure.

1 FY2021 Q3 Consolidated Results – BS (1/2)

JTOWER

- Building a solid financial base with cash and cash equivalents increased by JPY6.9 billion from the end of FY2020 to **JPY15.3 billion** due to an increase in Infra-Sharing revenues which exceeded capital investments and the implementation of the third-party allotment (Q1).

	FY2020	FY2021	
(JPY mn)	March 31, 2021	December 31, 2021	Change
Current Assets	8,955	15,920	+6,964
Cash and Cash Equivalents	8,398	15,345	+6,946
Accounts Receivable	397	448	+51
Non-current Assets	7,790	8,482	+692
Tangible Fixed Assets	6,968	7,557	+589
Goodwill	329	337	+8
Total Assets	16,745	24,402	+7,657
Financial Indicators			
Debt	1,195	818	- 376
Net Debt	-7,202	-14,526	- 7,323
Equity Ratio	42.6%	60.3%	+ 17.7pt

1 FY2021 Q3 Consolidated Results – BS (2/2)

JTOWER

- Increased number of IBS installations has been reflected in increased contract liability*² (to be reported as revenue in the future).

	FY2020	FY2021	
(JPY mn)	March 31, 2021	December 31, 2021	Change
Current Liabilities	8,742	9,040	+298
Accounts payable - trade	129	165	+35
Short-term borrowings* ¹	210	60	- 150
Accounts payable - other	851	644	- 206
Contract liability* ²	7,156	7,677	+520
Non-current Liabilities	865	650	- 214
Long-term borrowings	210	170	- 40
Total Liabilities	9,608	9,691	+83
Net Assets	7,137	14,711	+7,574
Share capital	4,300	7,988	+3,687
Capital surplus	2,462	6,150	+3,687
Total Liabilities and Net Assets	16,745	24,402	+7,657

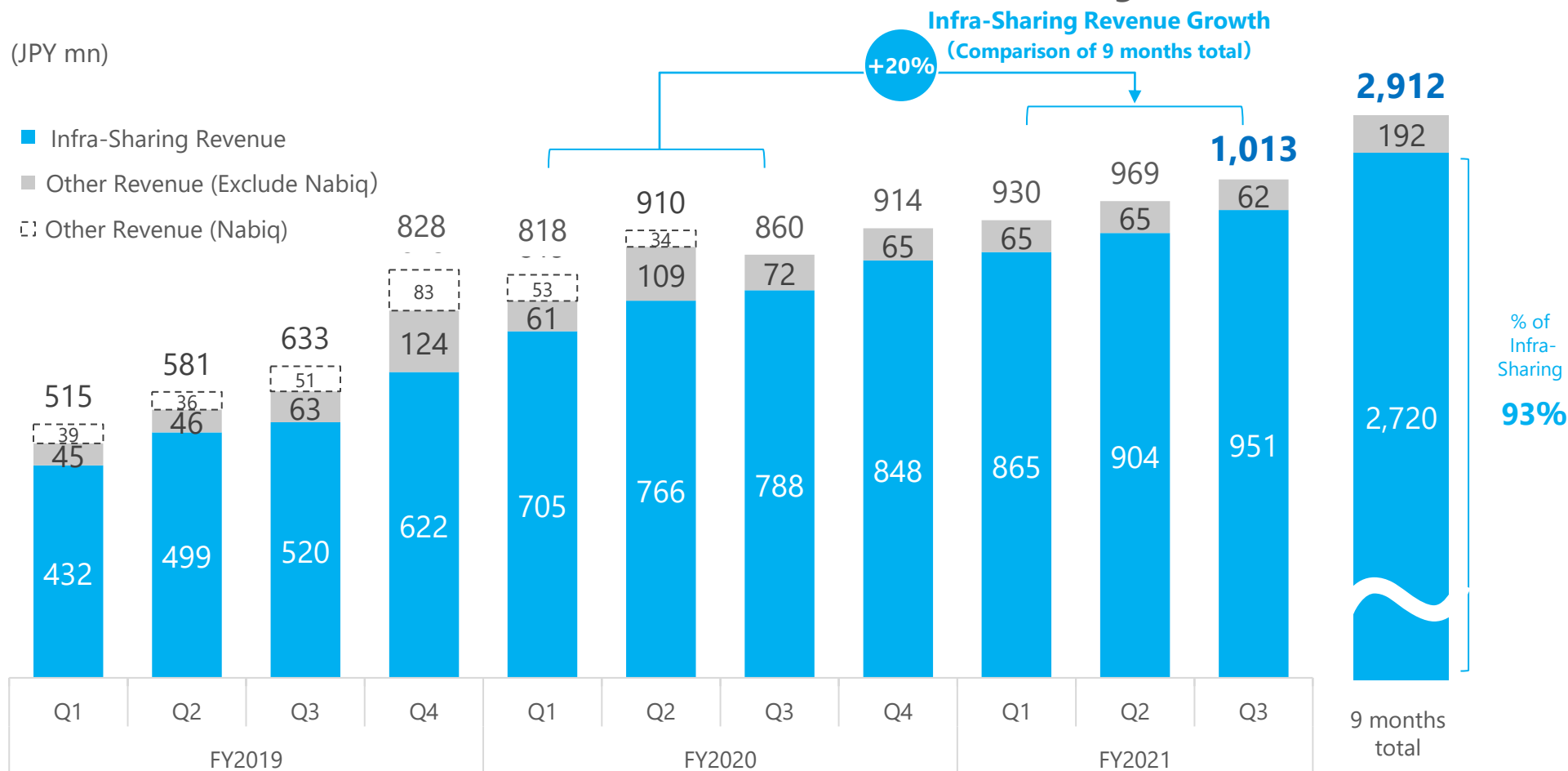
*1: Including long term borrowings due within one year.

*2: Under the revenue recognition standard, which was adopted in April 2021, the balances of Unearned Revenue (presented in Current Liabilities until FY2020) and Long-Term Unearned Revenue (presented in Non-Current Liabilities until FY2020) arising from contracts with customers are included in contract liability. (FY2020 results are also changed)

1 Historical Consolidated Revenue

JTOWER

- Infra-Sharing revenue*¹ has grown **20%** YoY and is serving as a steady revenue base, accounting for **93%** of the total consolidated revenue.
- Other revenue remained stable due to the normalization of consigned constructions.

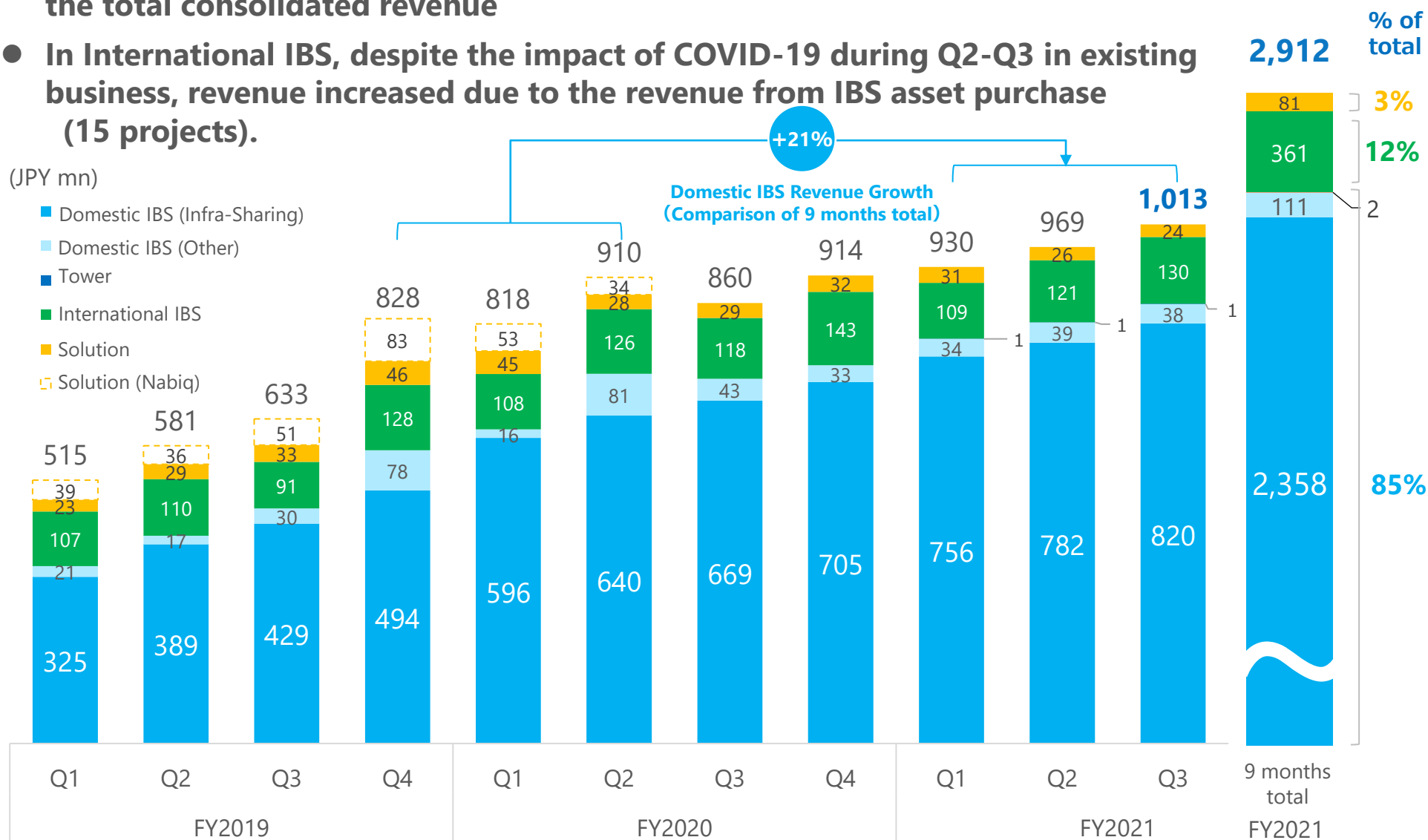


*1: Revenue from Infra-Sharing service based on long-term contracts. For details, please refer to "Breakdown of Infra-Sharing and Other Revenues by Business" in Appendix.

1 Historical Revenue by Business

JTOWER

- Domestic IBS revenue increased by **21%** YoY and has grown to account for **85%** of the total consolidated revenue
- In International IBS, despite the impact of COVID-19 during Q2-Q3 in existing business, revenue increased due to the revenue from IBS asset purchase (15 projects).

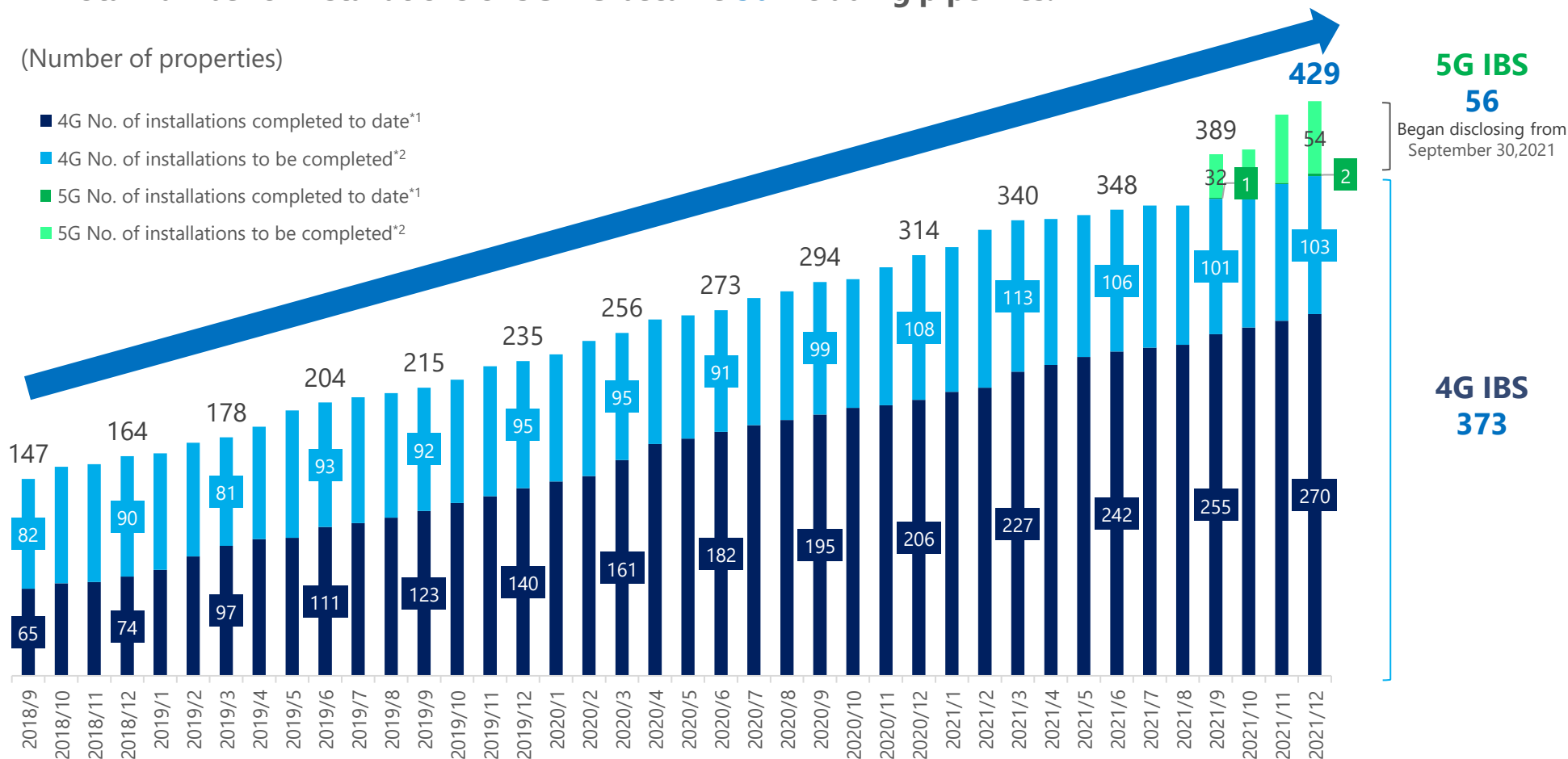


Note: Breakdown of quarterly revenue by business is unaudited.

