

FY03/2022 Q4

JTOWER

Financial Results for the 4th Quarter of FY2021 ended March 31, 2022

May 12, 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.

FY2021 Financial Results

Continued growth in both revenue and profits, centered on expansion of existing businesses.

FY2022 Full Year Forecasts

The revenue is expected to expand due to the implementation of growth measures. Profits will be temporarily negative due to financing and other costs related to carve-outs from NTT DOCOMO, but this will lead to the strengthening of the business foundation for medium-to long-term growth.

Initiatives for Future Growth

Specific progress in new growth measures, mainly in Domestic IBS business and Tower business.

Medium-to long-term financial targets

Formulated the medium-to long-term financial targets for the 5-year period starting in FY2022.

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Consolidated revenue increased by 20% YoY to JPY4,216 million

- Excluding Nabiq, consolidated revenue grew by 24% YoY.
- The revenue for the Domestic IBS business increased by 21% YoY to JPY3,381 million, driving overall revenue growth.
- **Infra-Sharing revenue^{*1}** accounted for 90% of the total revenue, establishing a stable revenue base.

Profitability improved due to an improvement in the SG&A-to-revenue ratio

- In addition to the steady growth in Infra-Sharing revenue, consolidated revenue grew particularly in Q4 due to the contribution of the transfer of assets in International IBS from Q2 and the recording of revenue from new projects (the income related to demonstration projects) in Q4.
- On the other hand, SG&A expenses remained stable due to the postponement of R&D expense for 5G mmWave shared radio unit to the next fiscal year. As a result, operating profit increased by 34% YoY and EBITDA increased by 26% YoY due to the improvement of SG&A-to-revenue ratio.

Recorded extraordinary income from the sale of an equity-method affiliate (Nabiq)

- Net income was JPY644 million due to the recording of an extraordinary gain of JPY240 million from the sale of all shares of Nabiq, an equity-method affiliate in March 2022.

^{*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 FY2021 Consolidated Results – P&L

JTOWER

- Revenue increased to JPY4,216 million (+20% YoY), excluding the impact of deconsolidation of Nabiq, grew by 24% YoY.
- EBITDA increased by 26% and operating profit increased by 34% YoY.
- Net income was JPY644 million due to the recording of an extraordinary gain of JPY240 million from the sale of all shares of Nabiq, an equity-method affiliate in Q4.

(JPY mn)	FY2020	FY2021			FY2021		
	12 Months Results	12 Months Results	Change		12 Months forecasts (March 15, 2022)	vs. Forecast	
			Amount	%		Amount	%
Revenue	3,501	4,216	+714	+20.4%	4,200	+16	+0.4%
EBITDA *1	1,349	1,696	+346	+25.7%	1,670	+26	+1.6%
EBITDA Margin	38.5%	40.2%	+1.6pt	—	39.8%	+0.5pt	—
Operating Profit	418	560	+141	+33.9%	520	+40	+7.8%
Operating Profit Margin	12.0%	13.3%	+1.3pt	—	12.4%	+0.9pt	—
Ordinary Profit	178	555	+376	+210.5%	490	+65	+13.4%
Net Income	506	644	+137	+27.2%	520	+124	+23.9%
Capital Expenditure (Investment Cash Flow)	-2,401	-2,585	- 184	+7.7%	-2,360	- 225	+9.5%

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

1 FY2021 Consolidated Results – BS (1/2)

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- Building a solid financial base with cash and cash equivalents increased by JPY6.4 billion from the end of FY2020 to **JPY14.8 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	March 31, 2022	Change
Current Assets	8,955	15,782	+6,827
Cash and Cash Equivalents	8,398	14,835	+6,437
Accounts Receivable	397	592	+195
Non-current Assets	7,790	9,222	+1,432
Tangible Fixed Assets	6,968	8,317	+1,348
Goodwill	329	339	+10
Total Assets	16,745	25,005	+8,259
Financial Indicators			
Debt	1,195	733	- 462
Net Debt	-7,202	-14,102	- 6,899
Equity Ratio	42.6%	60.9%	+18.3pt

1 FY2021 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	March 31, 2022	Change
Current Liabilities	8,742	9,215	+472
Accounts payable - trade	129	294	+164
Short-term borrowings* ¹	210	60	-150
Accounts payable - other	851	975	+123
Contract liability* ²	7,156	7,473	+317
Non-current Liabilities	865	569	-295
Long-term borrowings	210	150	-60
Total Liabilities	9,608	9,785	+176
Net Assets	7,137	15,219	+8,082
Share capital	4,300	7,989	+3,688
Capital surplus	2,462	6,150	+3,688
Total Liabilities and Net Assets	16,745	25,005	+8,259

*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 FY2021 Consolidated Results – CF

JTOWER

- Cash and cash equivalents increased by JPY6.4 billion at the end of the period mainly due to the implementation of the third-party allotment in Q1.
- Recorded acceptance of contribution for construction as the income related to demonstration projects in investing cash flow.
- Changes in contract liabilities are mainly due to the timing of payments and installations.

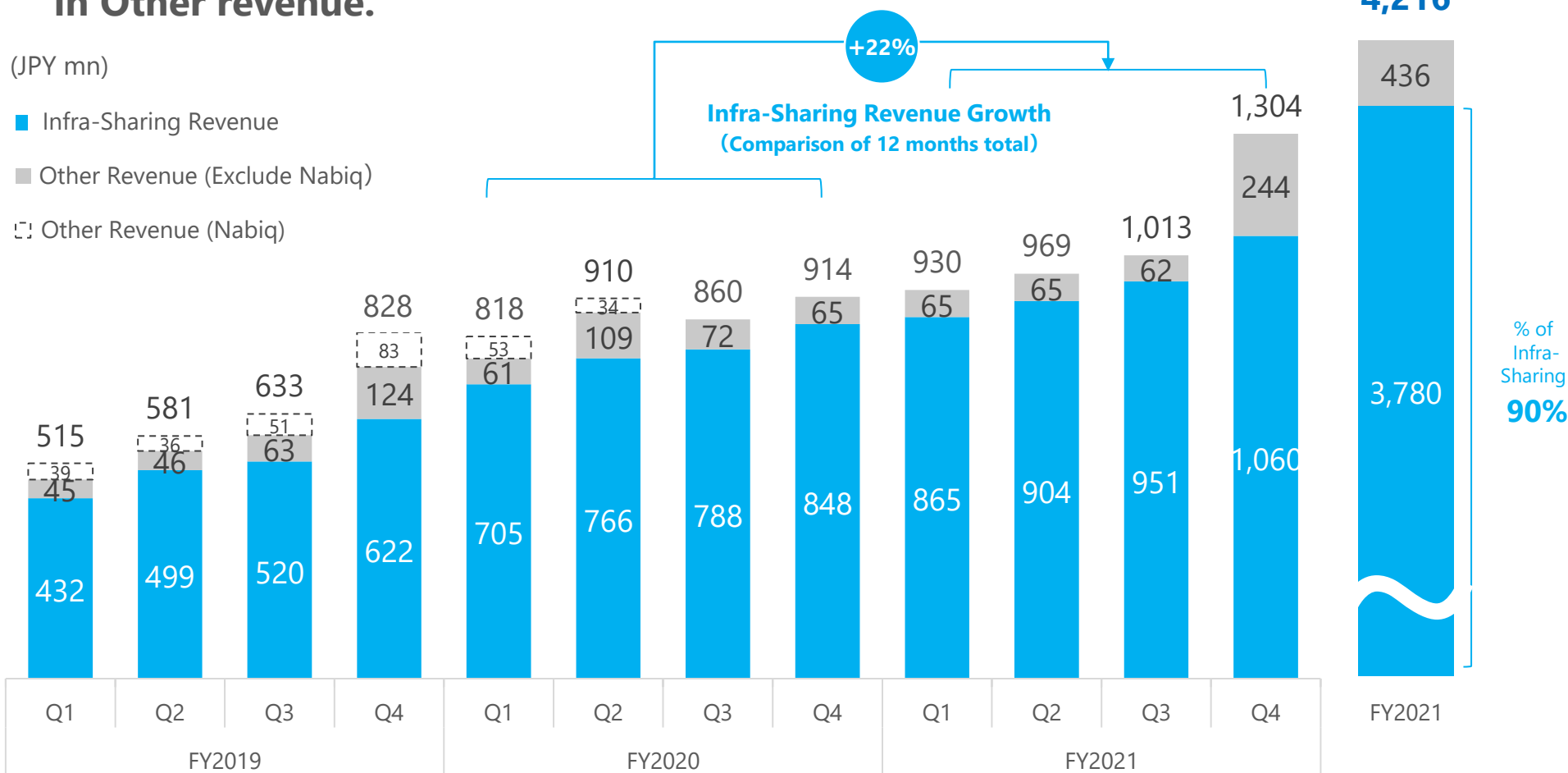
(JPY mn)	FY2020	FY2021	
	12 Months Ended March 31, 2021	12 Months Ended March 31, 2022	Change
Cash Flows from Operating Activities	3,311	1,949	- 1,361
Change in Contract liability* ¹ (Decrease "-")	1,887	316	- 1,571
Depreciation	887	1,102	+215
Amortization of Goodwill	41	30	- 10
Cash Flows from Investing Activities	-2,470	-2,378	+92
Purchase of property, plant and equipment	-2,401	-2,585	- 183
Acceptance of contribution for construction	-	71	+71
Free Cash Flow	840	-429	- 1,269
Cash Flows from Financing Activities	418	6,781	+6,363
Net Increase (Decrease "-") in Short-term Borrowings	-45	-	+45
Proceeds from issuance of shares	56	7,343	+7,286
Proceeds from sale and leaseback transactions	303	16	- 287
Effect of exchange rate change on cash and cash equivalents	-1	32	34
Net Increase (Decrease "-") in Cash and Cash Equivalents	1,256	6,384	+5,128
Net Increase (Decrease) in Cash and Cash Equivalents Due to Changes in Scope of Consolidation	- 117	-	+117
Cash and Cash Equivalents at Beginning of Period	6,851	7,990	+ 1,138
Cash and Cash Equivalents at End of Period (Q4)	7,990	14,375	+6,384

*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. (FY2020 results are also changed)

1 Historical Consolidated Revenue

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- Infra-Sharing revenue*¹ has grown **22%** YoY and is serving as a steady revenue base, accounting for **90%** of the total consolidated revenue.
- In Q4, booked the income related to demonstration projects of JPY150 million in Other revenue.



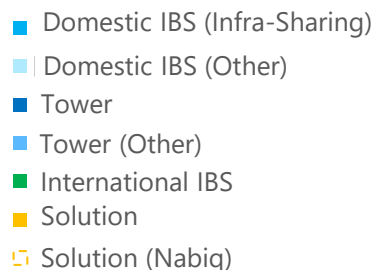
*1: Revenue from Infra-Sharing service based on long-term contracts. For details, please refer to "Breakdown of Infra-Sharing and Other Revenues by Business" in Appendix.