1 Historical Number of Installations (Domestic IBS-4G·5G) JTOWER

- By Q3, the number of completed installations of 4G IBS increased by **15** in 3 months and **43** in 9 months.
- Total number of 4G IBS installations has increased to **373** (installation completed: **270**, to be installed: **103**).
- Total number of installations of 5G IBS became **56** including pipelines.

(Number of properties)



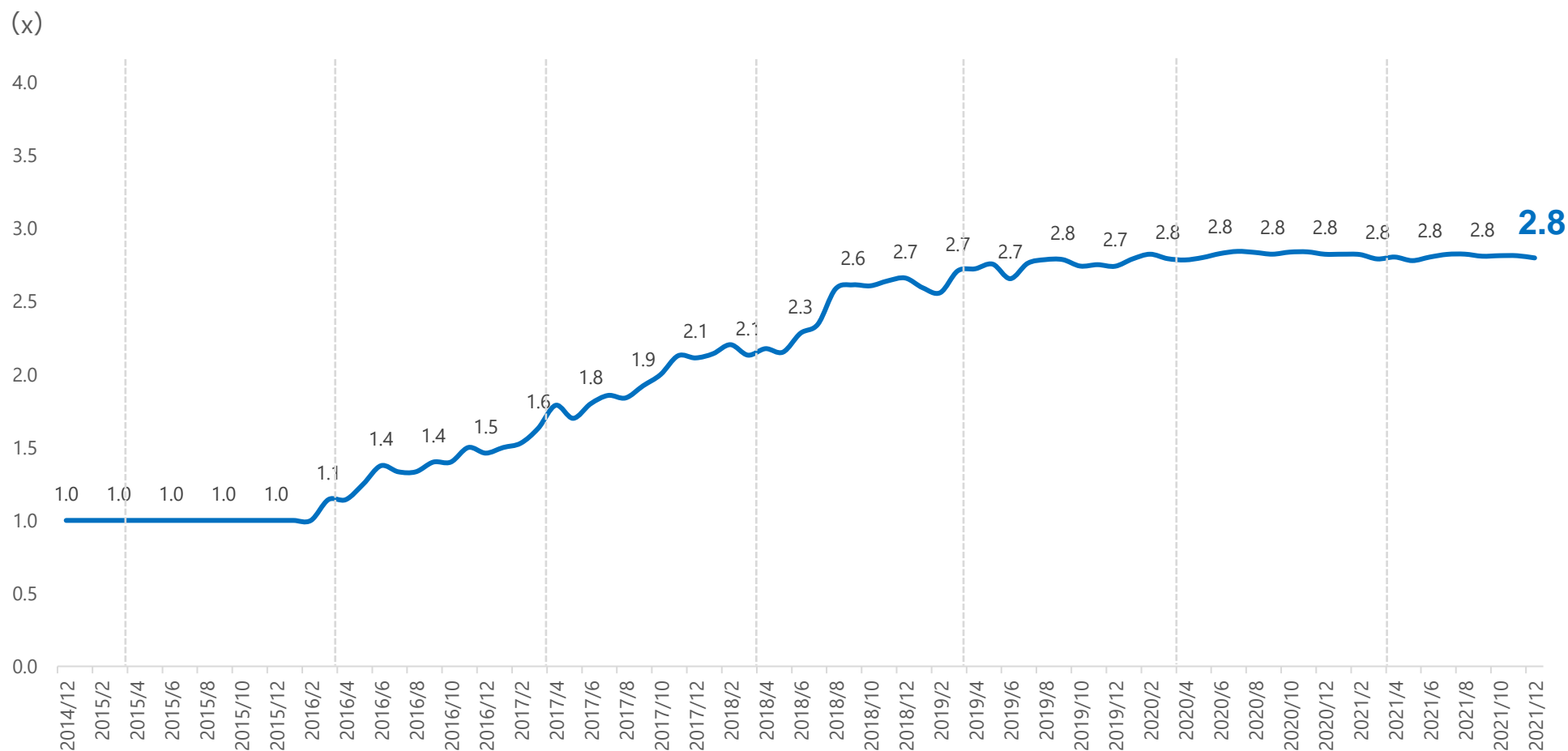
*1: Projects where radio waves have been emitted and revenues are recognized.

*2: Projects where we have reached an agreement with the property owner and mobile carriers, and radio waves emission and revenue recognition are expected in the next few years.

1 Historical Tenancy Ratio*¹ (Domestic IBS-4G)

JTOWER

- Tenancy Ratio (average number of participating mobile network operators per property) has been steady in **the higher 2 point range**.

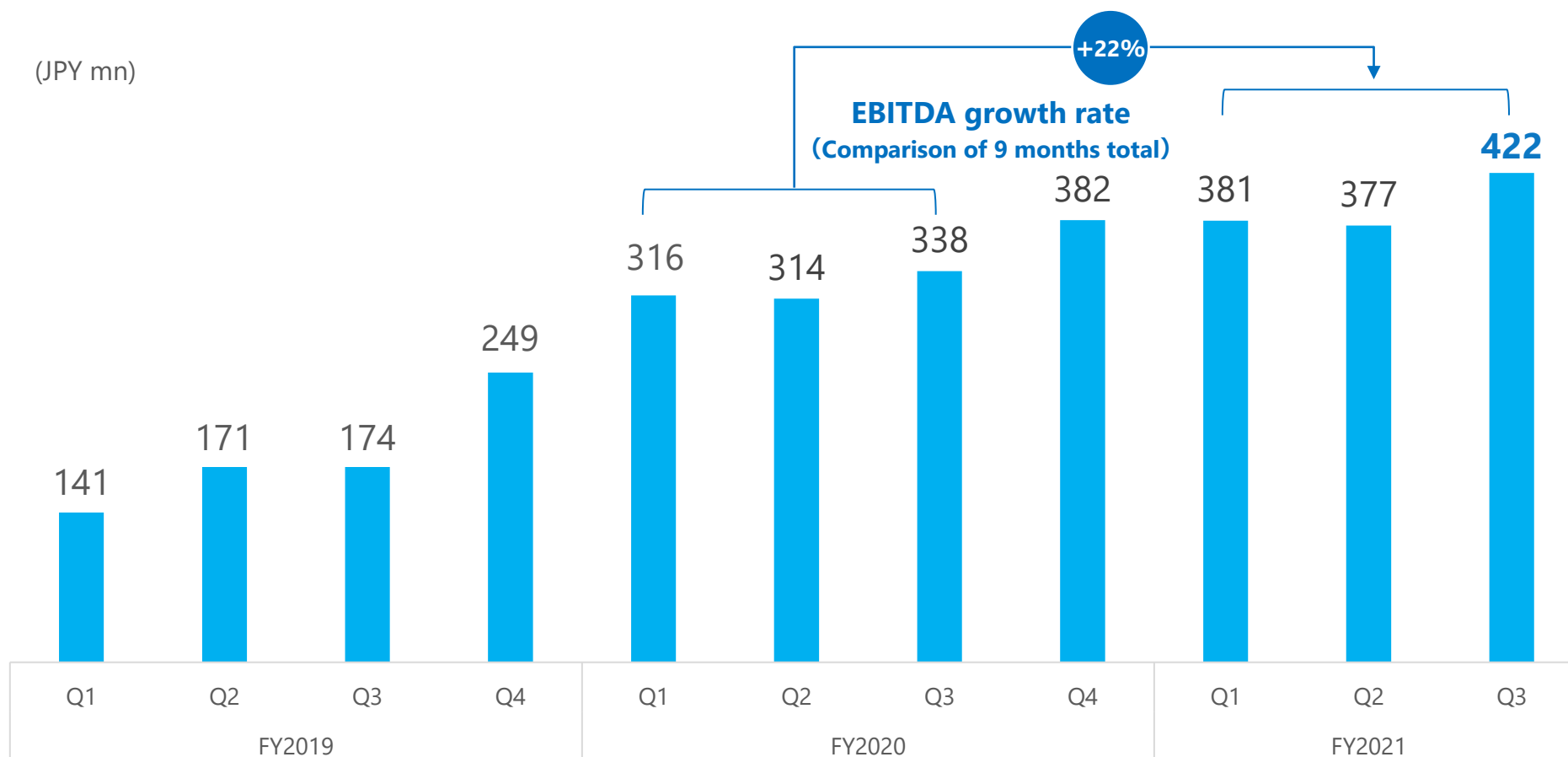


*¹: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

1 Historical Consolidated EBITDA*1

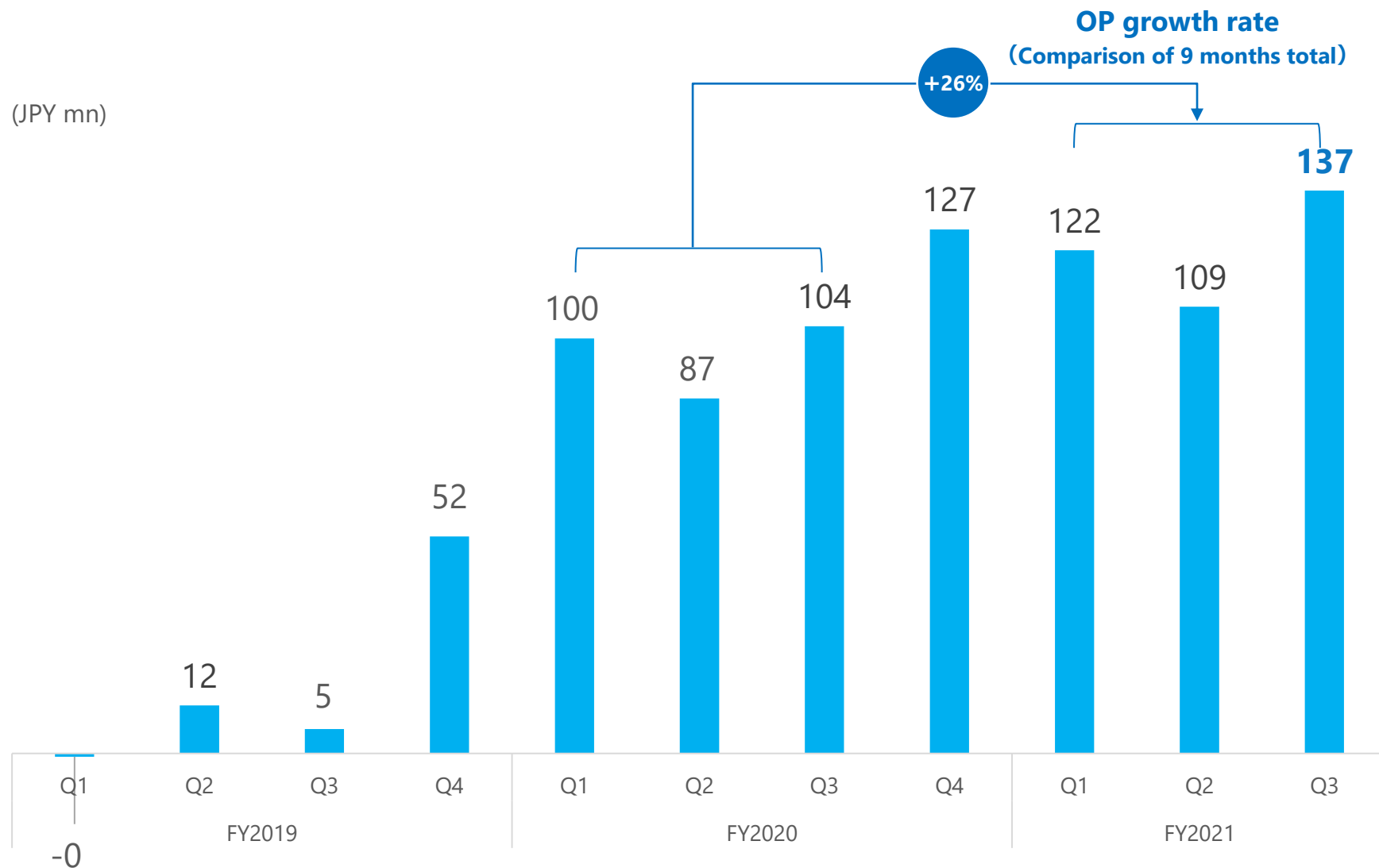
JTOWER

- Consolidated EBITDA improved by **22%** YoY due to the improvement in GPM, reflecting the increase of the Infra-Sharing revenue ratio.



*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

- Consolidated operating profit improved by **26%** YoY due to the improvement in GPM, reflecting the increase of the Infra-Sharing revenue ratio.