1 Historical Revenue by Business

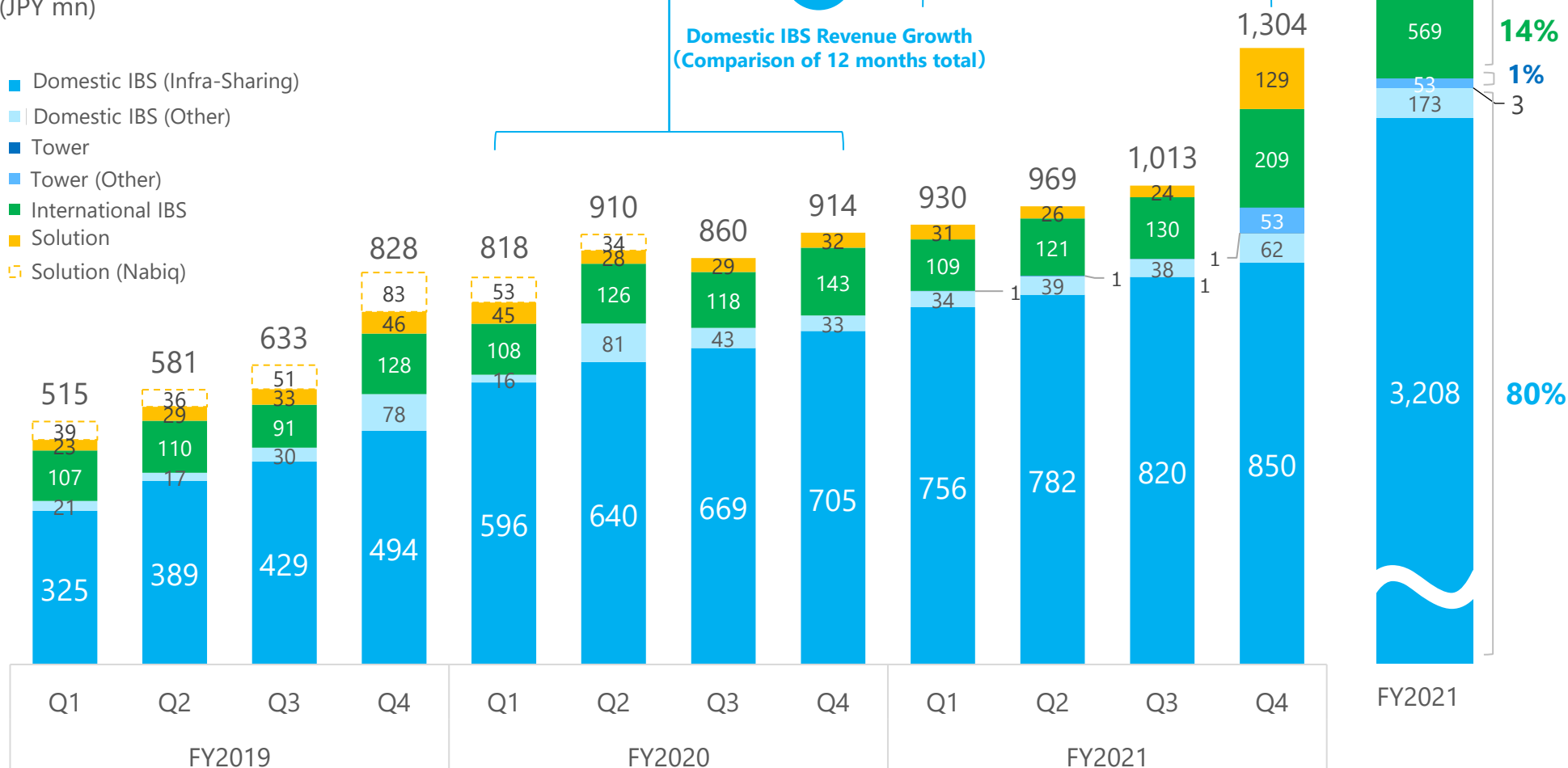
JTOWER

- Domestic IBS revenue increased by **21%** YoY and has grown to account for **80%** of the total of consolidated revenue.
- In Q4, revenue increased in international IBS due to the contribution from the transfer of IBS assets. In addition, revenue increased in Tower (other) and Solution, due to the recording of the income related to demonstration projects.

(JPY mn)



+21%
Domestic IBS Revenue Growth
(Comparison of 12 months total)



Note: Breakdown of quarterly revenue by business is unaudited.

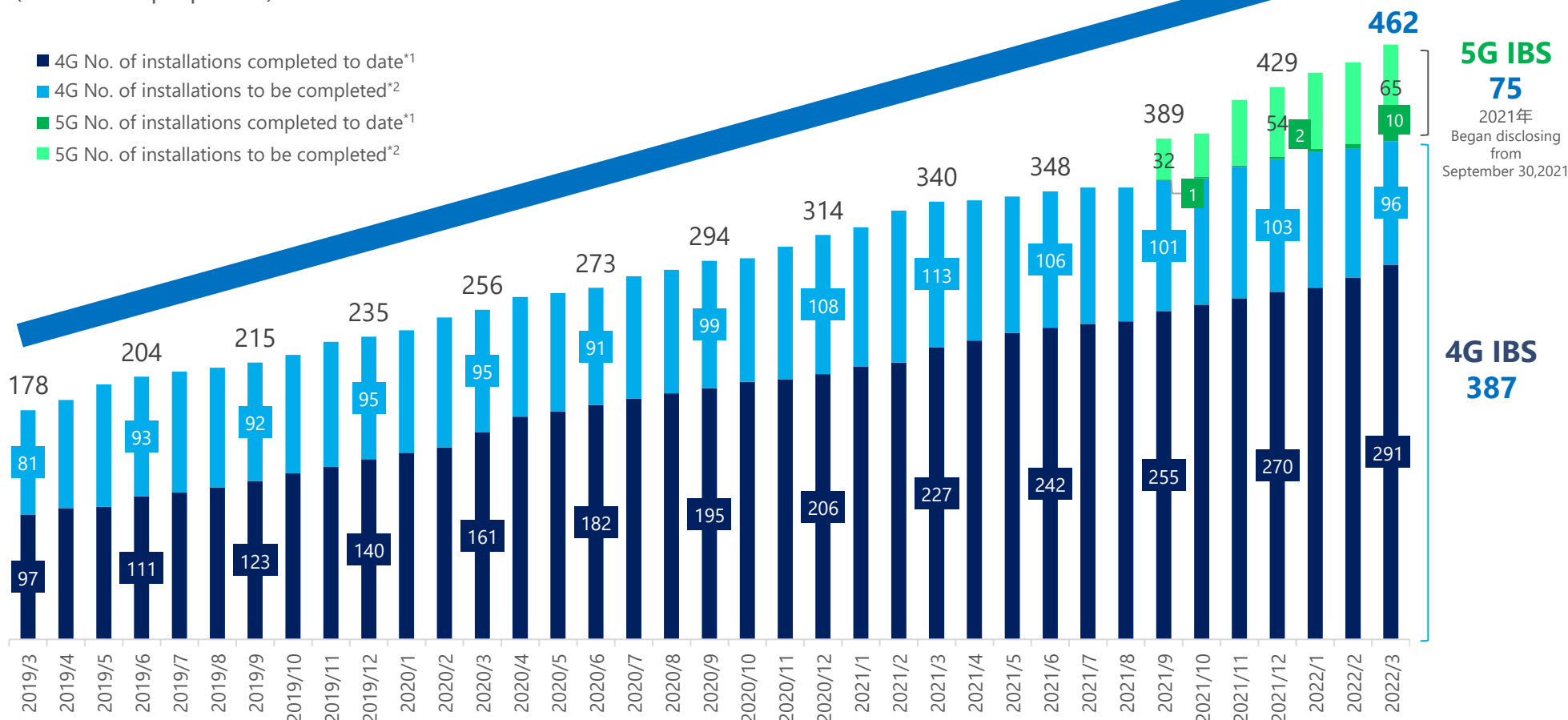
1 Historical Number of Installations (Domestic IBS-4G・5G) JTOWER

- In FY2021, the number of completed installations of 4G IBS increased by **64** and total number of 4G IBS installations has increased to **387** (installation completed: **291**, to be installed: **96**).

*Exclude 4G IBS (replacement)

- Total number of installations of 5G IBS became **75** including pipelines.

(Number of properties)



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

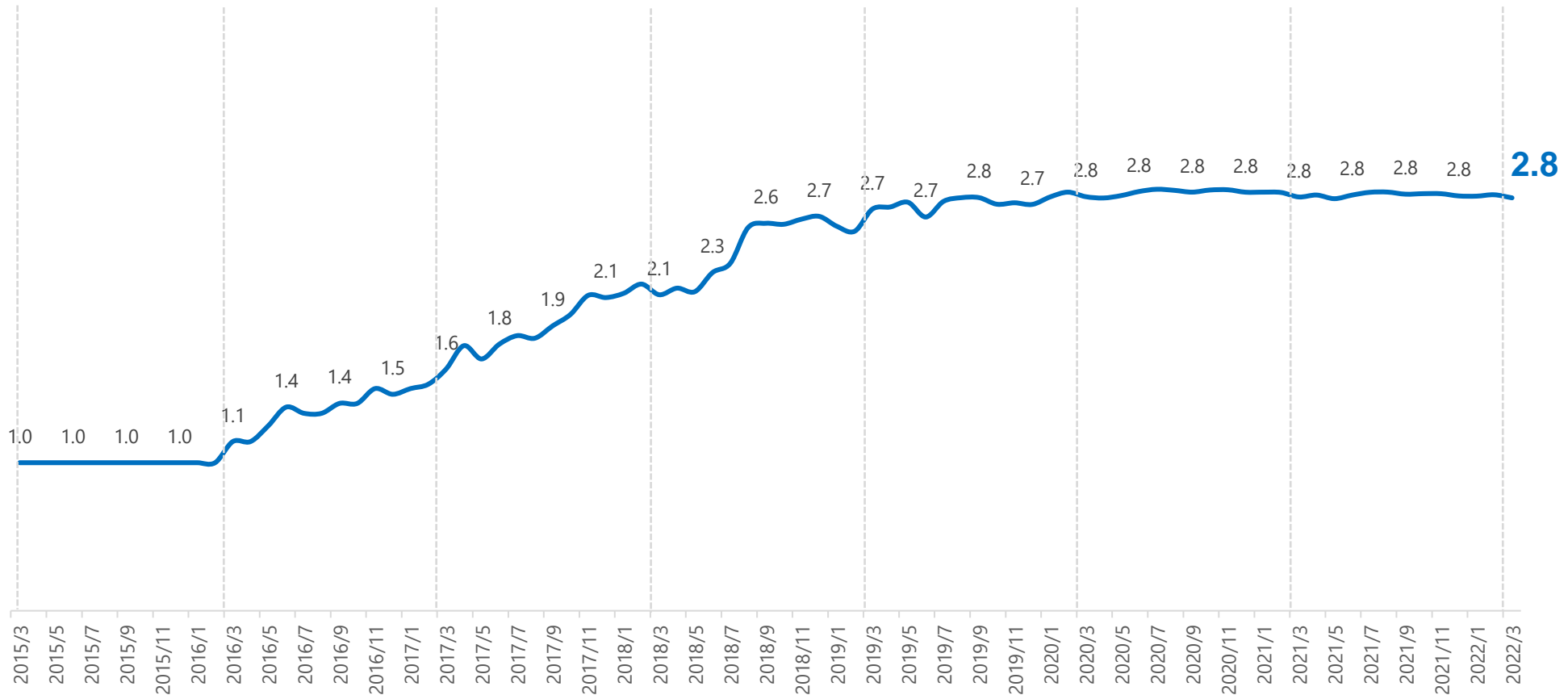
*2: Projects where we have reached an agreement with the property owner and mobile carriers, and radio waves emission and revenue recognition are expected in the next few years.

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**.

(x)

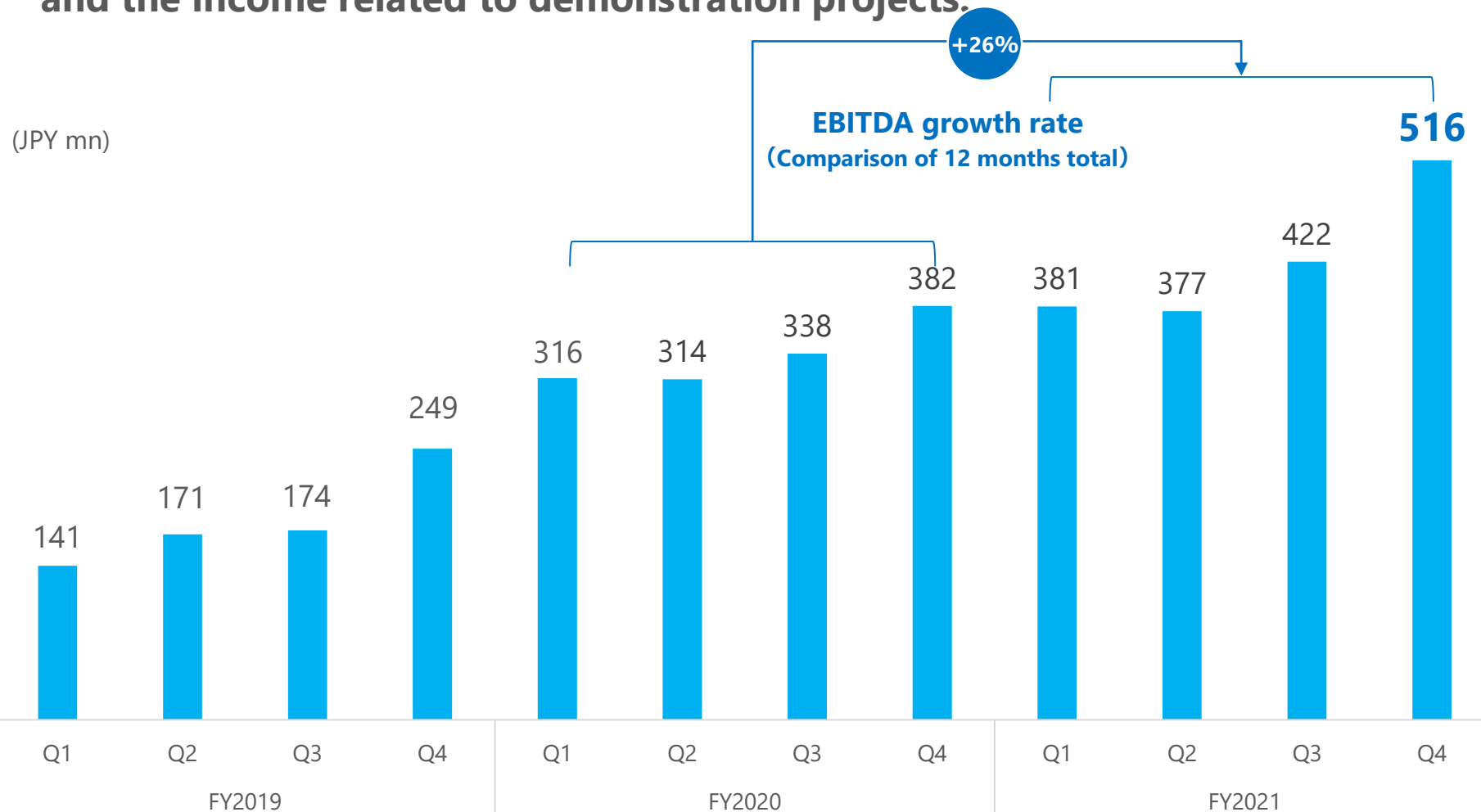


*¹: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

1 Historical Consolidated EBITDA*1

JTOWER

- Consolidated EBITDA increased by **26%** YoY due to stable SG&A expenses, despite an upward trend in revenue in Q4 due to the increase of Infra-Sharing revenue and the income related to demonstration projects.

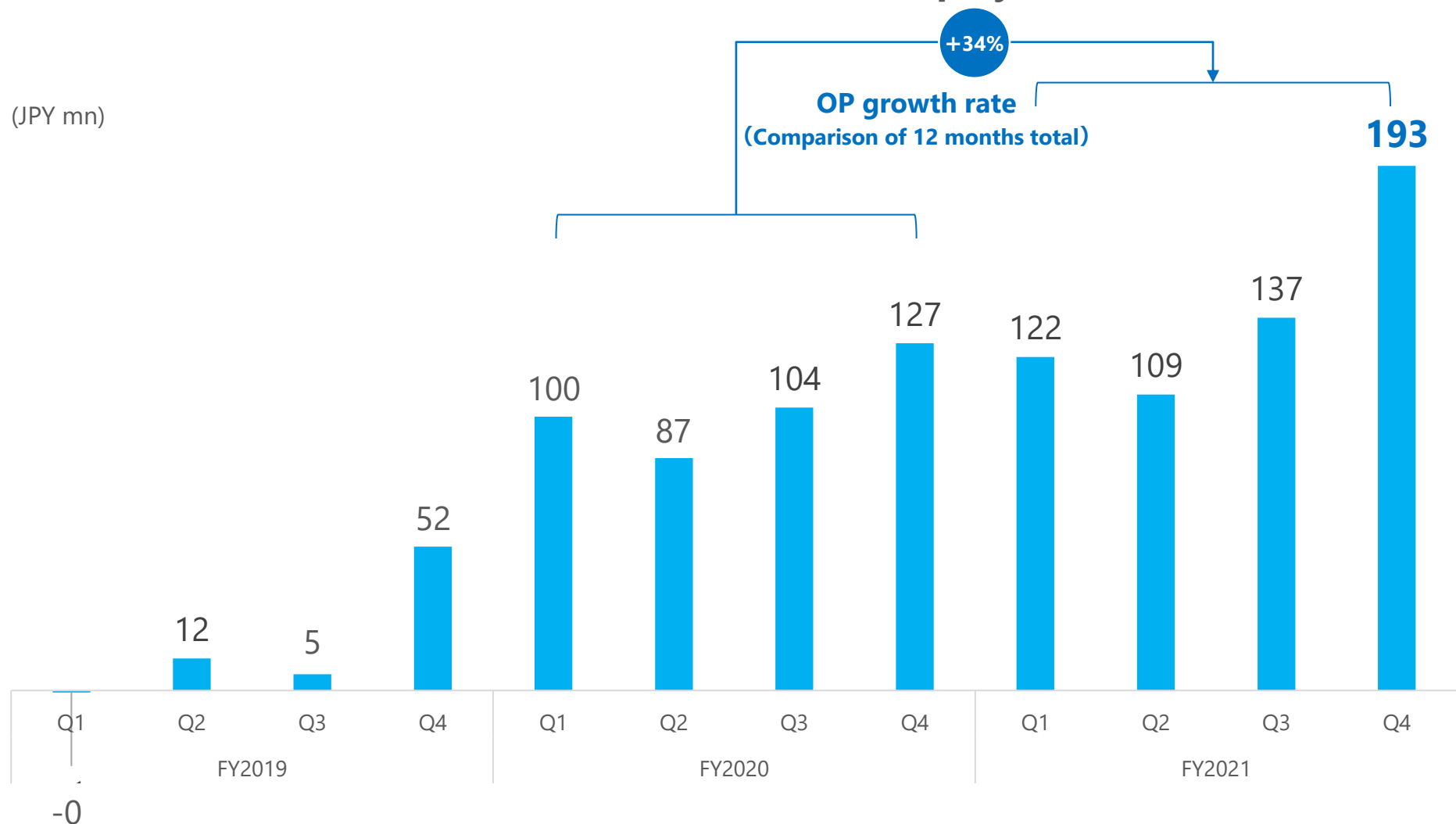


*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

1 Historical Consolidated Operating Profit

JTOWER

- Consolidated operating profit increased by **34%** YoY due to stable SG&A expenses, despite an upward trend in revenue in Q4 due to the increase of Infra-Sharing revenue and the income related to demonstration projects.

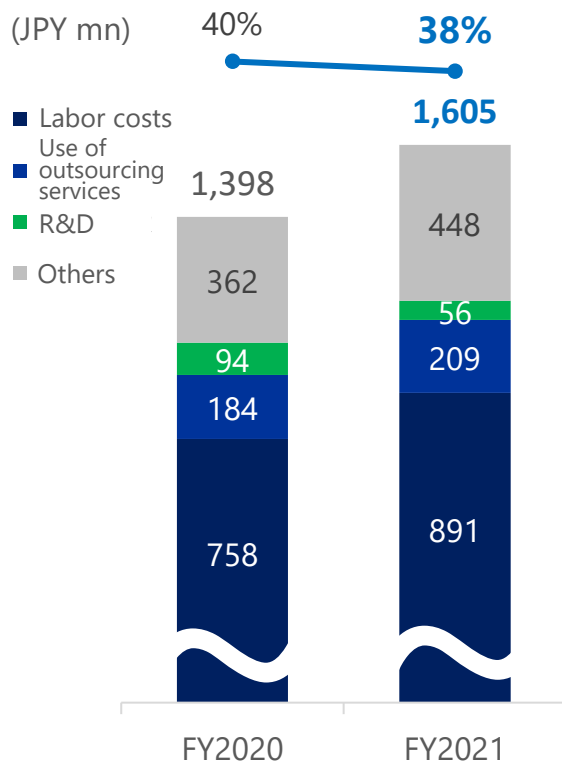


1 Historical Consolidated SG&A Expenses

JTOWER

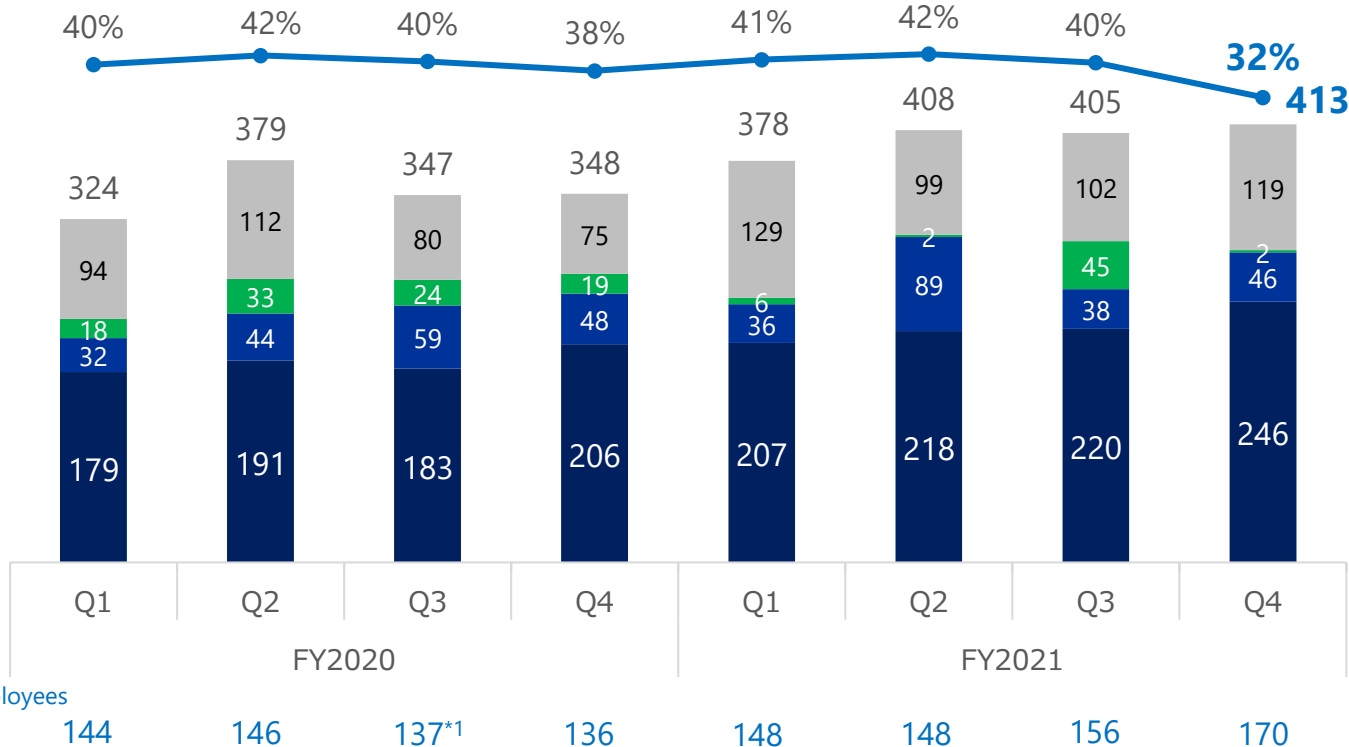
- Revenues grew in Q4 due to an increase of Infra-Sharing revenue and the income related to demonstration projects, but SG&A expenses remained stable in each quarter, resulting in an improvement in SG&A to revenue ratio.