1 Historical Consolidated SG&A Expenses

JTOWER

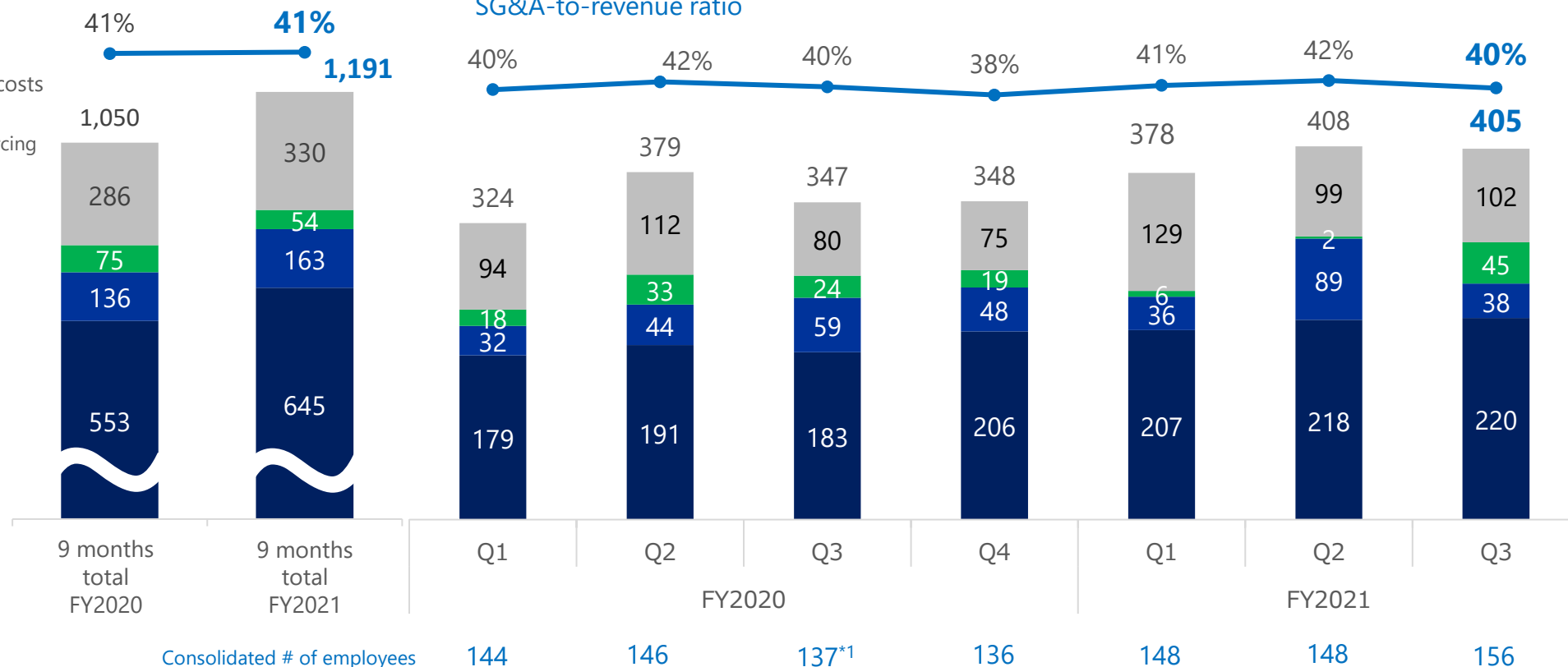
- Booked R&D expenses for Local 5G in Q3.
- Other expenses were generally normalized, and overall SG&A expenses were flat compared with the previous quarter.

9 months

3 months

(JPY mn)

■ Labor costs
■ Use of outsourcing services
■ R&D
■ Others



*1: The number of employees on a consolidated basis decreased due to the deconsolidation of Nabiq from Q3 FY2020.

1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

FAQ

5

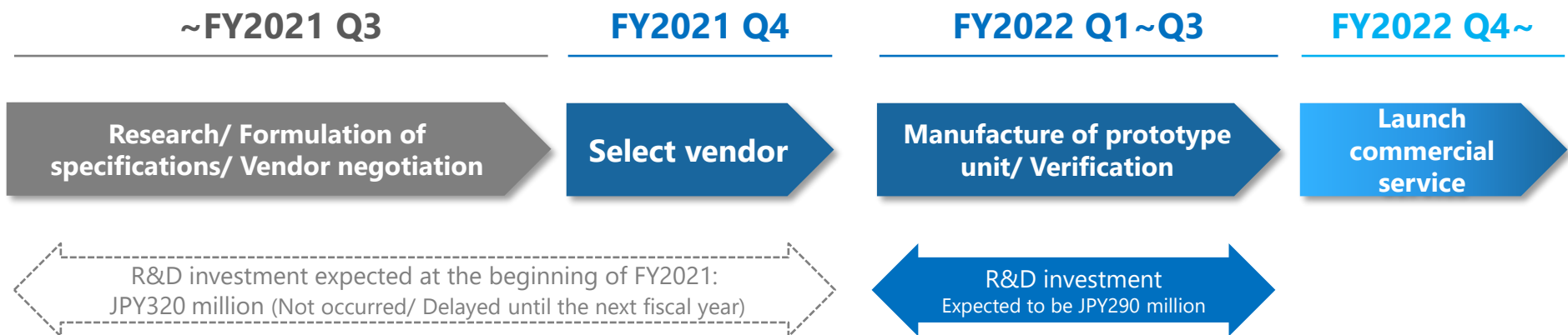
Initiatives for Future Growth

6

Appendix

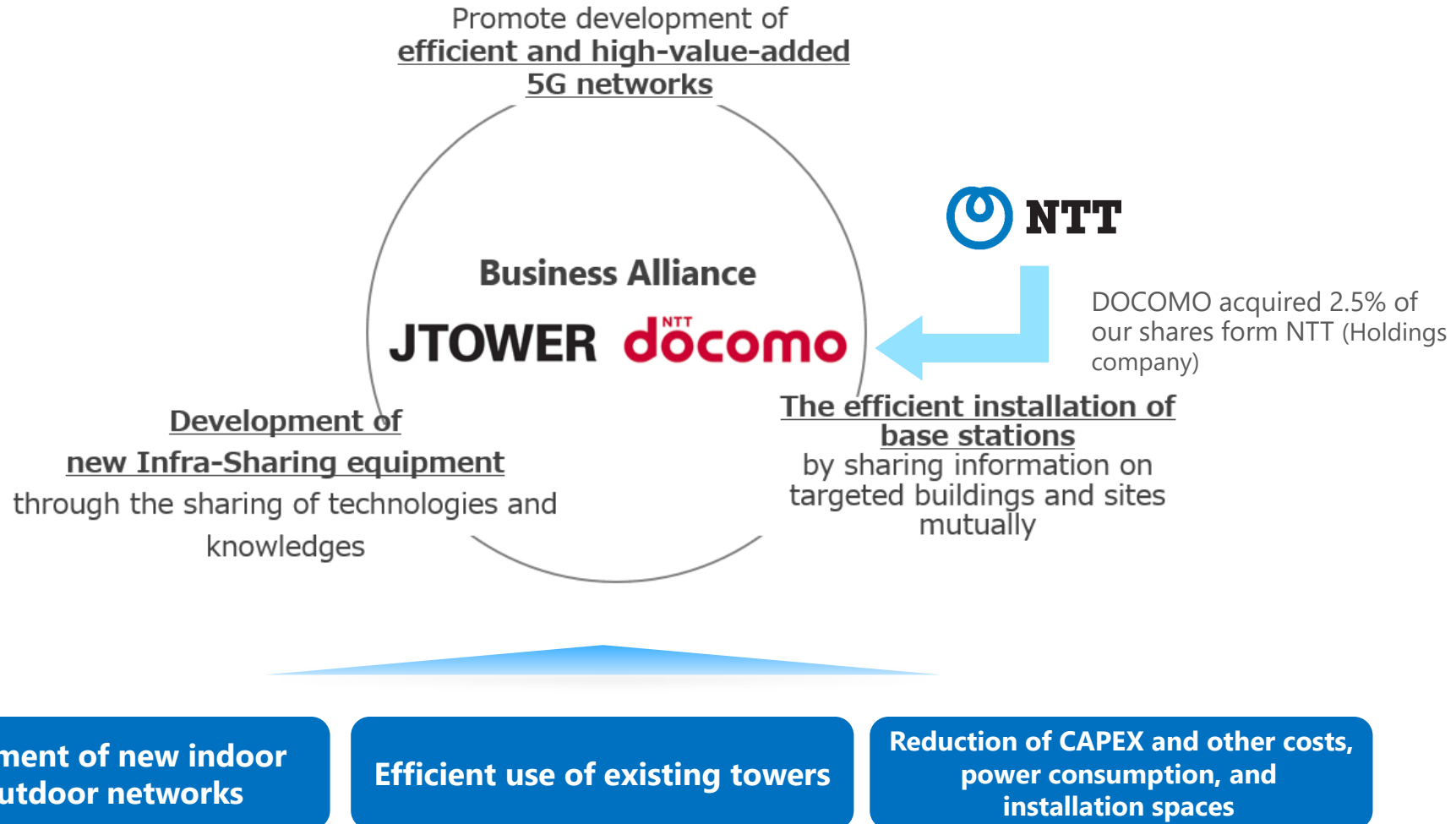
- Researches and formulation of specifications were conducted by Q3. Considering the timing of the spread of 5G mmWave, we reviewed the development steps that were originally scheduled to be completed during this fiscal year. We will complete to select the vendor in Q4 of this fiscal year and aim to complete manufacturing of the prototype unit by next Q3. The timing of R&D investment is expected to be delayed until the next fiscal year.

<Development Status and Future Steps of 5G mmWave shared radio unit>



- Researches and formulation of specifications were conducted by Q3.
- Considering the timing of the spread of 5G mmWave, we reviewed the development steps that were originally scheduled to be completed during this fiscal year.
- We will complete to select the vendor in Q4 of this fiscal year and aim to complete manufacturing of the prototype unit by next Q3.

- Strengthen collaboration in the utilization of Infra-Sharing and efficiently promote the expansion of 5G networks.



2 Domestic IBS – Progress of 5G IBS

JTOWER

- In November 2020, we developed Japan's first infra-shared indoor 5G network in TMG No.1 Building and recently expanded the coverage area. In addition to projects in the Tokyo Metropolitan Government, the number of pipelines in private facilities is also steadily increasing.

No. of installations completed: 2

(As of December 31, 2021)



No. of installations to be completed: 54

(As of December 31, 2021)



* 5G networks were installed in 1F and 2F in TMG No.1 and No.2 building.

2 Smart City – Expansion of Smart Pole (Tower Business) JTOWER

- On January 21, 2022, as a Smart Pole provider of the Tokyo Metropolitan Government, we launched some of the new type of Smart Poles in Nishi-Shinjuku area. Schedule to start installation and operation of all 20 units in near future. Launched a service site with the aim of expanding Smart Pole business.

Smart Pole in Nishi-Shinjuku
(Signage-type)



(Smart Pole service site) <https://www.jtower.co.jp/service/smartpole/>



Connect

Provide a comfortable connectivity with 5G antenna and high-speed Wi-Fi

Communicate

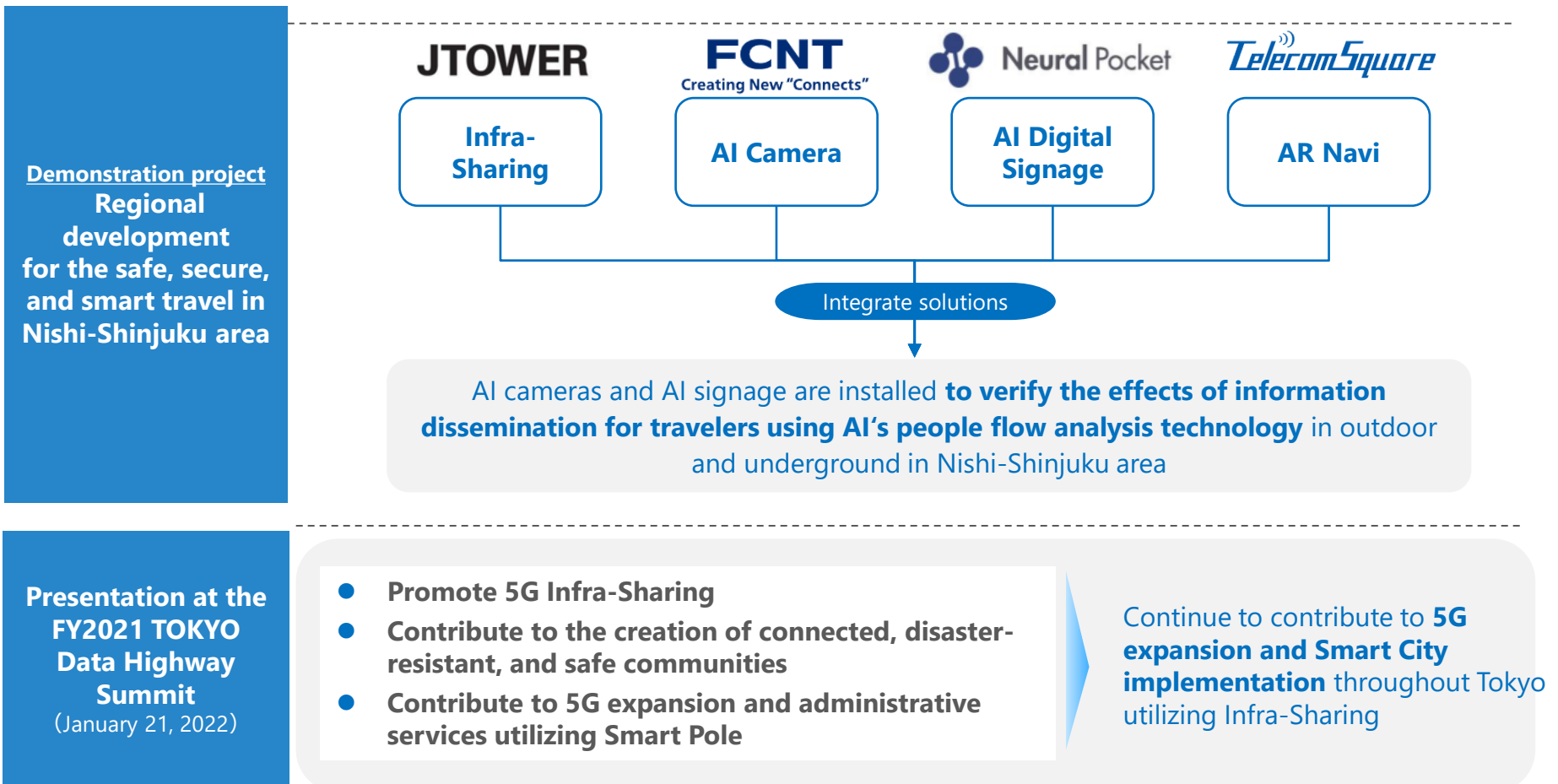
Utilized as the information transmission systems during emergencies through cooperation with area information, government and commercial advertising, and Local alert.

Visualize

Utilize various information to promote Smart City (Security cameras for safety management, data from human flow analysis cameras, and information obtained from environmental sensors)

2 Smart City – Demonstration project with TMG Presentation at Tokyo Data Highway Summit JTOWER

- In January 2022, a demonstration project aiming “Regional development for the safe, secure, and smart travel in Nishi-Shinjuku area” undertaken by four companies (JTOWER, FCNT, Neural Pocket and Telecom Square) was adopted as a subsidy project for the Smart City service demonstration in the Tokyo Metropolitan Government.
- We also presented our initiatives at the FY2021 TOKYO Data Highway Summit.