12 months



3 months

SG&A-to-revenue ratio

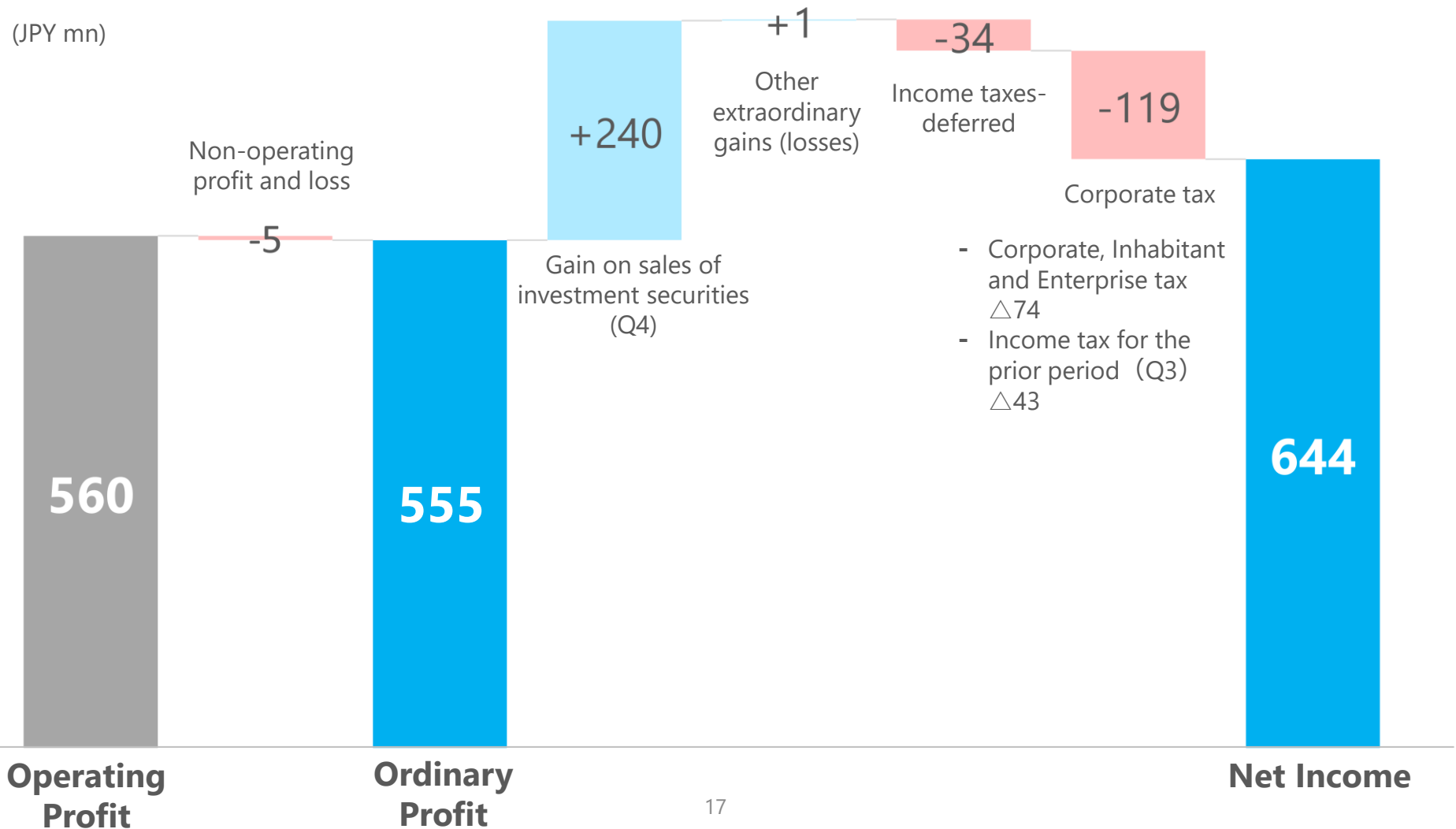


*1: The number of employees on a consolidated basis decreased due to the deconsolidation of Nabiq from Q3 FY2020.

Details of non-operating profit and loss, extraordinary gain and tax

● Mainly the following items are recorded.

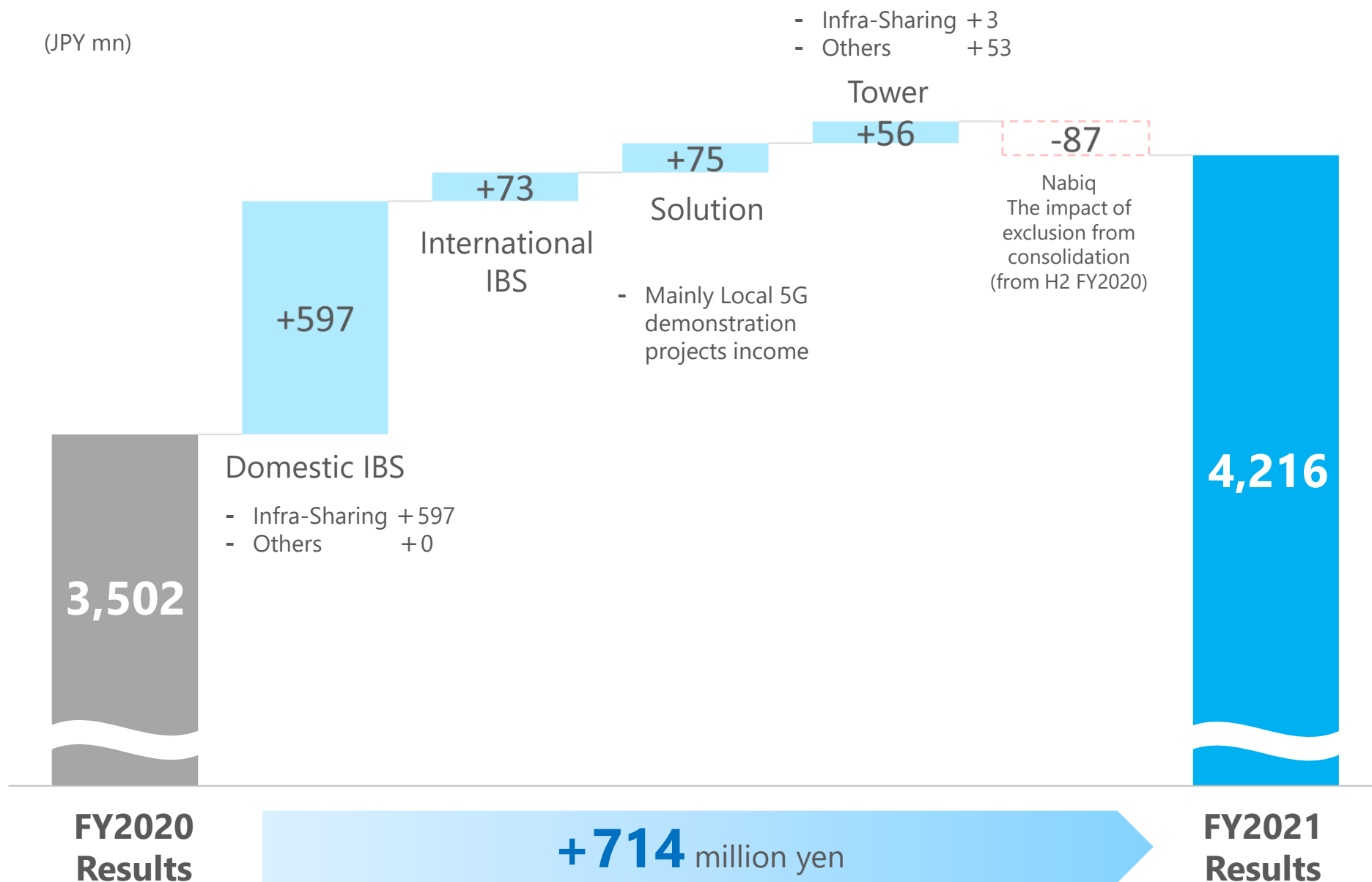
- Recording of gain on sale of shares of equity method affiliate (Naniq) (Q4)
- Accrual of additional tax on unconsolidated affiliate (VinaDAS) liquidated in Vietnam (Q3)



1 Factors behind changes in FY2021 consolidated revenue

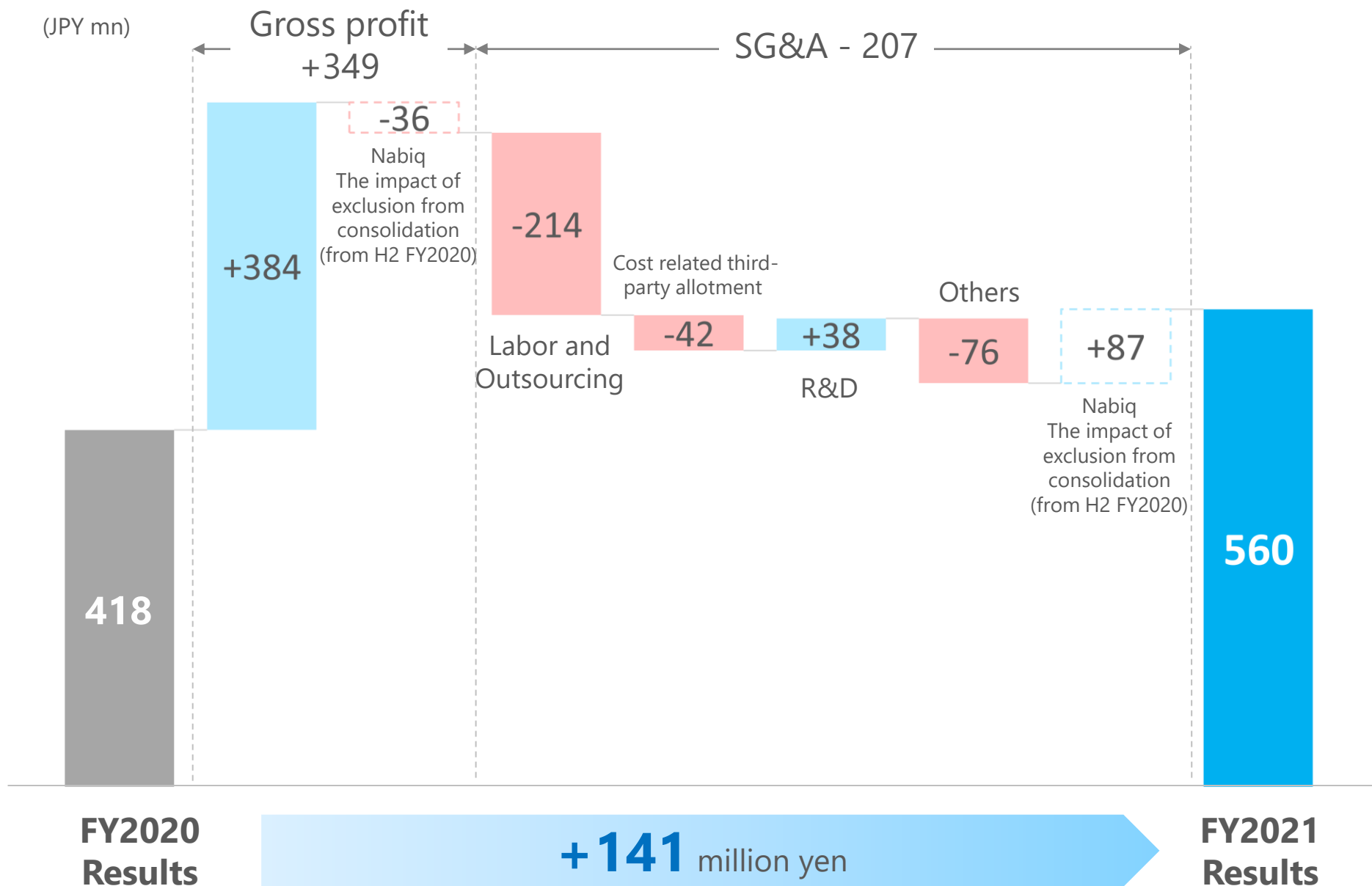
JTOWER

(JPY mn)