2 Solution – Conducted the demonstration to utilize L5G JTOWER

- JTOWER participated as one of the member companies of the consortium in Demonstration for Realizing Local 5G for Resolving Issues in FY2021 organized by MIC and conducted a demonstration at Oshiro EXPO 2021 event held in PACIFICO Yokohama in December 2021.

Oshiro EXPO 2021
(December 18-19, 2021)



Conducted
the Demonstration to hold Safe
and Secure events using Local 5G
as a consortium of
8 companies

JTOWER

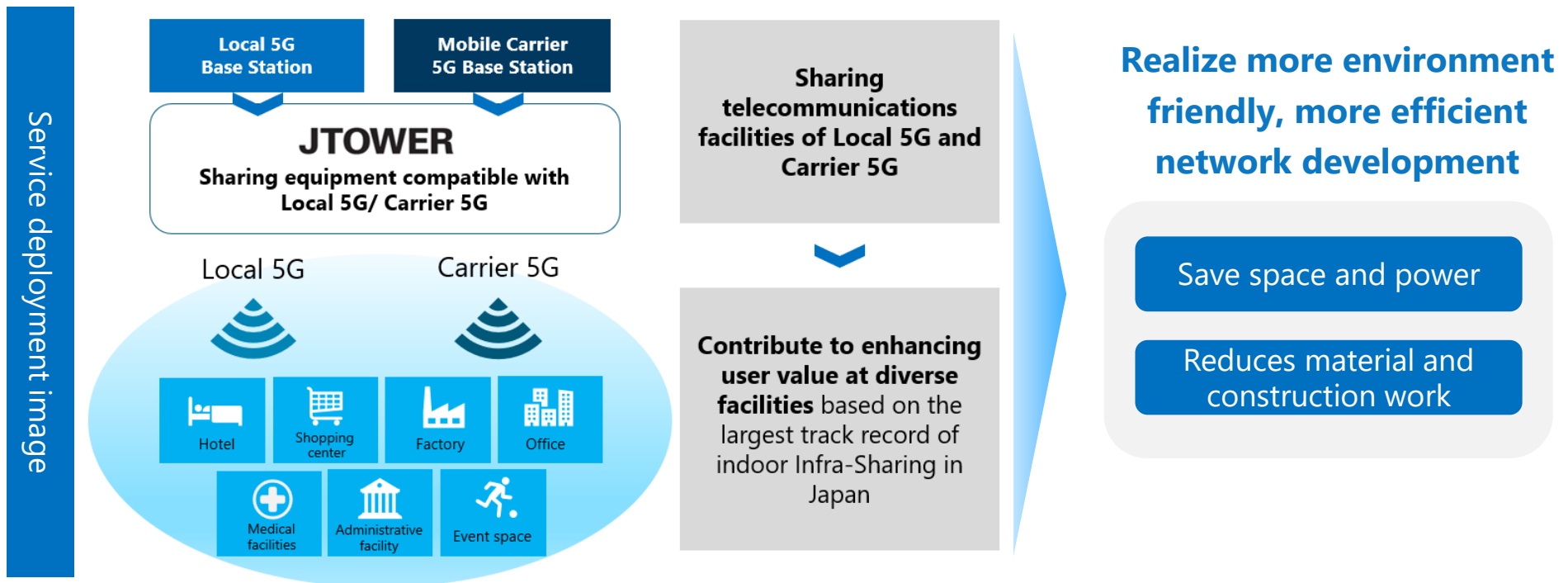
in charge of

- ✓ Acquisition of L5G licenses
- ✓ Build a verification environment
- ✓ Technical demonstration

Acquire detailed data on radio wave transmission, in the Local 5G network constructed in this demonstration

Refinement of L5G radio wave propagation model considering building penetration loss (radio wave attenuation due to walls) in multiple halls with different structure, and **study on sharing using an actual machine of a synchronous station and a quasi-synchronous station** were carried out.

- In February 2022, we completed the development of sharing equipment compatible with Local 5G Sub6 bandwidth. Going forward, in preparation for the introduction of this sharing equipment to the market, we will conduct connection tests with major Local 5G radio systems aiming to start commercial services by the end of 2022.



Apply for a license
for an
experimental
laboratory

On February 8, 2022, we applied for a license for an experimental laboratory **to test connections between Local 5G compatible devices and Local 5G radio systems.**

- In December 2021, MIC requested four MNO to accelerate the development of 5G networks in order to achieve greater coverage of 5G.

Purpose

- 5G is an important infrastructure for the future economic society and people's lives. In order to realize the Vision for a Digital Garden City Nation, **integrated development in cities and rural areas** is required.
- Until now, efforts have focused on the development of 5G advanced specified base station (parent stations) as the foundation for expanding 5G nationwide. In the future, in addition to the development of 5G advanced specified base stations, **it is also crucial to improve the population coverage ratio by accelerating the development of 5G base stations (child stations)** so that the public can realize the benefits of 5G.

Content

- ✓ In order to realize the expansion of 5G network coverage, further installations of 5G advanced specified base stations and 5G base stations shall be proactively carried out.
- ✓ A plan shall be prepared for each of fiscal year-end*¹ with respect to the number of installations of advanced 5G specified base stations and 5G base stations for each prefecture, 5G network coverage ratio (in each mesh) and 5G population coverage ratio.
- ✓ Plan shall be submitted by March 11, 2022.
- ✓ Report the status of achievement of the submitted plan on a semi-annual basis.

Partial excerpt from MIC's "Requests for Acceleration of 5G Base Station Developments" announced on December 28, 2021.

**Expect to accelerate the deployment of 5G base stations,
including child stations, in rural areas**

*1: Each of fiscal year-end, until FY2025

1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

FAQ

5

Initiatives for Future Growth

6

Appendix

- **Revenue:** Existing growth measures centered on Domestic IBS are trending favorably and a new increase is expected from new projects such as Local 5G and demonstration projects for traffic signals. However, the full year forecast was revised downward by **JPY400 million** due to delays in revenue in Tower and unrealized new M&A (International IBS), which were expected as new growth measures.
- **Operating Profit:** Gross profit is expected to be lower than initially expected due to factors such as the above-mentioned new growth measures. However, operating profit was revised upward by **JPY260 million** in light of lower-than-expected SG&A expenses due to a delay in R&D investments for 5G mmWave shared radio units (forecast to occur in the next fiscal year of **JPY290 million**).

(JPY mn)	FY2020	FY2021			FY2021		
	12 Months Results	(1)12 Months Revised Forecasts (Feb.8,2022)	Change		(2)12 Months Initial Forecasts (May 14,2021)	(1) - (2)	
			Amount	%		Amount	%
Revenue	3,501	4,200	+698	+19.9%	4,600	-400	-8.7%
EBITDA *1	1,349	1,670	+320	+23.7%	1,590	+80	+5.0%
<i>EBITDA Margin</i>	38.5%	39.8%	+1.3pt	—	34.6%	+5.2pt	—
Operating Profit	418	520	+101	+24.2%	260	+260	+100.0%
<i>Operating Profit Margin</i>	12.0%	12.4%	+0.4pt	—	5.7%	+6.7pt	—
Ordinary Profit	178	490	+311	+173.8%	180	+310	+172.2%
Net Income	506	280	-226	-44.7%	100	+180	+180.0%
Capital Expenditure (Investment Cash Flow)	- 2,401	- 2,360	+41	-1.7%	- 3,770	+1,410	-37.4%

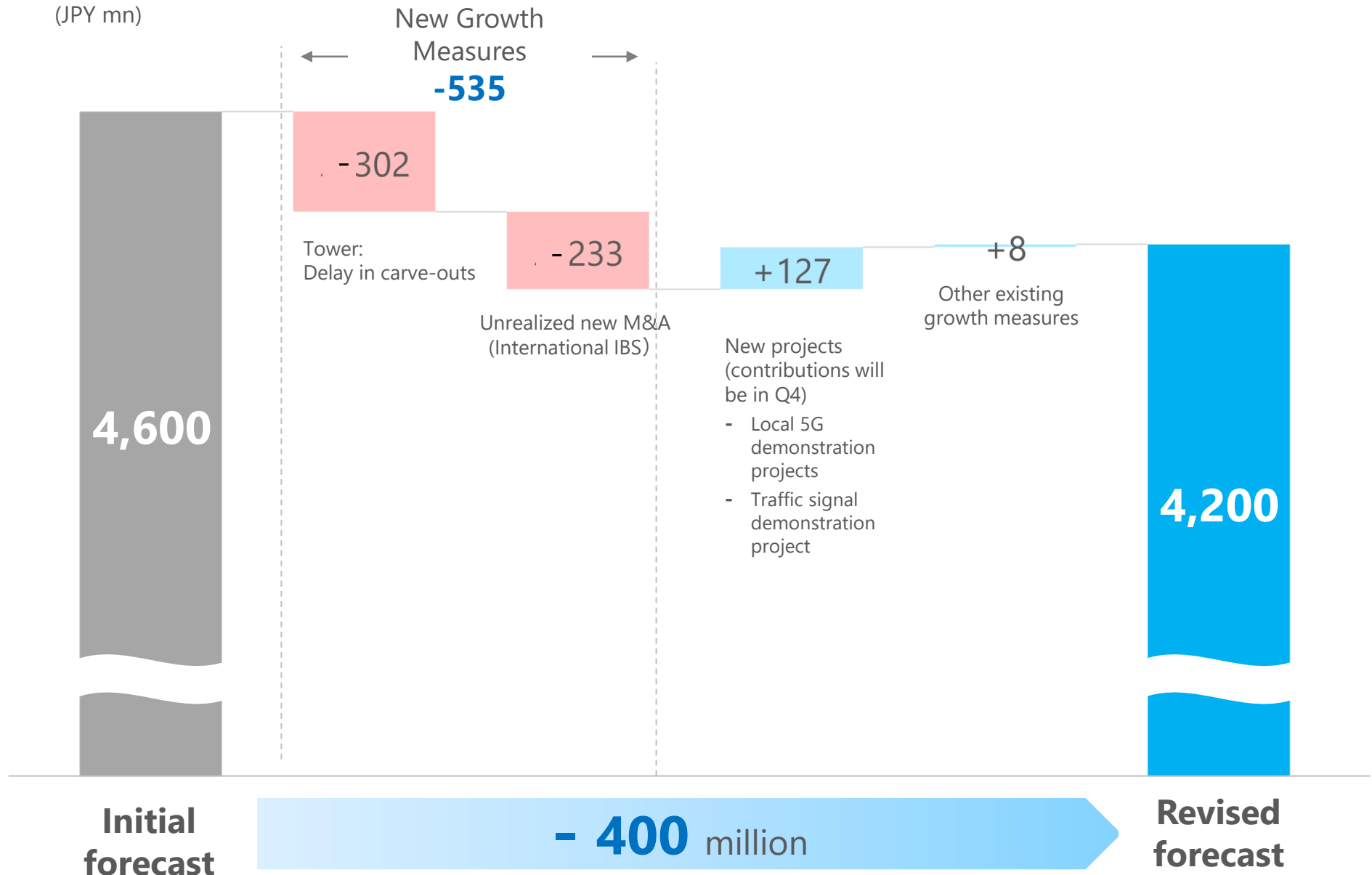
*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

Revised Forecast:

3 Factors behind Changes in Consolidated Revenue

JTOWER

(JPY mn)

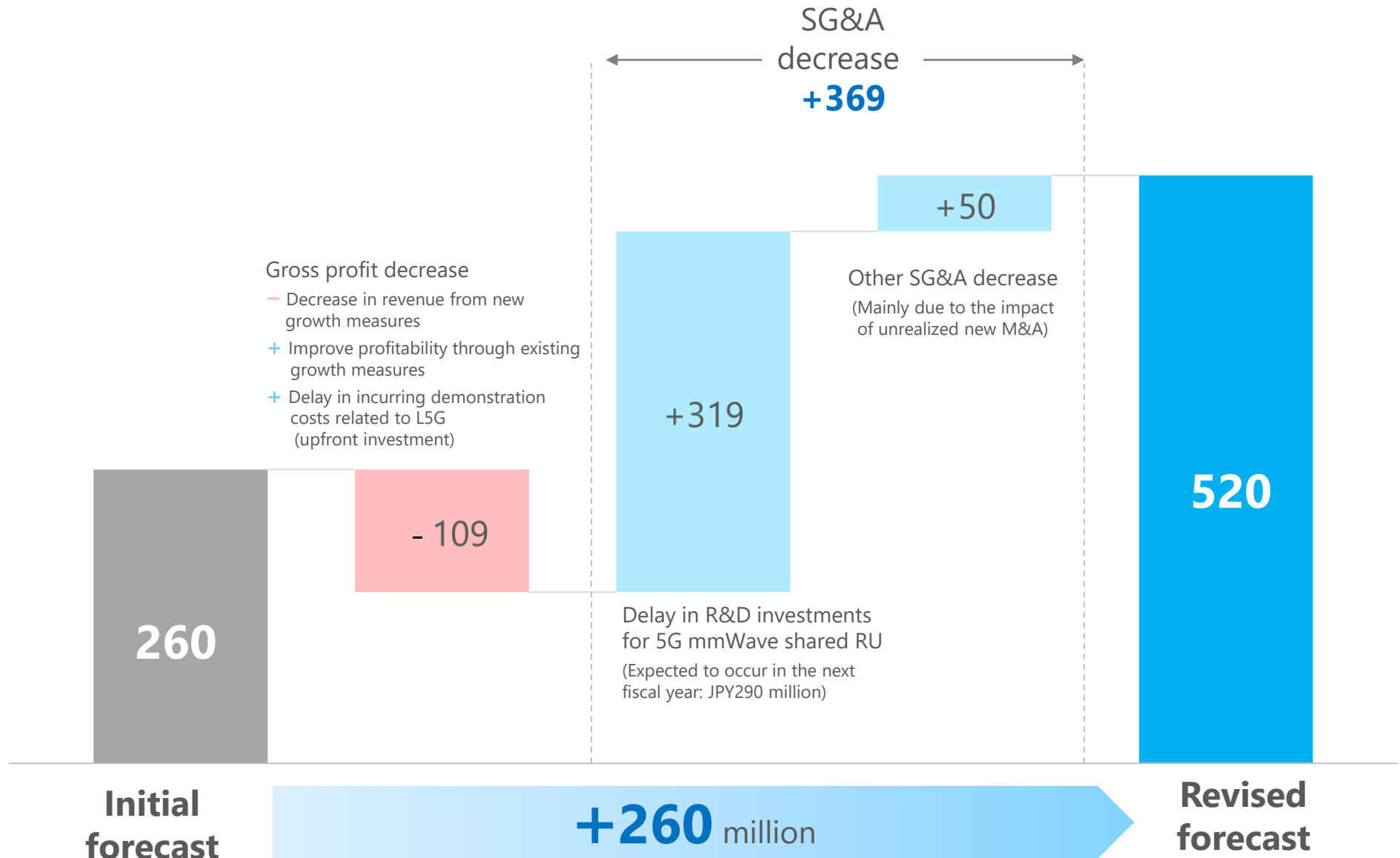


Revised Forecast:

3 Factors behind Changes in Consolidated Operating Profit

JTOWER

(JPY mn)



1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

FAQ

5

Initiatives for Future Growth

6

Appendix

分類	質問	回答
Domestic IBS	Are the numbers of 4G IBS installation during Q3 in line with forecasts?	Slightly lower than plan due to delays in the launch of services because of the impact of COVID-19. Assuming a similar trend in Q4, we have changed the full-year forecast to 65-70 buildings.
Domestic IBS	Are the number of 5G IBS scheduled to be installed (54 buildings/as of the end of December 2021) progressing as planned?	Steady progress is generally in line with the plan.
International IBS	The number of installations in Vietnam expanded by 41 in Q3, but why did revenue growth be limited?	The main reason is that the transfer of asset purchases is counted as the number of installations after the transfer of existing contracts with property owners is completed, but the timing of recording revenue differs.
Tower	Why did not the company develop 5G mmWave shared RU during this fiscal year?	Review the development process in view of the spread of mmWave. Improve development accuracy by spending time preparing formulation of specifications and selecting vendors in advance.
Tower	Is the JPY290 million cost for developing 5G mmWave shared RU, which was delayed in the next fiscal year, continuously incurred thereafter?	This is the total cost of developing 5G mmWave shared RU, and one-time expense for the next fiscal year.
Full year forecast	Will the revenue from new projects of JPY127 million continue in the future?	Temporary income such as subsidy .
Alliance	What is the specific effect of the capital and business alliance with NTT DOCOMO?	Stronger collaboration in IBS and Tower businesses and promotion of carve-out.

1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

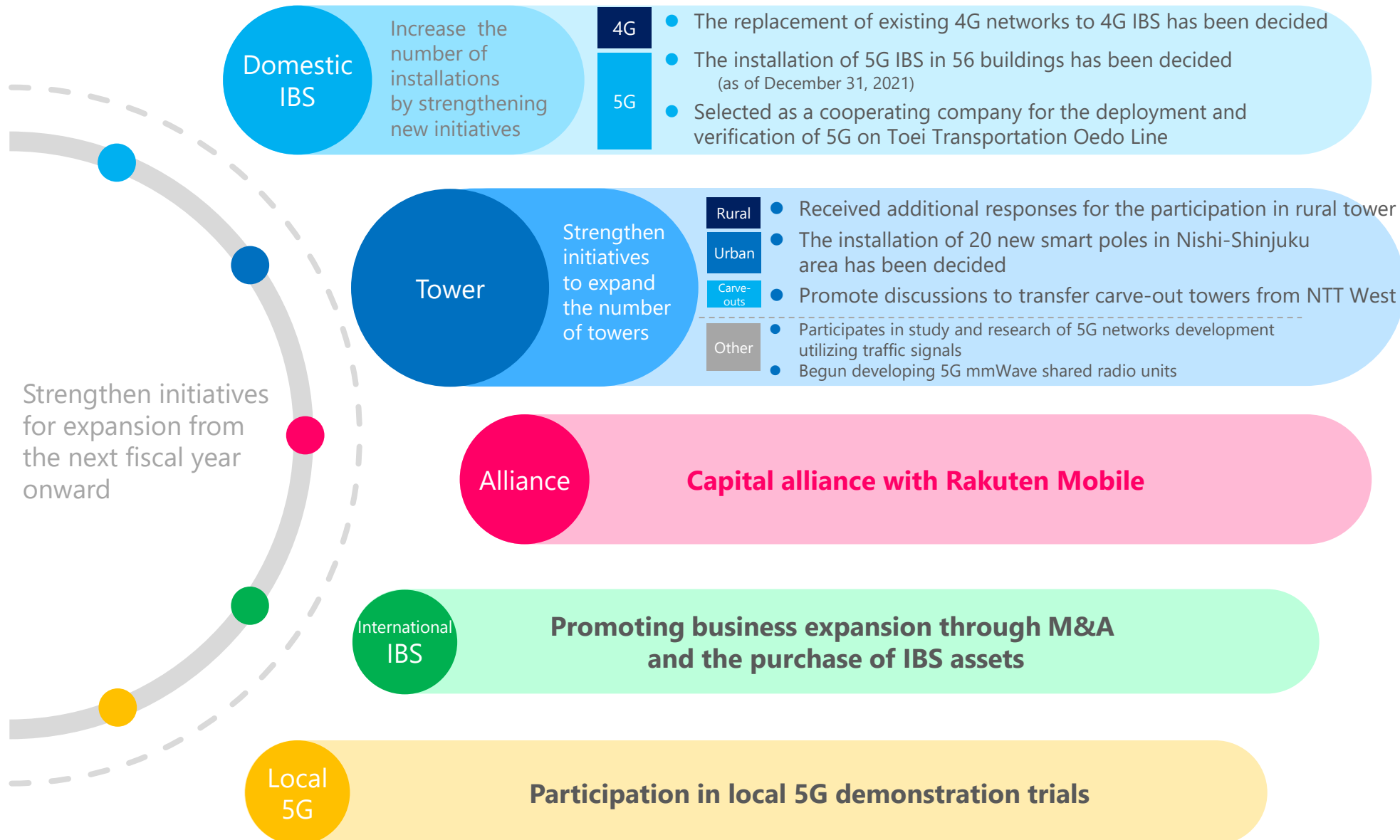
FAQ

5

Initiatives for Future Growth

6

Appendix



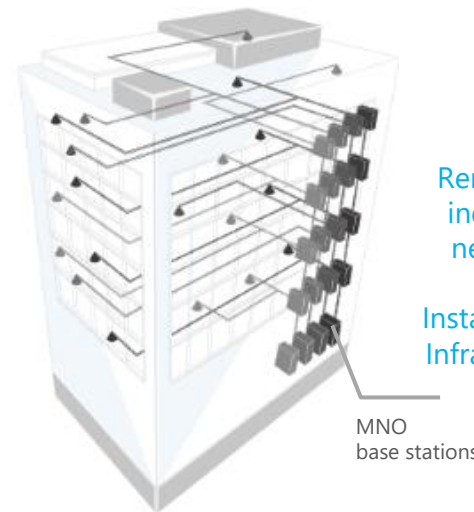
- A new initiative, the replacement of existing 4G networks to 4G IBS has been decided in some buildings. Strengthen the operating structure in anticipation of the expansion of this scheme in the future.



Aging of facilities
Replacement demand

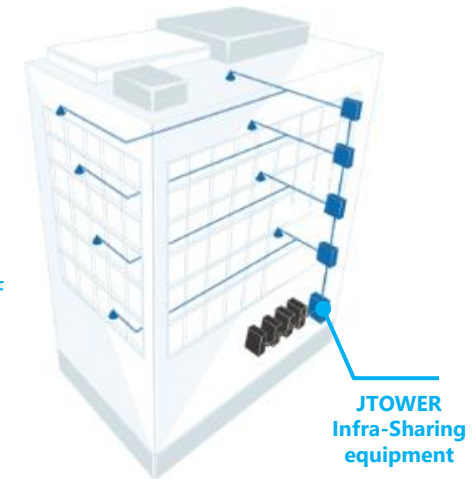
The replacements
to 4G IBS has
been decided in
some buildings

Installations by MNO
(Existing building)



Removal of
individual
networks
+
Installation of
Infra-Sharing

After replacing with
Infra-Sharing



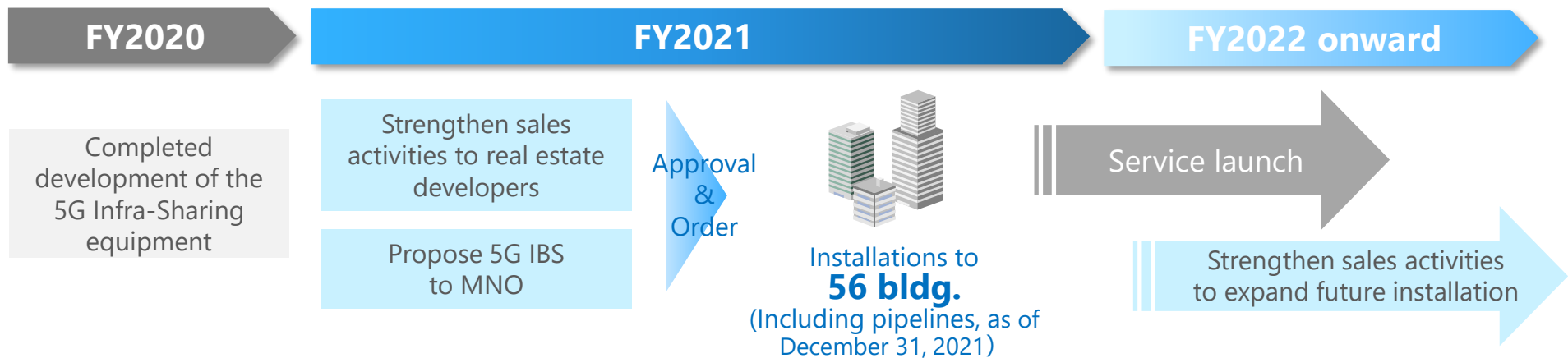
Strengthen the operating structure in anticipation of the expansion of this scheme in the future

5 Domestic IBS – Expansion of 5G IBS

JTOWER

- The installation of 5G IBS to 56 buildings (total of new and existing buildings) has been decided. In addition, we have been selected as a cooperating company for the deployment and verification of 5G on Toei Transportation Oedo Line and concluded an agreement. Strengthen sales activities to expand future installation of 5G IBS.

The installation to 56 new and existing buildings has been decided



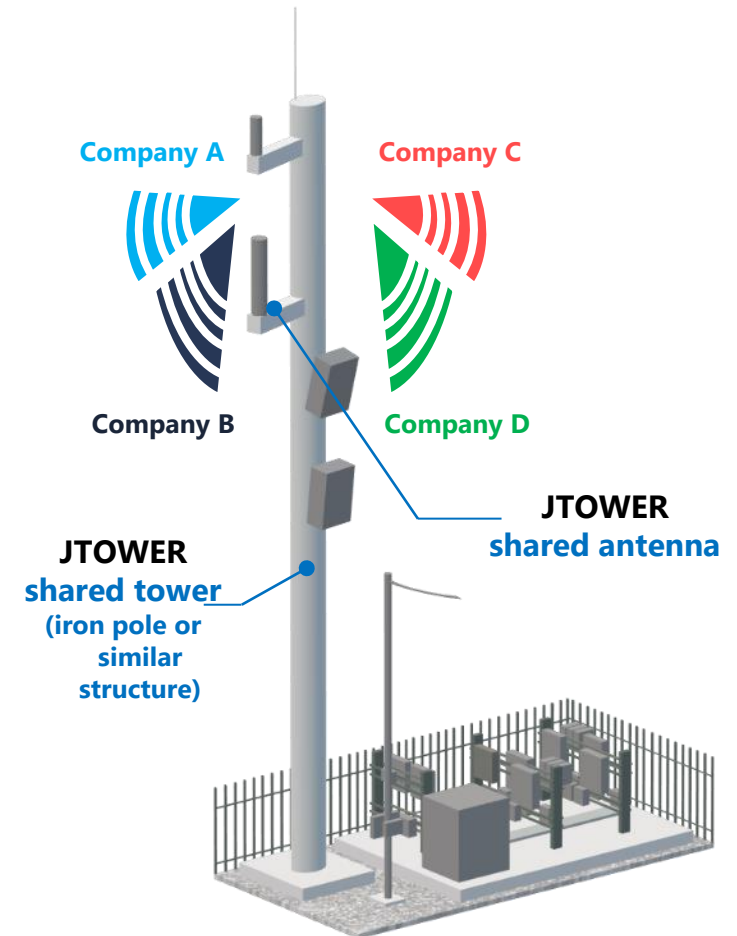
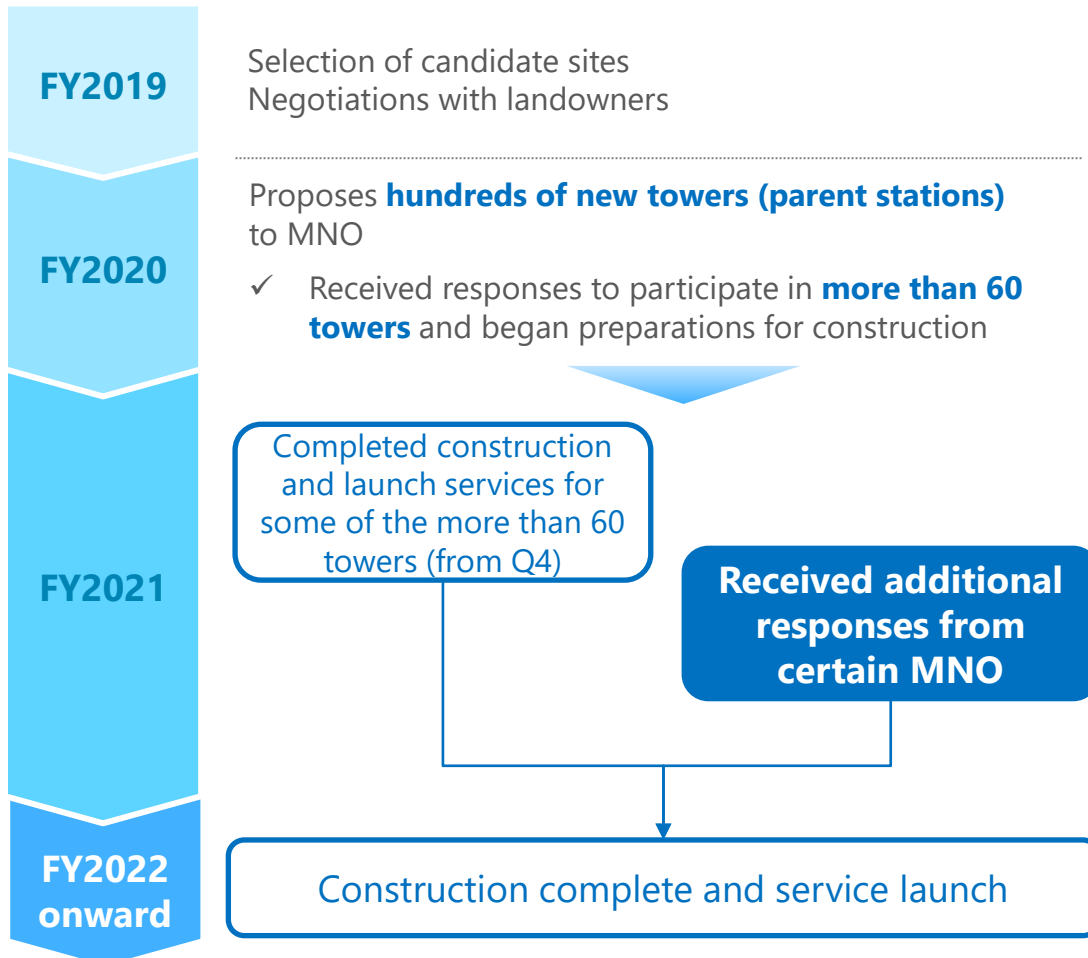
Selected as a cooperating company for the deployment and verification of 5G on Toei Transportation Oedo Line