1 Factors behind changes in FY2021 consolidated OP

JTOWER



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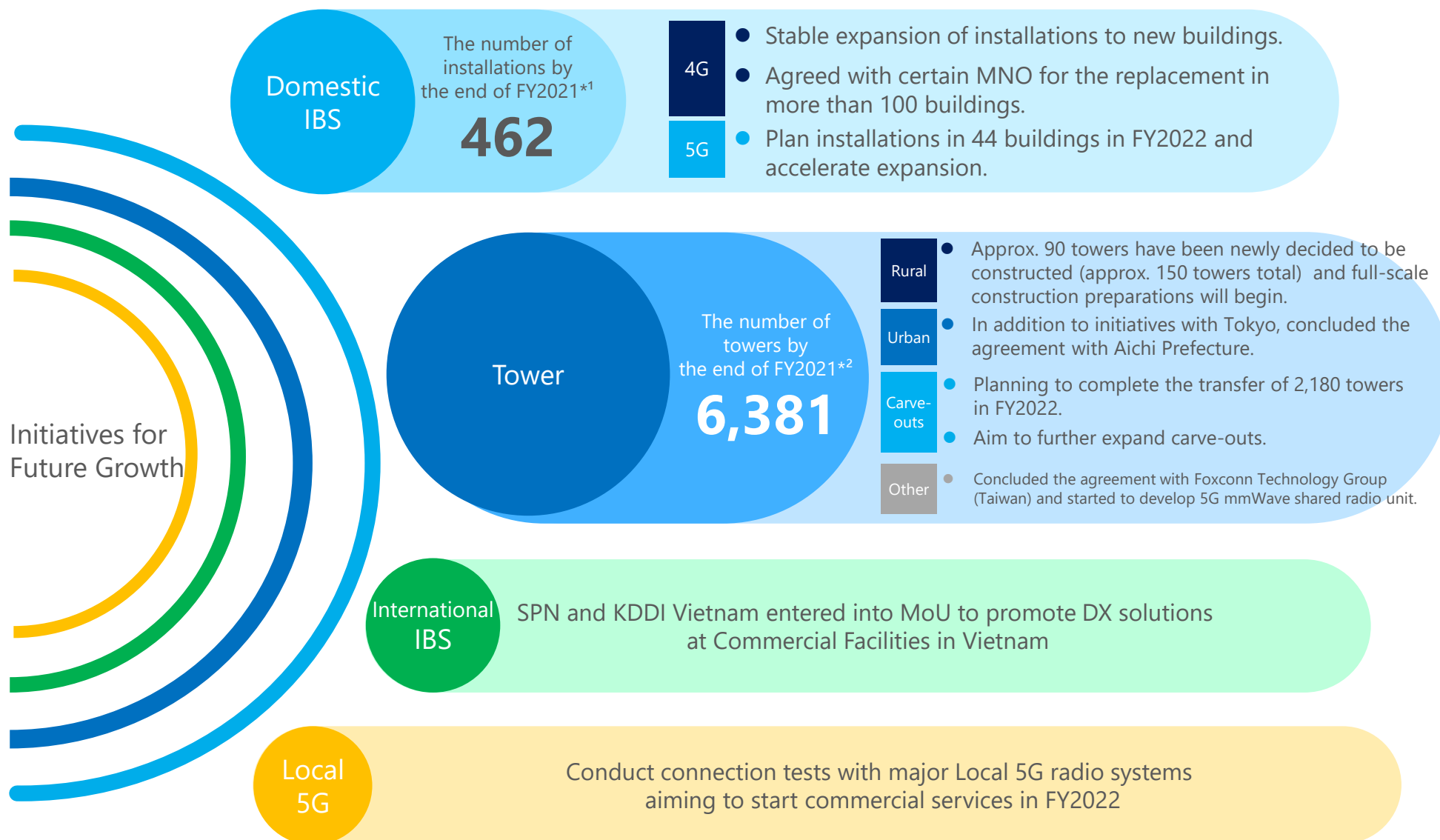
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2 Initiatives for Future Growth

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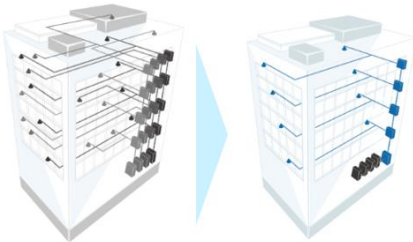


*1: The total of installations (installation completed + pipelines) of 4G and 5G IBS

*2: The total of (construction completed + preparation for construction + planned to transfer) of rural towers, smart poles and carve-outs (NTT WEST, NTT EAST and NTT DOCOMO)

2 Domestic IBS - Progress of existing business and new initiatives JTOWER

- In addition to existing 4G IBS (new installation), we will strengthen operations of new initiatives, 4G IBS (replacement) and 5G IBS, accelerating the expansion of the number of installations from FY2022.

<New initiatives>

	4G IBS (New installation)	4G IBS (Replacement)	5G IBS
Installation Image			<div>4G&5G</div>  <div>Only 5G</div> 
Main target	New building	Existing building	New building Existing building
Coverage area (The number of tenant required for installation decision)	Basically whole building (more than 2 tenants)	Basically whole building (more than 1 tenant)	Centered on high traffic spots (more than 1 tenant)
Progress	<ul style="list-style-type: none"> Planning to install in 61 buildings in FY2022. 	<ul style="list-style-type: none"> Agreed with certain MNO for the replacement in more than 100 buildings. * Planning to install FY2022-2025. 	<ul style="list-style-type: none"> Planning to install in 44 buildings in FY2022. * Included in the number of 65 pipelines as of March 31, 2022.

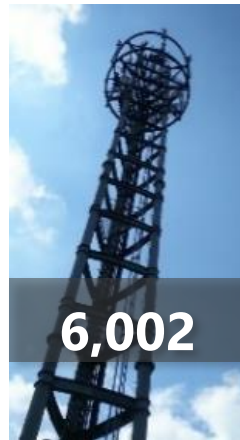
2 Tower - Tower carve-outs

JTOWER

- By the end of FY2021, in addition to NTT WEST, the conclusion of the master transaction agreement for carve-out from NTT EAST and NTT DOCOMO had been completed. Planning to complete the transfer of 2,180 towers in H2 of FY2022, while promoting further expansion of carve-outs.

NTT docomo

(# of towers)



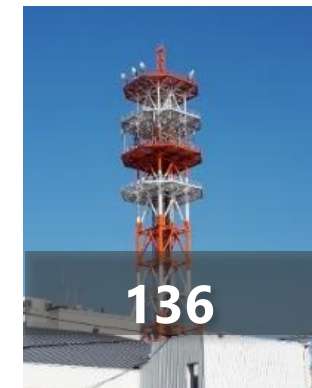
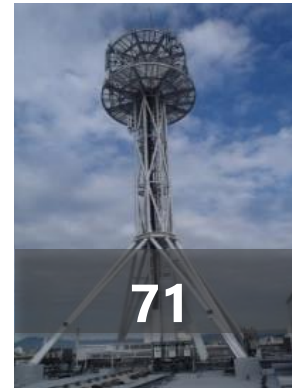
- Established a subsidiary (SPC) for the transfer of towers.
- Prepared the management system and will start the transfer from Q3.

Transfer completion target in FY2022

2,000

NTT WEST

NTT EAST



- Plan to start the transfer of existing contracts with NTT EAST and WEST and existing tenants from Q3.

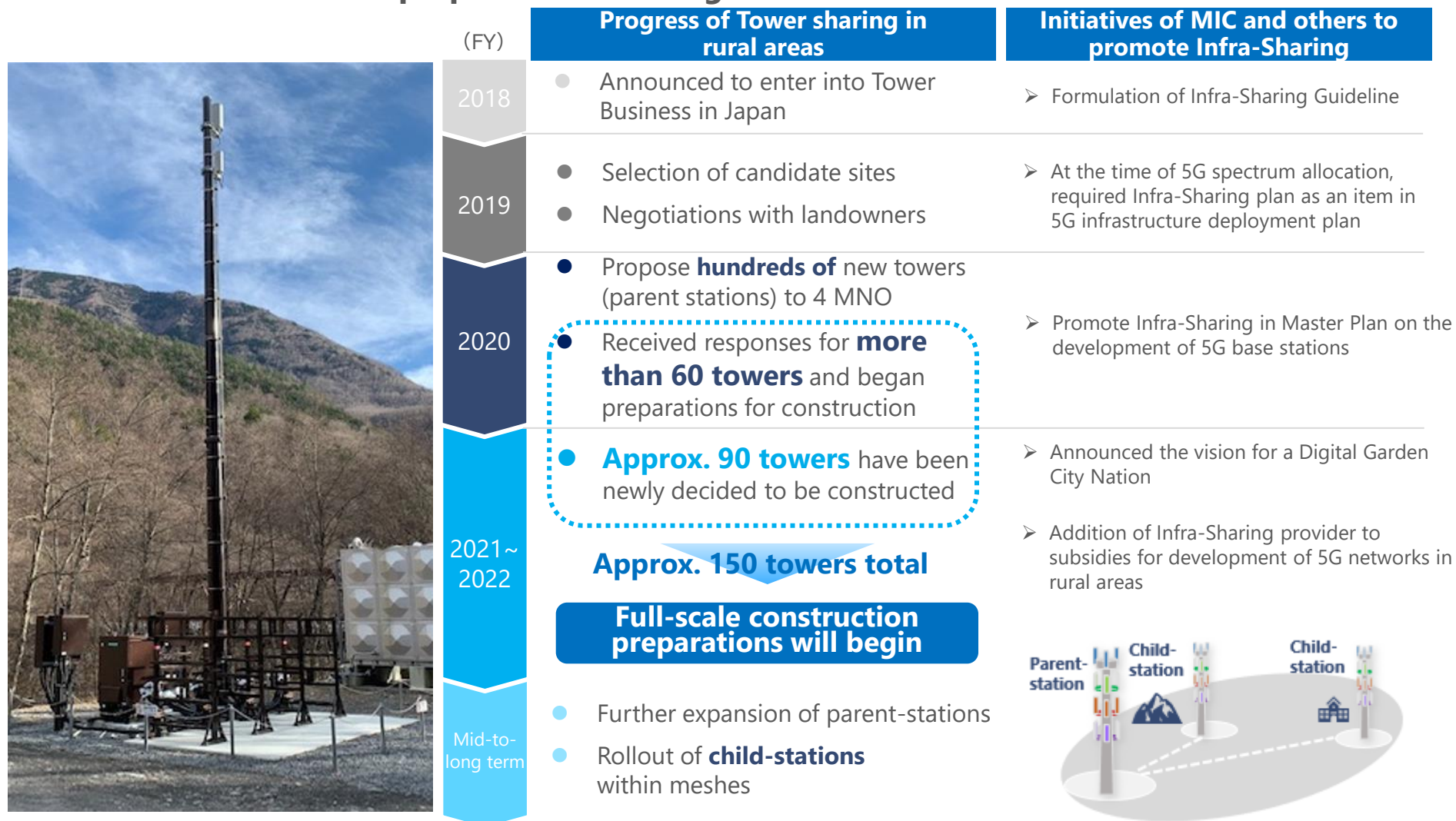
Transfer completion target in FY2022

180

* The number shown on each tower image is the total number agreed upon in the master transaction agreement.

2 Tower – Promotion of rural tower sharing

- In addition to more than 60 towers that have already begun preparations for construction, construction of approx. 90 towers have been newly decided (approx. 150 towers total), and full-scale construction preparations will begin in FY2022.



(Photo) New tower in Shizuoka prefecture

- In March 2022, MIC announced measures to promote infra-Sharing, including subsidy requirements in a Digital Garden City Nation Infrastructure Development Plan.

Promotion of Infra-Sharing in a Digital Garden City Nation Infrastructure Development Plan

- **Promotion of Infra-Sharing by establishing subsidy requirements**
 - Expansion of subsidy target areas to cover all rural areas.
 - Added Infra-Sharing providers to eligible subsidy recipients.
 - Raising the national treasury subsidy rate for the joint development by multiple operators. (Subsidy rate: 1/2 → 2/3)
- **Plan to revise guidelines during FY2022 to establish rules between mobile network operators and Infra-Sharing providers**

Partial excerpt from MIC's "Digital Garden City Nation Infrastructure Development Plan (Summary)" announced on March 29, 2022.

2 Tower - Development of 5G mmWave Shared Radio Unit

JTOWER

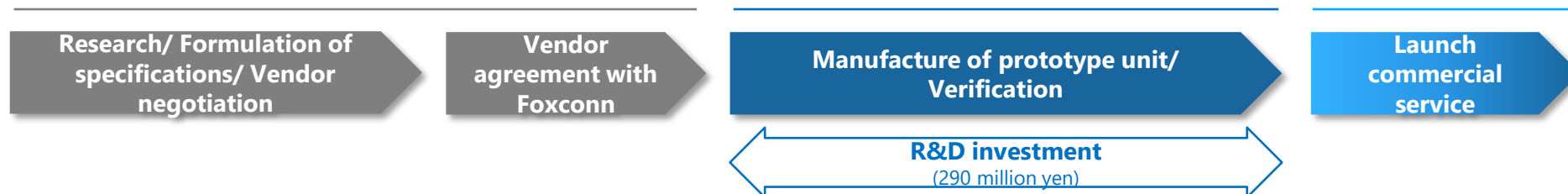
- Concluded the agreement with Foxconn Technology Group (Taiwan) to develop 5G mmWave shared radio unit. Aim to complete manufacturing of the prototype unit by Q3 FY2022.