August, 2021

Selected as a cooperating company for the deployment and verification of 5G on Toei Transportation Oedo Line

5 Tower – in rural tower

- In addition to more than 60 tower that have already begun preparations for construction, we have received additional responses from certain MNO to participate in rural tower. Construction will start from the next fiscal year onward.

Progress of Tower sharing in rural areas**Installation Image**

5 Tower – The installation of 20 new smart poles in Nishi-Shinjuku area has been decided

JTOWER

- JTOWER, TEPCO Power Grid, and NTT EAST agreed with the Tokyo Metropolitan Government to install 20 smart poles in Nishi-Shinjuku area.
- The project aims to improve the 5G coverage in Nishi-Shinjuku area and realize Smart Tokyo by building 20 new smart poles to verify related services and the business model with a view to expand smart poles in other regions.



Infra-sharing

Development

Smart Services

Provide smart city services utilizing cutting-edge technologies with Smart Poles



5G

5G
Infra-sharing



**Free
Wi-Fi**

Wi-Fi



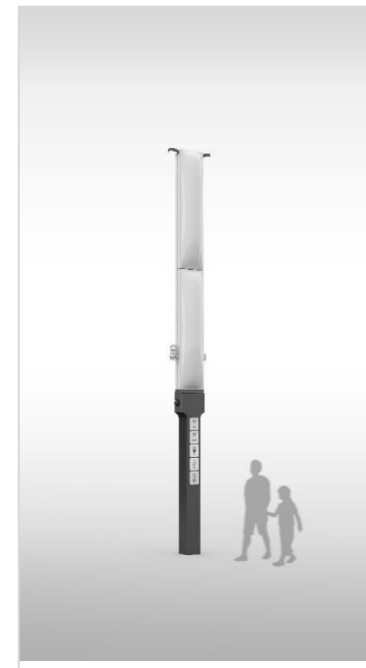
CCTV



Sensors



Signage



Pole-type



Signage-type

5 Tower – Progress of tower carve-outs with NTT West

JTOWER

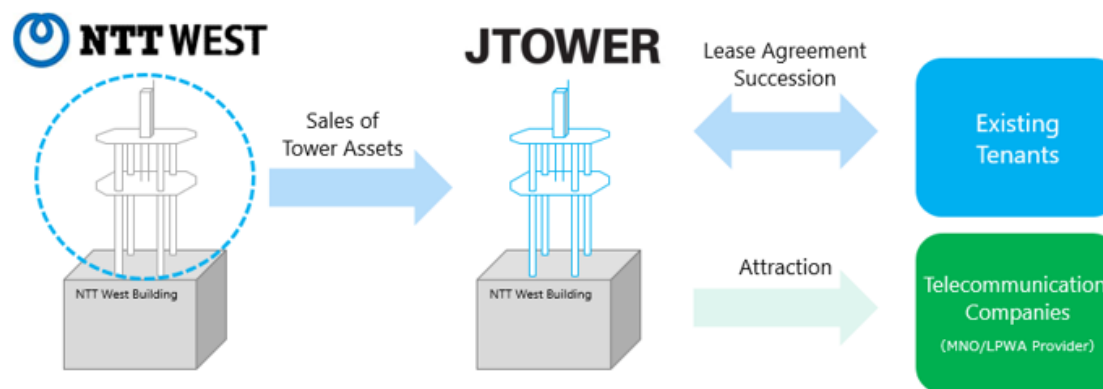
Progress of transaction

- Began discussions with NTT West and existing tenants for the transfer. The contract transfer is expected to be implemented gradually, but the transfer is expected to begin from March 2022.
- After the contract transfer is completed, we plan to work to attract new tenants (telecommunication companies and others) for sharing.

Image of telecommunications tower



Image of tower carve-outs transaction



Purchase Price (Total):
Approx. **700 million yen**

Number of Towers: 71

Transfer of ownerships:
Start gradually from March 2022

*The contracts of the existing tenants of each tower will be successively transferred

Revenue contribution:
Approx. **200 million yen**

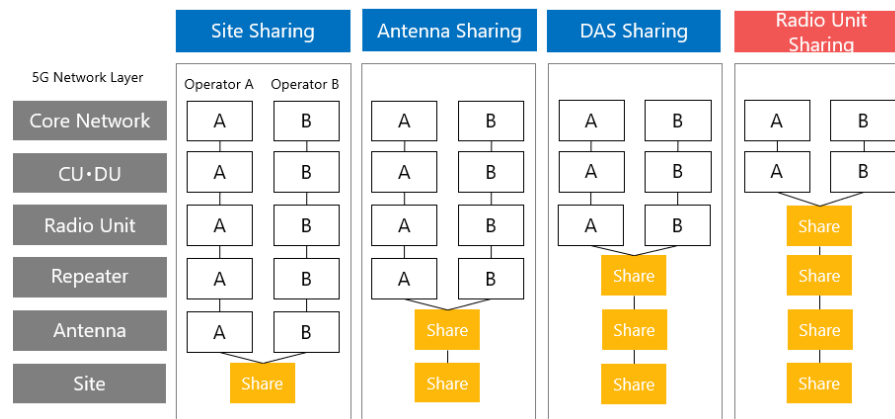
* If this transaction contributes for the full fiscal year

5 Tower - 5G mmWave Shared Radio Unit

JTOWER

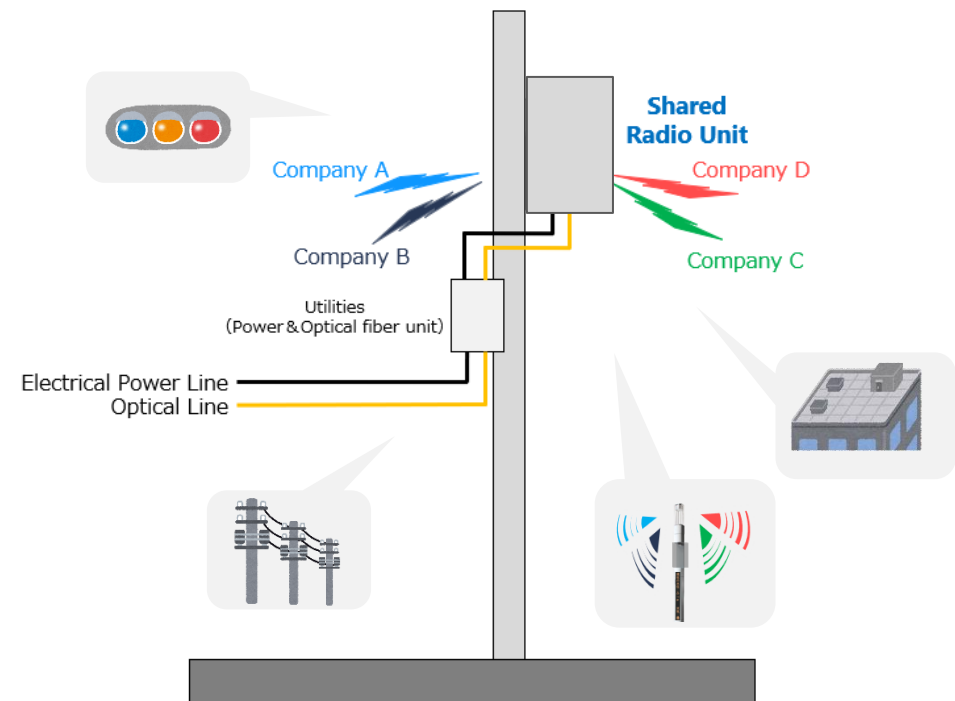
- In 5G mmWave spectrum, we have begun developing shared radio units (base stations), aiming for sharing in the high layer compare to previous sharing.
- Aim to complete manufacturing of the prototype unit by Q3 FY2022.

Realization of RU sharing in the high layer



- **Sharing of Radio Unit (base station) in the high layer** compared with previous sharing of DAS and antenna.
- Compatible with 5G mmWave (28GHz band) allocated to 4 MNOs.
- Complying with **O-RAN** and **compact and lightweight**.

Image of installation

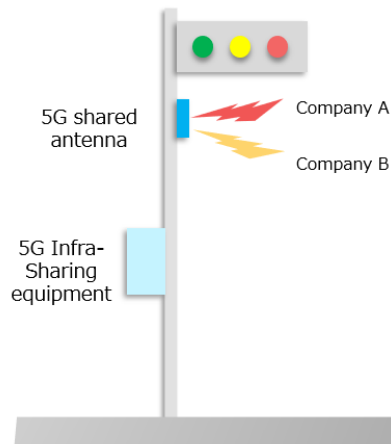


Anticipate installation in a wide range location both indoor and outdoor, including concrete poles, electric poles, signals, smart poles and inside of buildings

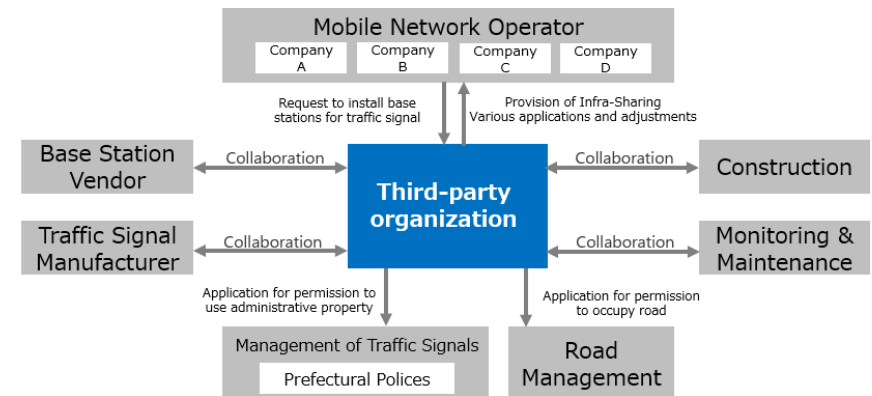
Tower – development utilizing traffic signals

- We will participate in “Study and Research for the Development of 5G Network Utilizing Traffic Signals in FY2021” project promoted by MIC as one of the consortium members.
- As one of the consortium members, we are responsible for “The verification of the installation of 5G base stations including shared use among several mobile network operators” and “The verification of the functions and roles of the third-party organization through demonstration tests” in Tokyo and Akita areas.

The Image of 5G Infra-Sharing



The image of functions and roles of the third-party organization taking a part in the installation of base stations onto traffic signals



Source: Based on The National Police Agency's "Summary of Results of the 2019 National Police Agency Review Board"

- Install 5G Infra-Sharing equipment and antennas at intersection points to develop 5G networks.
- Aim to contribute to **reduce MNO's investment costs**, while realizing **the simplification and lighter weight of equipment**.

- Coordinate installation works with a wide range of related parties, such as mobile network operators, prefectural police, and road managers, and **unify the contact points for various projects**.
- Verify the efficiency of operations in the installation of base stations.

1

FY2021 Q3 Financial Results

2

Management Topics

3

FY2021 Full Year Forecasts

4

FAQ

5

Initiatives for Future Growth

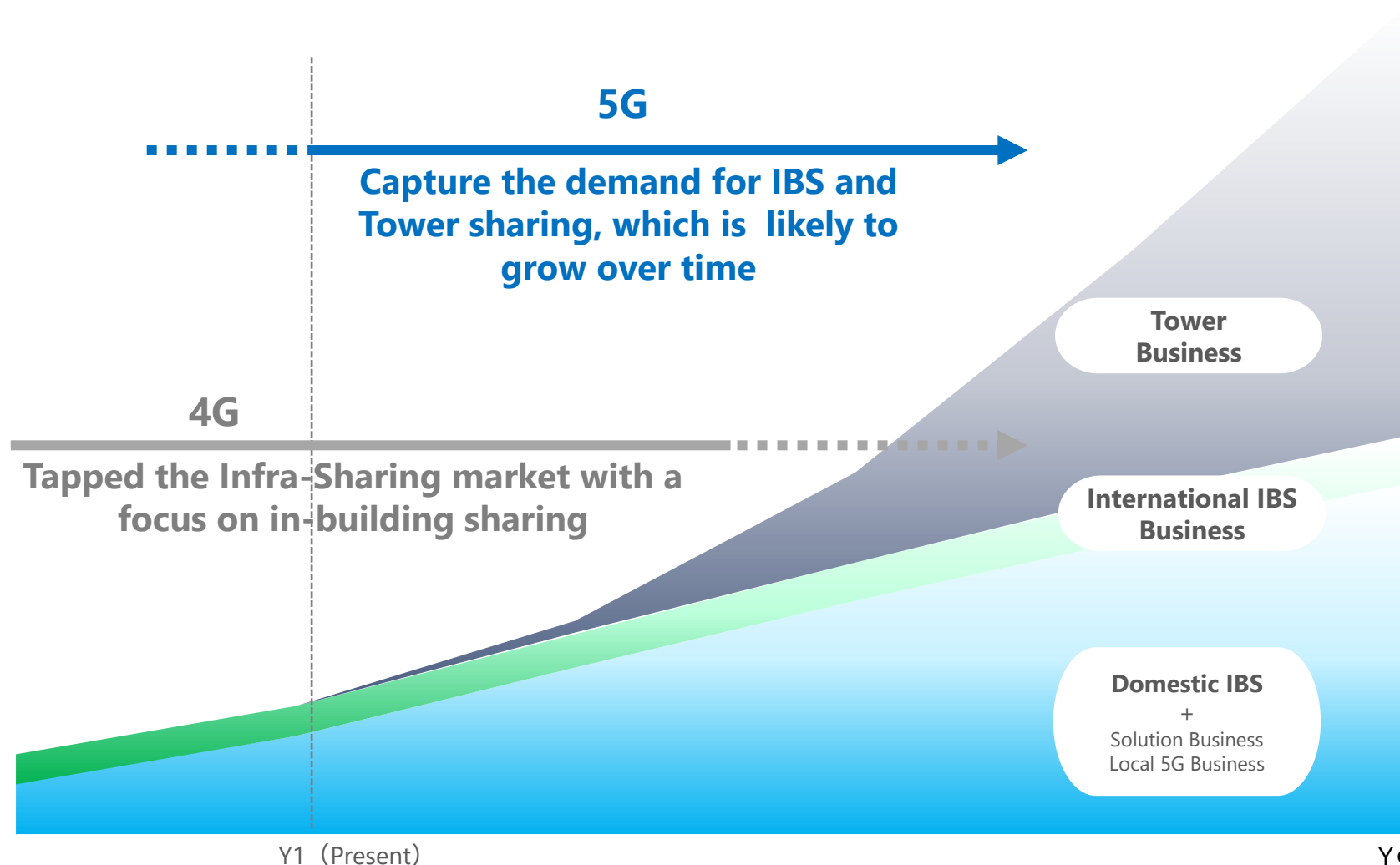
6

Appendix

Major transactions of tower carve-outs from telecom companies in the global tower market

Date	Telecom companies (Seller)	Tower companies (Buyer)	# of sites	Deal value (\$ billion)
2012/9	T-Mobile (US)	Crown Castle (US)	7,200	2.4
2012/11	KPN (NL)	American Tower (US)	2,000	0.5
2013/10	AT&T (US)	Crown Castle (US)	9,700	4.9
2015/2	Verizon (US)	American Tower (US)	11,324	5.1
2017/2	Bouygues Telecom (FR)	Cellnex (ES)	2,300	0.7
2018/6	Vodafone India Idea Cellular (IN)	American Tower (US)	20,000	1.4
2019/7	Arqiva Group (GB)	Cellnex (ES)	7,400	2.5
2020/11	CK Hutchison (6 European countries)	Cellnex (ES)	24,600	8.5
2021/1	Telefonica (ES, DE, Latin America)	American Tower (US)	30,722	9.4
2021/2	Altice (FR)	Cellnex (ES)	10,500	6.3

Aiming to expand the Domestic IBS business and the Tower business supported by the increasing 5G demands for the efficient capital investments in telecom infrastructure area

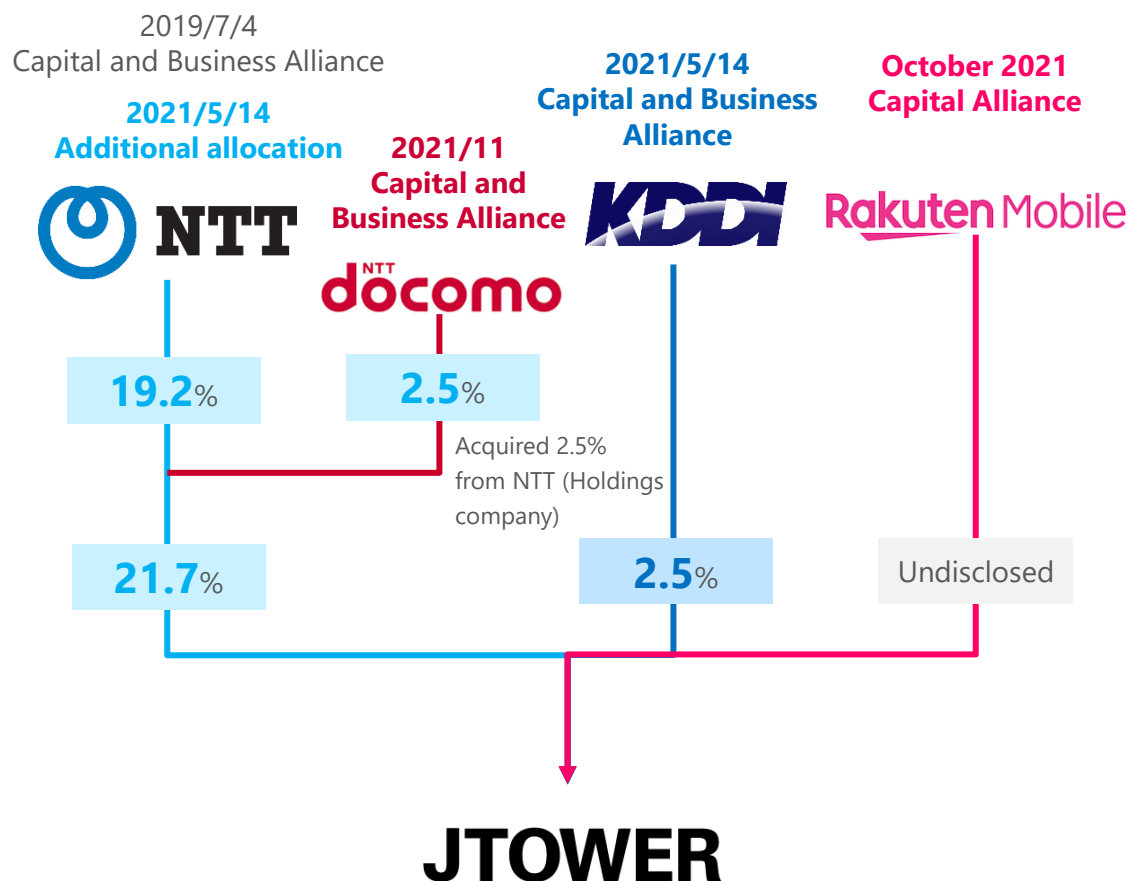


6 Positioning of alliances with mobile network operators

JTOWER

- By strengthening relationships through alliances with mobile network operators, we will strengthen our position as Infra-Sharing provider aiming for further growth and expansion.

Our capital structure



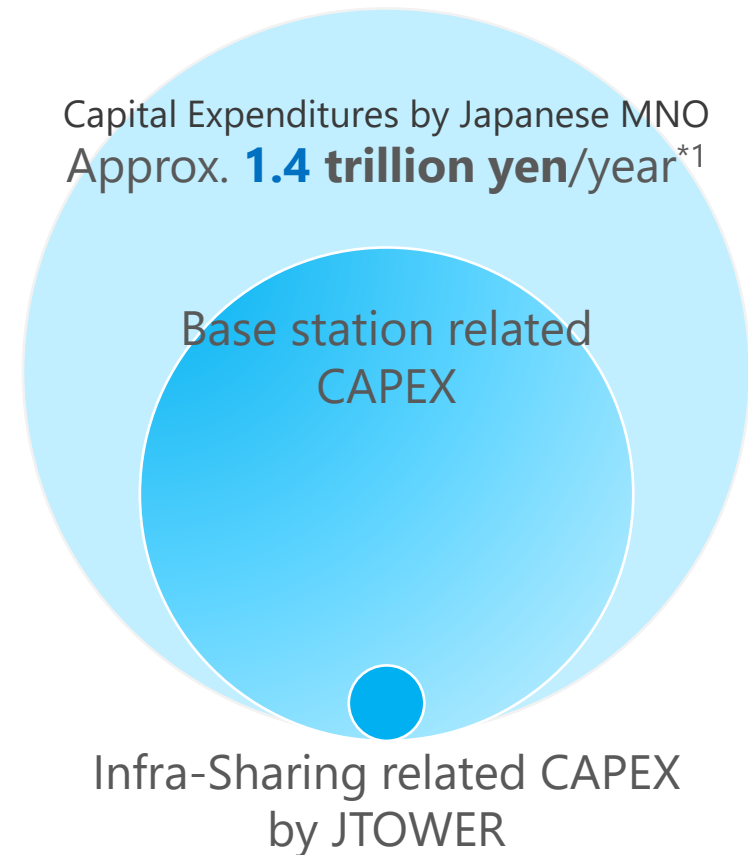
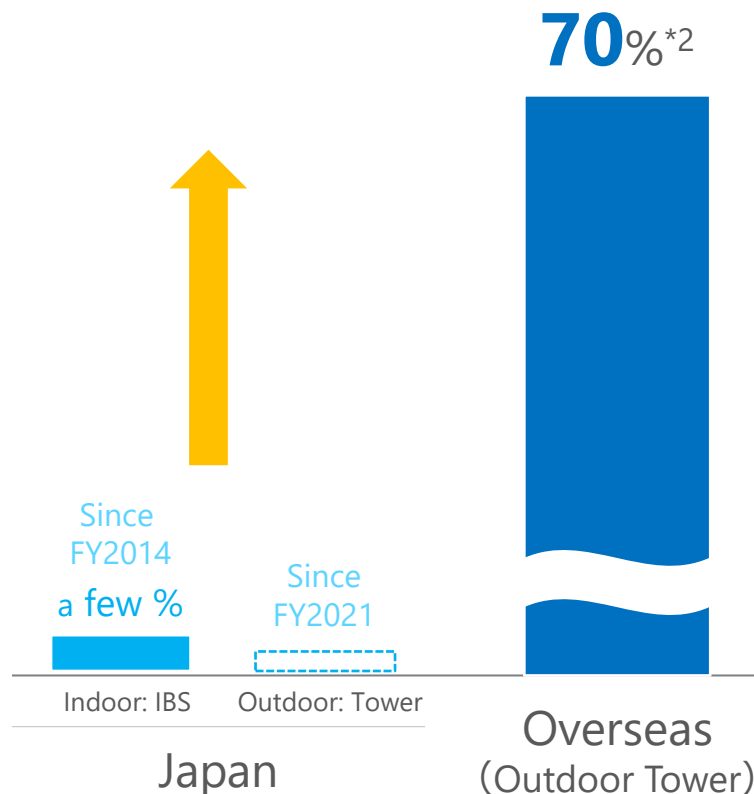
Significance for us

- Strengthening our position as a leading company of Infra-Sharing
- In Tower Business, where the relationship with mobile carriers is important, we aim to expand the business based on the strengthening of the relationship under this alliance.
- Going forward, we will continue to consider alliances that contribute to enhancing corporate value as an important measure.

- In Japan, JTOWER has been leading Infra-Sharing market as a pioneer.
- On the other hand, when compared to the global market, Japanese Infra-Sharing market seems to be a market with considerable room for future expansion

Infra-Sharing Penetration

Investment in telecommunications
infrastructure in Japan



Source:

*1: Based on Current Status and Future Forecast of the Mobile Phone Base Station Market and Peripheral Materials Market (2020 Version) by MCA

*2: Based on TowerXchange

6 Our strengths in Infra-Sharing market

JTOWER

- As a leading company of Infra-Sharing, JTOWER has established a solid position in the market with a high entry barrier.

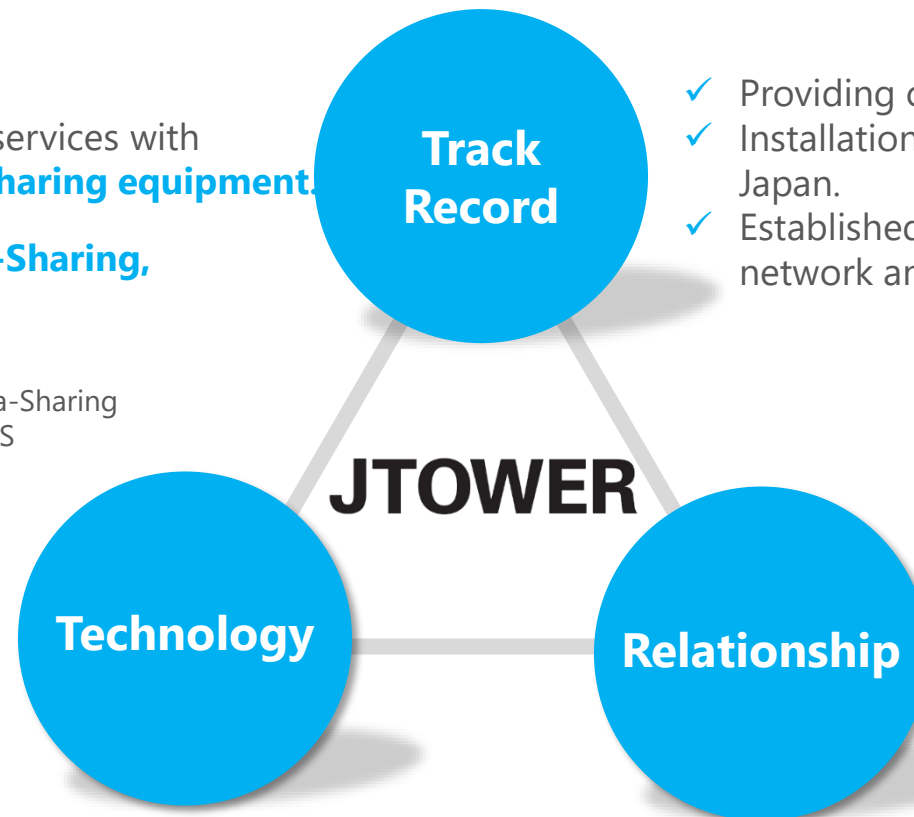
- ✓ Provide active Infra-Sharing services with **our own developed Infra-Sharing equipment**.
- ✓ Lead in **the high-level Infra-Sharing, such as 5G.**