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

~April, 2022

FY2022 Q1~Q3

FY2022 Q4~



Realization of RU sharing in the high layer

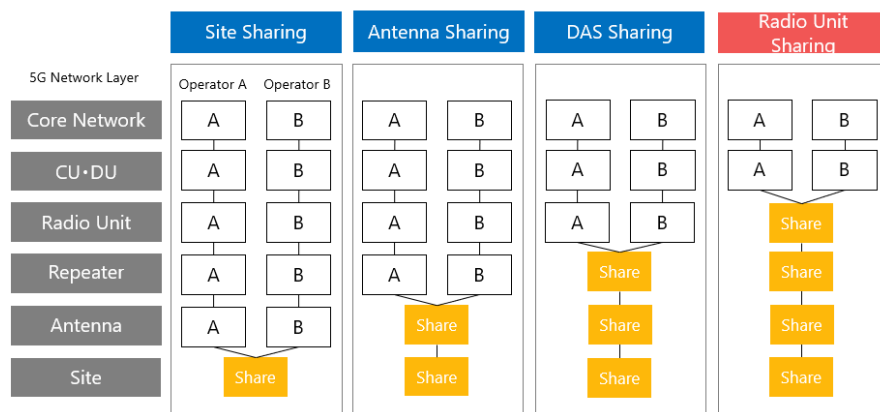
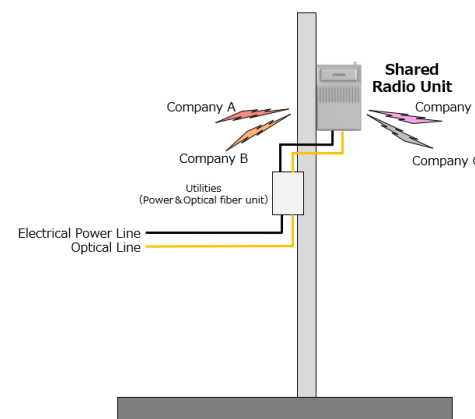


Image of installation and device



* This image will be the current appearance and may be changed

2 Smart City - Initiatives in Aichi and Tokyo

JTOWER

- On March 16, 2022, JTOWER, Aichi Prefecture, Tokoname City, and 4 MNO have concluded an agreement on the alignment aiming to contribute to the deployment and utilization of 5G in CHUBU CENTRAIR International Airport Island and surrounding areas.
- In Tokyo, the construction of 20 new smart poles (22 in total with existing smart poles) have been completed, and the service is being launched in stages.

Aichi



(Photo) Signing Ceremony, The third from the left is Atsushi Tanaka, Representative Director and President of JTOWER, and the fourth is Mr. Hideaki Omura, Governor of Aichi Prefecture.

Concluded an agreement with Aichi Prefecture and Tokoname City to collaborate with MNO to expand 5G coverage areas in CHUBU CENTRAIR International Airport Island and surrounding areas

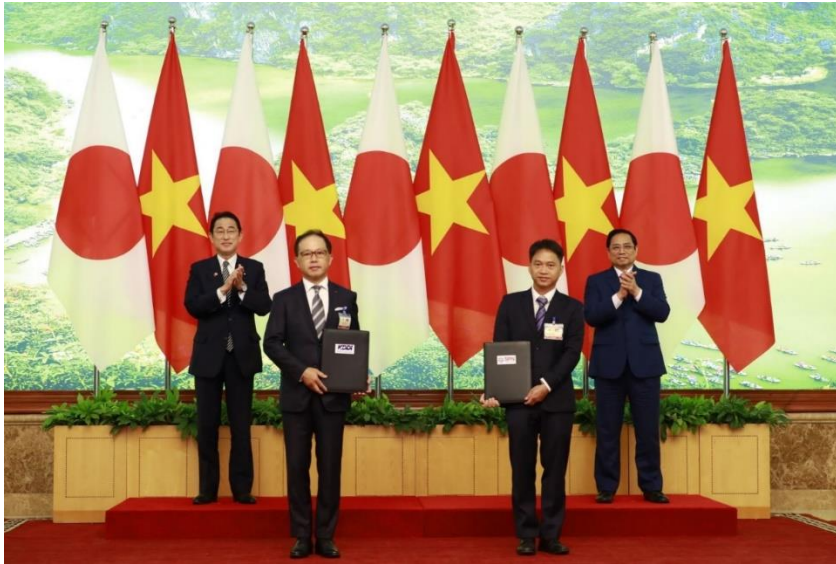
Tokyo



(Photo) Ms. Yuriko Koike, Governor of Tokyo and Mr. Manabu Miyasaka, Deputy Governor of Tokyo inspected new smart poles.

Built 20 new smart poles in Nishi-Shinjuku areas

- On May 1, 2022, SPN (a subsidiary in Vietnam) has entered into MoU with KDDI Vietnam Corporation, which is an overseas subsidiary of KDDI Corporation, regarding the collaboration for provision of 5G mobile telecommunication service and DX solutions utilizing 5G at commercial facilities in Vietnam.



On May 1, in Hanoi Vietnam, Ceremony for Exchange of Note in the presence of Mr. Fumio Kishida, Prime Minister of Japan, and Mr. Pham Minh Chinh, Prime Minister of Vietnam.
(Provided by JETRO)

Initiatives under MoU

- Provide 5G service in commercial facilities in Vietnam, and promote DX solutions for operational efficiency and business improvement utilizing 5G and IoT.
- Analyze customers' behavior with AI cameras and implement security measures to enhance the DX solutions.
- Improve customer experience (CX) by developing entertainment-related content enjoyed with smartphones such as projection mapping, live stream, and metaverse.

SPN will continue to strengthen its business structure centered on indoor Infra-Sharing services in Vietnam and contribute to the digitization of society through the improvement of the country's telecommunications environment

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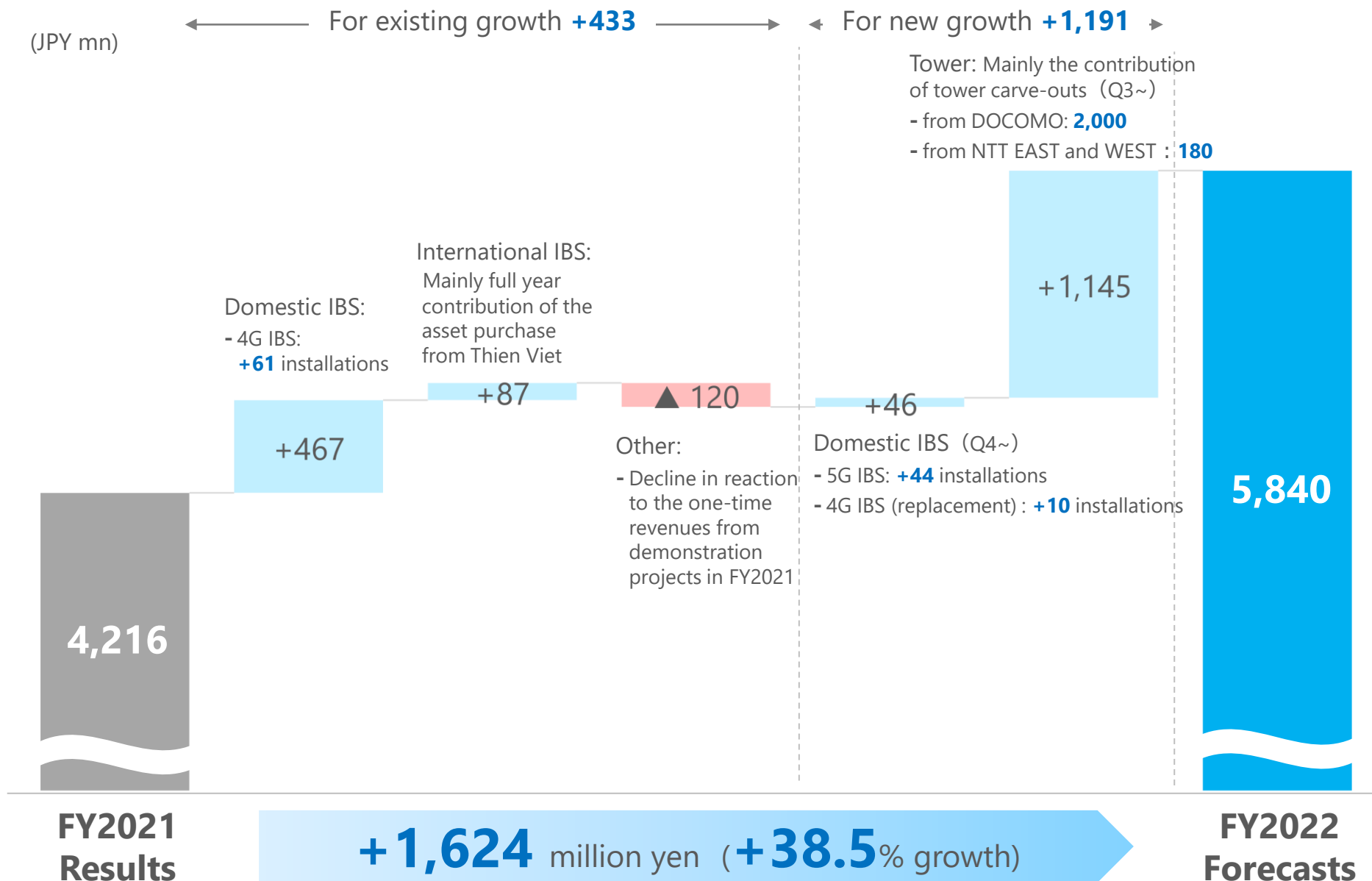
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3 FY2022 Full Year Forecasts

- **Revenue:** Expected to increase by **38.5%** YoY to **JPY5.8 billion** due to the implementation of new growth measures centered on tower carve-outs (**+JPY1.19 billion**), in addition to the existing growth measures centered on the continuous expansion of the number of installations in Domestic IBS (**+JPY430 million**).
- **Operating Profit:** Expected to be temporarily in the red due to **upfront investments**, including the expansion of human resources , one-time expenses for the structuring of carve-out financing, expenses for the development of 5G mmWave shared radio unit and expenses related to the demonstration of local 5G.
- **Ordinary Profit and Net Income:** Temporary expenses for the structuring of carve-out financing are expected to be recorded in non-operating expenses by approximately **JPY1.4 billion**.
- **CAPEX (Investment Cash Flow):** Expected to increase by **JPY41.3 billion** mainly due to an increase in CAPEX for the transfer of carve-out towers.

(JPY mn)	FY2021	FY2022		
	12 Months results	12 Months forecasts	Change	
			Amount	%
Revenue	4,216	5,840	+1,624	+38.5%
EBITDA *1	1,696	1,590	- 106	-6.3%
<i>EBITDA Margin</i>	40.2%	27.2%	- 13.0pt	—
Operating Profit	560	-240	- 800	-142.8%
<i>Operating Profit Margin</i>	13.3%	-4.1%	- 17.4pt	—
Ordinary Profit	555	-1,800	- 2,355	-424.0%
Net Income	644	-1,840	- 2,484	-385.5%
Capital Expenditure (Investment Cash Flow)	-2,585	-43,870	- 41,284	+1596.9%

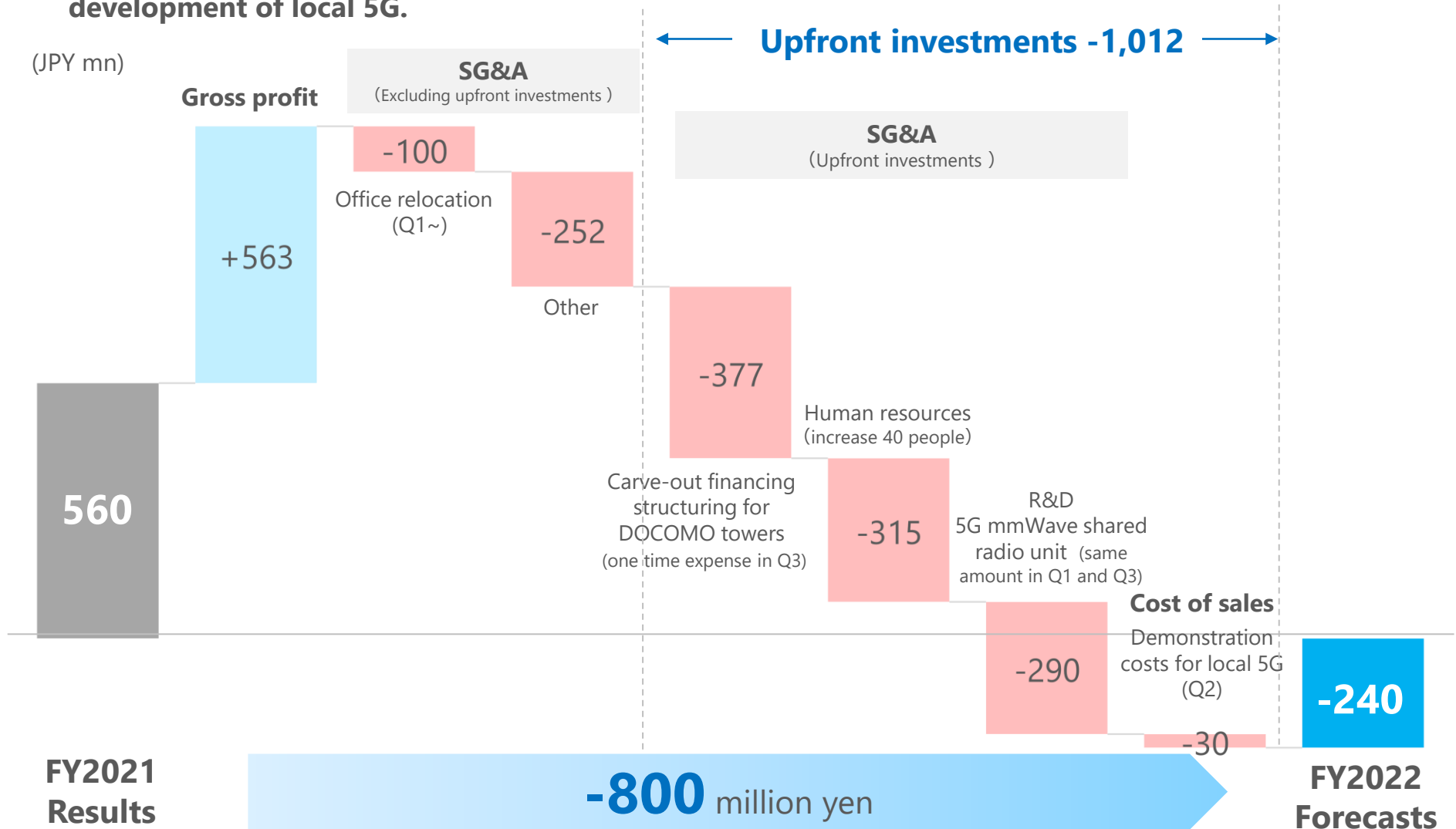
*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses 30



3 FY2022 Forecast: Factors Behind Changes in Consolidated OP

JTOWER

- Expected upfront investments, including the expansion of human resources (mainly for Domestic IBS and Tower), one-time expenses for the structuring of carve-out financing, expenses for the development of 5G mmWave shared radio unit and expenses related to the demonstration and development of local 5G.

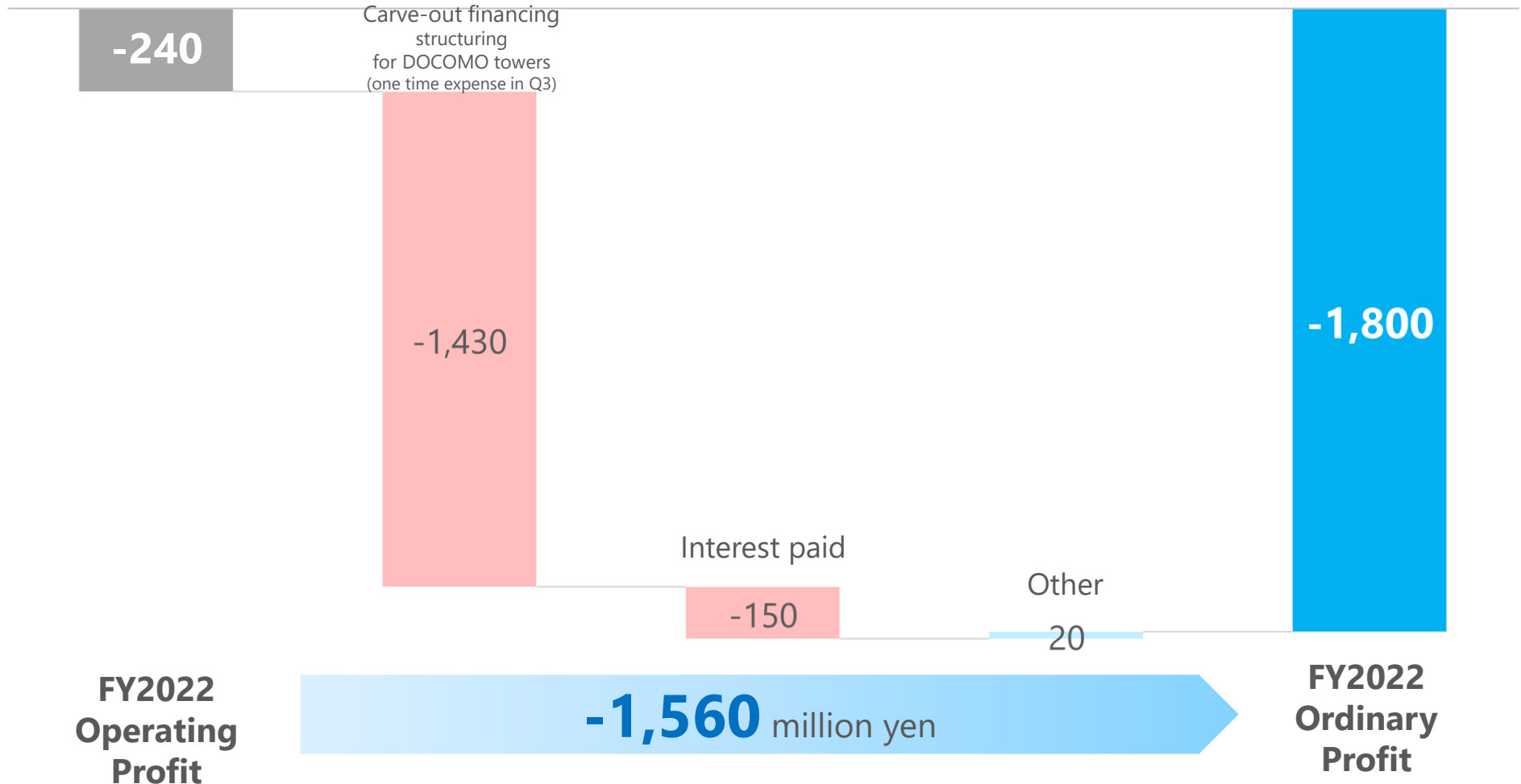


3 FY2022 Forecast: Breakdown of Non-operating Income and Expenses

JTOWER

- In non-operating expenses, about **JPY1.4 billion** is expected to be booked in Q3 as **one-time costs** for structuring finance related to the tower carve-out.

(JPY mn)



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4 Medium-to long-term financial targets and KPI*¹ (FY2026) JTOWER

■ FY2026 (FY03/2027) financial targets

Revenue
30 billion yen

Revenue CAGR
(FY2022-2026)
+51 %

EBITDA margin
60 %
EBITDA
18 billion yen

■ FY2026 (FY03/2027) KPI

Domestic IBS

The total number of 4G
installations
1,000

New building : **600**
Replacement : **400**

Tenancy ratio of 4G
(excluding replacement)

3.0 x

The total number of 5G
installations
450

Tenancy ratio of 5G
2.0 x

Tower

The total number of
towers
10,000

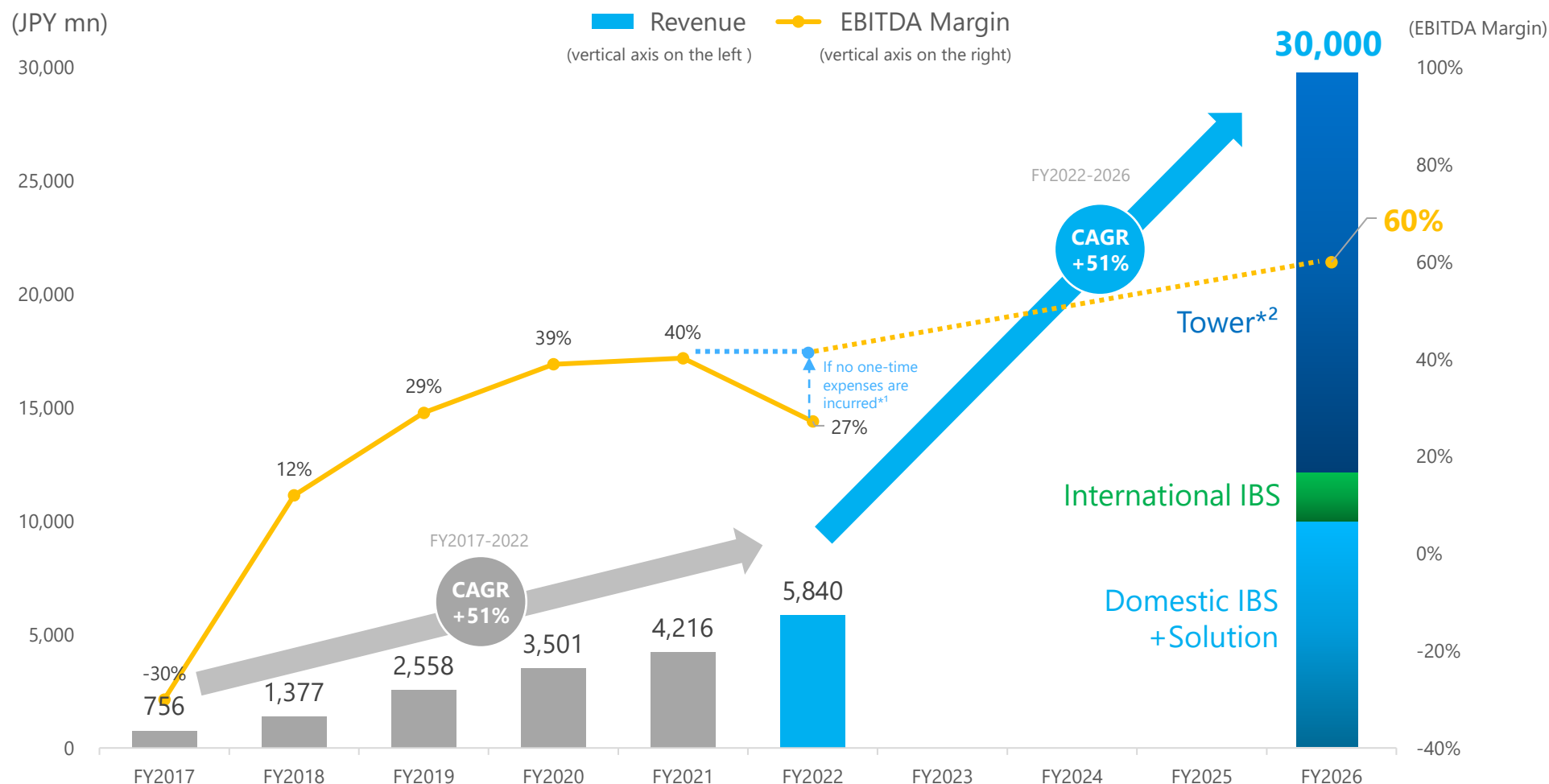
Tenancy ratio
1.8 x

*1: As of March 31, 2022 ; <Domestic IBS> The total number of installations 462/ 4G : 387 (Installation completed 291, Pipelines 96) 、 5G : 75 (Installation completed 10, Pipelines 65)
<Tower> The total number of towers 6,381 / This is the total of (construction completed + preparation for construction + planned to transfer) of rural towers, smart poles and carve-outs.

4 Medium-to long-term financial targets

JTOWER

- Aiming to achieve the financial target with the revenue growth rate equal to the current growth, centered on business expansion in Domestic IBS and Tower.



*1: One-time expenses related to carve-outs, such as financing structuring cost and others.

*2: In the tower carve-out, the number of towers transferred from FY2023 onward is not disclosed because discussions are underway.

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Appendix

Category	Q	A
FY2022 Forecasts	In Tower business, is it assumed that there will be no revenue other than carve-outs, such as rural towers and smart poles in FY2022?	We expect revenue from rural towers, smart poles, and 5G mmWave shared radio unit. However, carve-outs are expected to account for the majority of the revenue contribution.
FY2022 Forecasts	Of the JPY100 million office relocation expenses, what is the percentage of expenses that will continue in the future?	We assume the majority of office relocation costs are continuing costs. (rent increases, fixture subscription costs, depreciation, etc.)
FY2022 Forecasts	Are carve-out financing structuring expenses a one-time expense? Why is it divided into SG&A expenses and non-operating expenses?	We assume items paid to experts as SG&A expenses and items paid to financial institutions as non-operating expenses. Both are one-time expenses expected to be incurred in Q3 FY2022
Carve-out	Of the 2,180 towers scheduled to be transferred in FY2022, what is the breakdown of the number of towers to be transferred in Q3 and Q4?	In the breakdown of the planned number for FY2022, about 60% of the total is expected to be transferred in Q3 and about 40% in Q4.
Mid-to long-term targets	What are the percentages of new construction and carve-outs expected as the number of towers expands in the future?	We expect a certain number of new constructions mainly in rural areas, but aim to achieve the target as a total of new construction and carve-out.
Mid-to long-term targets	Is the revenue growth expected to accelerate at some point?	Expected to accelerate with the increasing number of transfers of curve-out towers.
Mid-to long-term targets	Will the expansion of carve-outs slow down in the future? What is the potential after the 5th year?	We are aware of potential for further expansion, including carve-outs from MNO.