- Sub6

Completed development of 5G Infra-Sharing equipment and have installed 5G IBS

- mmWave

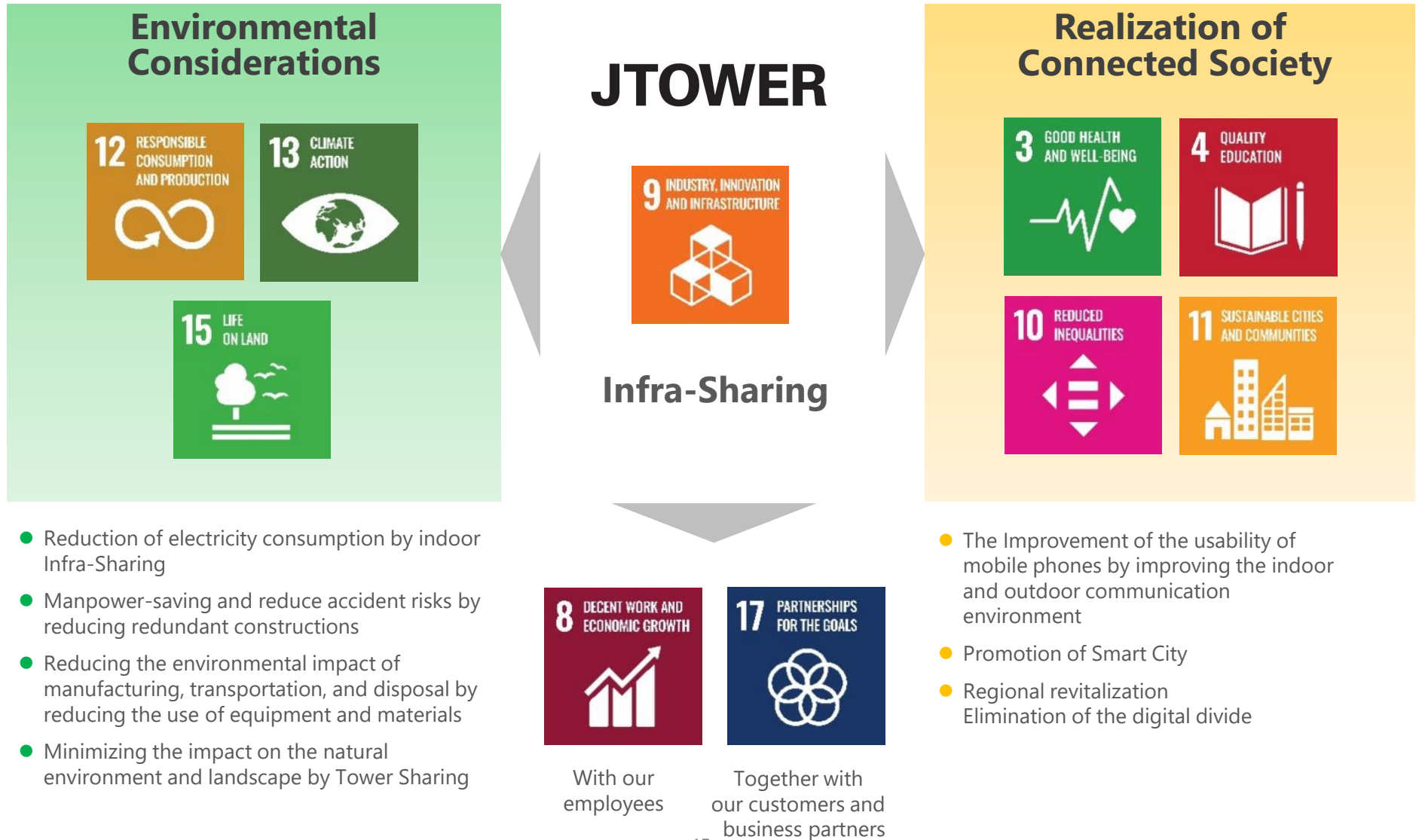
Started to develop 5G mmWave shared radio units



- ✓ Providing commercial services to **4 MNO**.
- ✓ Installations in more than **250 buildings** in Japan.
- ✓ Established the nationwide maintenance network and continue stable operations.

- ✓ Relationship with MNO and real estate developers.
- ✓ **Capital and business alliance** with MNO.
- ✓ Participate in projects by MIC and the Tokyo Metropolitan Government.

- Infra-Sharing in itself leads to the realization of Sustainable Society



(JPY mn)	FY2017	FY2018	FY2019	FY2020
Revenue	756	1,377	2,558	3,501
Domestic IBS Business	510	863	1,783	2,784
International IBS Business	244	455	435	496
Solution Business	1	59	339	221
<i>Revenue Growth</i>	356%	82.1%	86.6%	36.9%
Cost of Goods Sold	587	730	1,278	1,685
Gross Profit	169	647	1,279	1,816
<i>Gross Profit Margin</i>	22.4%	47.0%	50.0%	51.9%
Selling, General and Administrative Expenses	643	817	1,209	1,397
<i>SG&A Ratio</i>	85.1%	59.3%	47.3%	39.9%
Operating Profit	-474	-169	69	418
<i>Operating Profit Margin</i>	-	-	2.7%	11.9%
EBITDA* ¹	-225	168	737	1,349
<i>EBITDA Margin</i>	-	12.2%	28.8%	38.5%
Ordinary Profit	-479	-166	5	178
Net Income Before Income Taxes	-560	-166	-1	214
Net Income Attributable to Non-Controlling Interests	1	15	2	-
Net Income Attributable to Owners of the Parent	-577	-214	-13	506
Consolidated Number of Employees* ²	72	116	138	136

*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

*2: Number of employees includes the average number of temporary workers (contract workers and workers from staffing agencies) in the past year.

(JPY mn)

	FY2017	FY2018	FY2019	FY2020
Current Assets				
Cash and Cash Equivalents	2,452	2,329	7,188	8,398
Notes and Accounts Receivable	195	379	482	397
Total Current Assets	2,781	2,983	8,032	8,955
Non-current Assets				
Tangible Fixed Assets	1,500	3,631	5,860	6,968
Goodwill	460	638	579	329
Total Non-current Assets	1,994	4,412	6,614	7,790
Total Assets	4,776	7,396	14,646	16,745

Financial Indicators

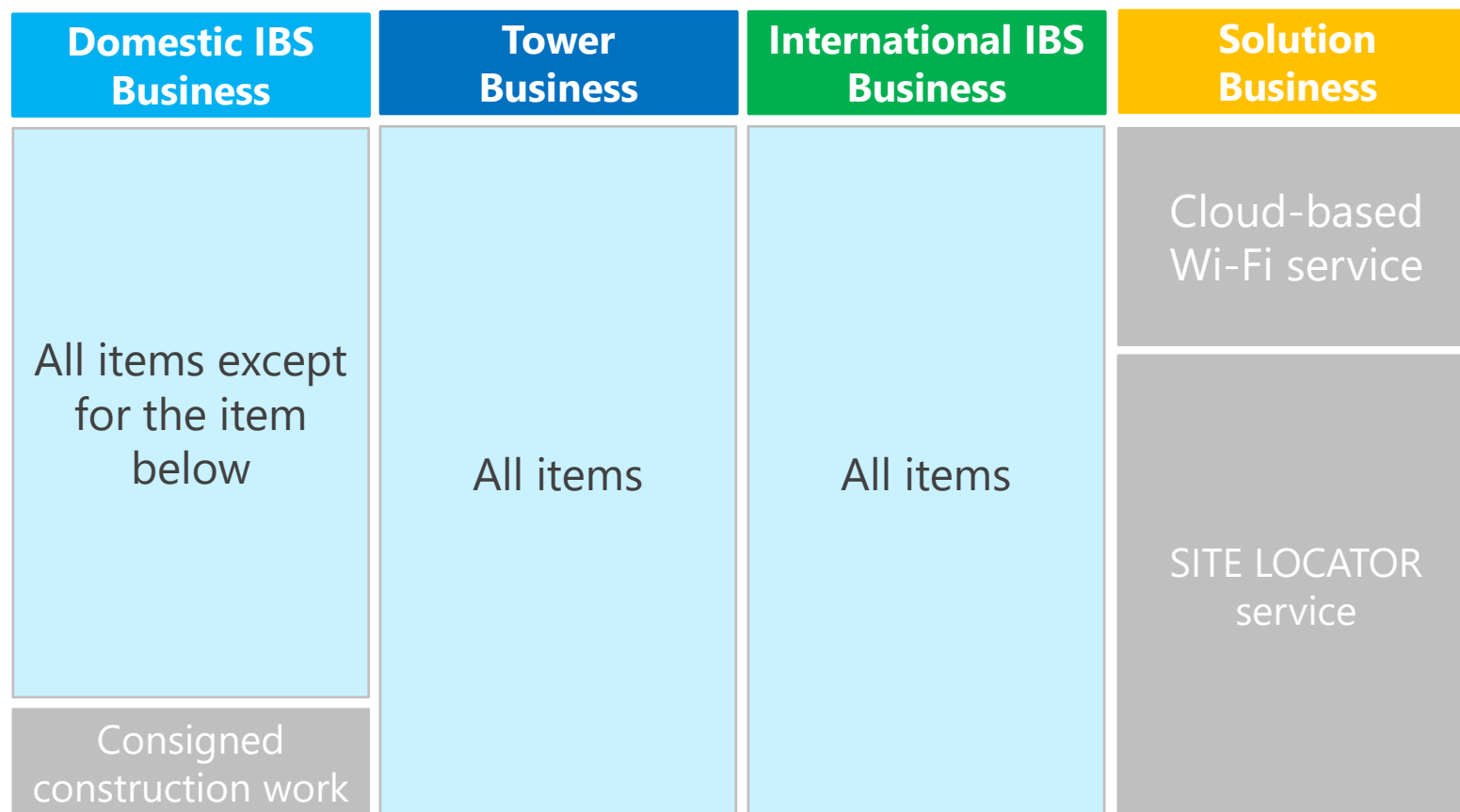
Debt	637	818	1,083	1,195
Net Debt	-1,815	-1,510	-6,104	-7,202
Capital Expenditure	913	2,441	2,787	2,098
<i>Equity Ratio</i>	<i>24.1%</i>	<i>21.0%</i>	<i>45.3%</i>	<i>42.6%</i>

	FY2017	FY2018	FY2019	FY2020
Current Liabilities				
Accounts payable - trade	68	172	193	129
Short-term borrowings	15	12	45	210
Accounts payable - other	429	1,019	1,204	851
Unearned revenue (Contract liability*1)	318	737	1,525	7,156
Total Current Liabilities	986	2,143	3,288	8,742
Non-current Liabilities				
Long-term borrowings	150	300	300	210
Long-term unearned revenue	1,024	2,042	3,869	-
Total Non-current Liabilities	1,580	2,744	4,723	865
Total Liabilities	2,566	4,887	8,011	9,608
Share capital	1,049	1,399	4,272	4,300
Capital surplus	1,341	1,658	2,433	2,462
Total Net Assets	2,209	2,508	6,635	7,137
Total Liabilities and Net Assets	4,776	7,396	14,646	16,745

*1: Under the revenue recognition standard, which was adopted in April 2021, the balances of Unearned Revenue (presented in Current Liabilities until FY2020) and Long-Term Unearned Revenue (presented in Non-Current Liabilities until FY2020) arising from contracts with customers are included in contract liability.
(Changed from FY2020 results)

(JPY mn)	FY2017	FY2018	FY2019	FY2020
Cash Flows from Operating Activities	888	1,290	3,165	3,311
Change in Unearned revenue	1,002	1,437	2,565	1,881
Depreciation	233	300	612	887
Amortization of Goodwill	15	36	53	41
Cash Flows from Investing Activities	-1,900	-2,110	-2,699	-2,470
Purchase of investment securities	-	-91	-	-
Purchase of property, plant and equipment	-800	-1,775	-2,611	-2,401
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,067	-99	-	-
Free Cash Flow	-1,011	-820	466	840
Cash Flows from Financing Activities	2,603	570	4,385	418
Net Increase (Decrease) in Short-term Borrowings	14	-2	32	-45
Proceeds from issuance of shares	1,095	697	5,725	56
Proceeds from Share Issuance to Non-controlling Shareholders	1,060	-	-	99
Proceeds from sale and leaseback transactions	488	145	392	303
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-158	-1,604	-
Effect of exchange rate change on cash and cash equivalents	-27	-4	-0	-1
Net Increase (Decrease) in Cash and Cash Equivalents	1,563	-254	4,851	1,256
Net Increase (Decrease) in Cash and Cash Equivalents Due to Changes in Scope of Consolidation	-	-	-6	-117
Cash and Cash Equivalents at Beginning of Period	697	2,261	2,006	6,851
Cash and Cash Equivalents at End of Period (Q4)	2,261	2,006	6,851	7,990

■ Infra-Sharing Revenue ■ Other Revenue



*1: Breakdown as of December 31, 2021
(Nabiq has been removed from the above categories due to deconsolidation from Q3 FY2020)

This document has been prepared solely for the purpose of presenting relevant information regarding JTOWER Inc. ("JTOWER"), and this document is not intended for a solicitation of any investment.

The information on industry, market trends or economic and other conditions contained in this document is prepared based on the information currently available, and JTOWER is not liable for the truthfulness, accuracy or completeness of such information.

Any forward-looking statements, including targets, plans, estimations, forecasts and expectations, contained in this document are based on the current judgments and opinions of JTOWER as of the date of this document, and involve certain risks, uncertainties and other factors. Due to factors, the actual results of JTOWER may be materially different from statements contained or implied in this document.

Any reproduction or diversion of the content of this document is prohibited without our prior approval.

Infra-Sharing Services from Japan Lead the World

JTOWER