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Appendix

- JTOWER believes that Infra-Sharing in itself leads to the realization of Sustainable Society.
- While contributing to the resolution of social issues, such as the reduction of environmental impact and the realization of Connected Society, we aim to achieve sustainable growth and further increase corporate value together with society.

Environment



Contribution to electricity consumption reduction through introduction of Infra-Sharing

Governance



Disclosure of corporate governance, compliance policies, initiatives and management systems

Social



Safety activities in construction



Sustainable office and work style



Supply chain management



Communication with employees

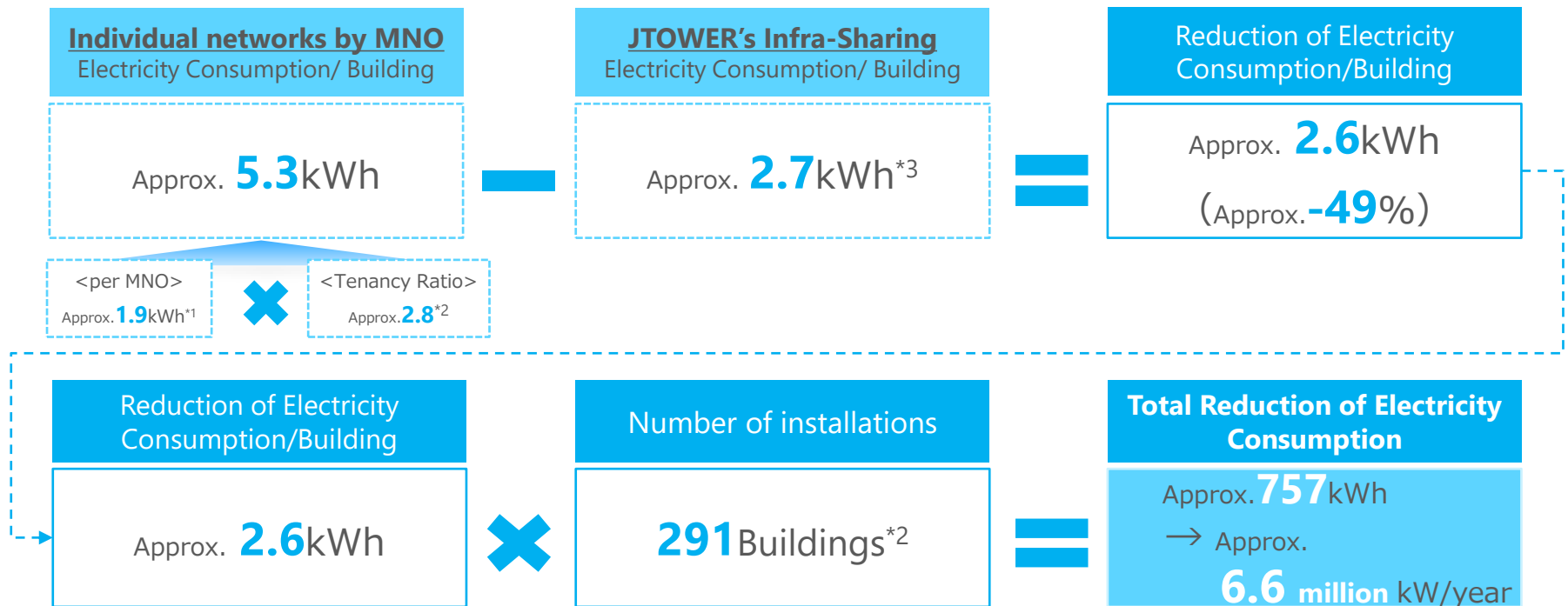
6 The Realization of a Sustainable Society -Environment JTOWER

- Infra-Sharing not only reduces costs, but also the material and construction work, as well as electricity consumption, which leads to a lower environmental impact.

Contribution to electricity consumption reduction through introduction of Infra-Sharing



In the case of Domestic IBS, we are contributing to a reduction in electricity consumption of about 6.6 million kW per year (our estimate) by promoting indoor Infra-Sharing.



*1: (Estimated electricity consumption/Building)×70% / 70% is our assumed calculation and does not indicate actual electricity consumption.

*2: As of March 31, 2022

*3: Estimated based on the calculation:

(The average number of units used at IBS installed properties) × (The estimated electricity consumption of our Infra-Sharing equipment based on specification) as of December 31, 2020.

- We will strive to reduce risks in business by establishing a risk management system that includes not only JTOWER but also partner companies and suppliers in terms of safety in construction and procurement.

Safety activities



In order to prevent industrial accidents and other accidents, we will promote the creation of safe and comfortable workplaces through regular safety and health inspections.

Safety and Health Patrols

Efforts to identify risks and hazards at an early stage, eliminate them and take measures to reduce them, prevent equipment accidents and information accidents, and ensure thorough safety awareness among workers in construction work.

Efforts for Safety and Health Patrols

- ✓ Check whether there is any risk of disaster at a construction site.
- ✓ If confirmed, direct the correction on the spot.
- ✓ If "cannot be implemented immediately," the work will be discontinued and countermeasures will be considered as soon as possible.
- ✓ Check whether the instructed approaches are actually conducted at Safety and Health Meeting and morning meeting.
- ✓ Maintain an appropriate tension and focus in the implementation of on-site work.

Safety Conferences

Efforts to review accidents and complaints associated with construction work, prevent the occurrence of similar problems, share the same understanding of construction safety and aim for safe and high-quality construction.

Supply chain management



In developing and procuring equipment, we have established a sustainable management system not only for the company, but also for the entire supply chain.

RoHS Compliant

The components and products used comply with RoHS (Restriction of Hazardous Substances Directive), the European Union directive on Restrictions on the Use of Certain Hazardous Substances in Electronic and Electric Equipment.

ISO9001/ISO1400

We have introduced ISO90001 and ISO14001 acquisitions as terms for suppliers that we believe are relevant to environmental and employment issues, and we continually review their condition, including their subsequent renewals.

Factory audits

Periodic factory audits of suppliers are conducted to verify safety and health, the qualifications of workers, and the working environment.

- Together with a sustainable office, we aim to create an environment in which employees can work in good physical and mental health.
- Utilize new facilities to promote communication that combines offline and online.

Office and work style



Regarding business expansion, we are planning to relocate our Tokyo head office in July 2022. In the new office, We will make use of sustainable materials and create a comfortable environment for employees.

Utilization of Recycled Materials

Utilize recycle materials for interior design.

Reduction of office furniture disposal

Use a subscription service for office furniture. Realized a system that does not dispose furniture while flexibly responding to changes in working styles.

Promoting Wellness

In addition to comfortable working spaces, we will provide office spaces that enable employees to work in good physical and mental health by making communication and refreshing spaces.



Communication



Implementation of various initiatives with the aim of sinking in the corporate vision and revitalizing communication across positions and departments.

Company-wide meeting

Regular company-wide meetings are held to promote understanding of the company and share information. At the same time, a social gathering is held aiming for further communication among employees.



President Lunch

President Lunch is held regularly to deepen communication between top management and employees and to share various opinions and thoughts.



Corporate Vision Committee

Established a committee to promote understanding of the corporate vision by young employees across departments.



Codes of Conduct Award

The award system for the employee who embodies Code of Conduct.

- In order to be a company trusted by all stakeholders, we will work to enhance corporate governance as one of our important management issues.

Disclosure of corporate governance, compliance policies, initiatives and management systems



Corporate governance, compliance policies, initiatives and management systems are disclosed in the Governance section of the corporate website.

<https://en.jtower.co.jp/governance>

The screenshot shows the 'GOVERNANCE' section of the JTOWER website. It includes a navigation bar with 'HOME', 'NEWS', 'SERVICE', 'USE CASE', 'COMPANY INFORMATION', 'GOVERNANCE' (highlighted), 'INVESTOR RELATIONS', and 'CONTACT INFORMATION'. Below the navigation bar, there are tabs for 'CORPORATE GOVERNANCE', 'COMPLIANCE', and 'DISCLOSURE POLICY'. The 'CORPORATE GOVERNANCE' tab is selected, displaying the following content:

CORPORATE GOVERNANCE

— Our Basic Approach to Corporate Governance

With "Info-Sharing Services from Japan Lead the World" as its corporate vision, JTOWER recognizes the enhancement of corporate governance as one of its key management issues in order to be a company trusted by all stakeholders.

Given this recognition, and in order to improve the soundness and transparency of management, improve efficiency, and raise corporate value consistently over the long term, JTOWER makes every effort to enhance its corporate governance in the pursuit of speedy, rational decision-making and more efficient business operations.

— Corporate Governance System

We have established General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as organizations under Companies Act. The Board of Directors, which is composed mainly of directors who are familiar with our business, carries out basic management policies and important business execution decisions and Audit & Supervisory Board, which is composed entirely of outside Audit & Supervisory Board Members, conducts audits from a fair and independent perspective by Audit & Supervisory Board Members with expertise in each field. We believe the current system is effective in ensuring the soundness, transparency and efficiency of management. In addition, we collaborate with outside lawyers when making compliance and important legal judgments.

The organizational chart illustrates the corporate governance structure. At the top is the 'General Meeting of Shareholders'. Below it are the 'Board of Directors' and the 'Audit & Supervisory Board'. The 'Board of Directors' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Representative Director'. The 'Representative Director' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Internal audit personnel'. The 'Internal audit personnel' are responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Accounting Auditor'. The 'Accounting Auditor' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Audit & Supervisory Board'. The 'Audit & Supervisory Board' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Internal audit personnel'. The 'Internal audit personnel' are also responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Each department'. The 'Each department' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'Internal audit'. The 'Internal audit' is responsible for 'Appointment/Dismissal' and 'Supervision' of the 'External specialist'.

The screenshot shows the 'COMPLIANCE' section of the JTOWER website. It includes a navigation bar with 'HOME', 'NEWS', 'SERVICE', 'USE CASE', 'COMPANY INFORMATION', 'GOVERNANCE' (highlighted), 'INVESTOR RELATIONS', and 'CONTACT INFORMATION'. Below the navigation bar, there are tabs for 'CORPORATE GOVERNANCE', 'COMPLIANCE' (highlighted), and 'DISCLOSURE POLICY'. The 'COMPLIANCE' tab is selected, displaying the following content:

COMPLIANCE

We regard compliance as a fundamental management policy. We have set Compliance Rules with the aim of ensuring thorough compliance by managements and employees, as well as sound and appropriate management and business execution, and are working to ensure compliance.

— Compliance System

We are implementing various initiatives to ensure thorough compliance by establishing a compliance system in which the head of Corporate Department is responsible for company-wide compliance. In addition, the person in charge of internal audits under the direct control of Representative Director and President is appointed to conduct periodic audits of the business execution and compliance status of each department, and the evaluation is reported to Representative Director and President and Audit & Supervisory Board Members.

— Compliance Hotline

We have established an internal reporting system and set up a contact point to properly operate and respond to violations of laws and other legal suspensions. In order to strengthen compliance managements, we have established the system for appropriate handling of requests for advice or reports of organizational or personal violations of laws and regulations from our employees, contract employees, part-timers, temporary workers, dispatched workers, and retirees, ensuring early detection and correction of inappropriate.

— Corruption prevention initiatives

We have set Compliance Rules and Anti-Bribery and Corruption Rules which do not allow any bribery or corruption, and our managements and employees shall not be involved in any bribery or corruption. We strive for fair transactions based on the premise of compliance with the anti-corruption laws of each country and will continue to strengthen our anti-corruption efforts.

— Basic Approach and Systems to Exclude Anti-Social Forces

Our basic policy is to not have any relationships with antisocial forces and to reject any unfair demands, and we have clearly stated this in various internal rules and regulations. In addition, when it is found that a business partner is an individual, company, or organization involved with antisocial forces, the business is terminated.

Corporate Department acts as the responsible department for antisocial forces, and centrally manages and accumulates related information. In the event of undue claims by antisocial forces, we cooperate with the police, external law firms, and other external specialized organizations to establish a cooperative system in the event of an emergency.

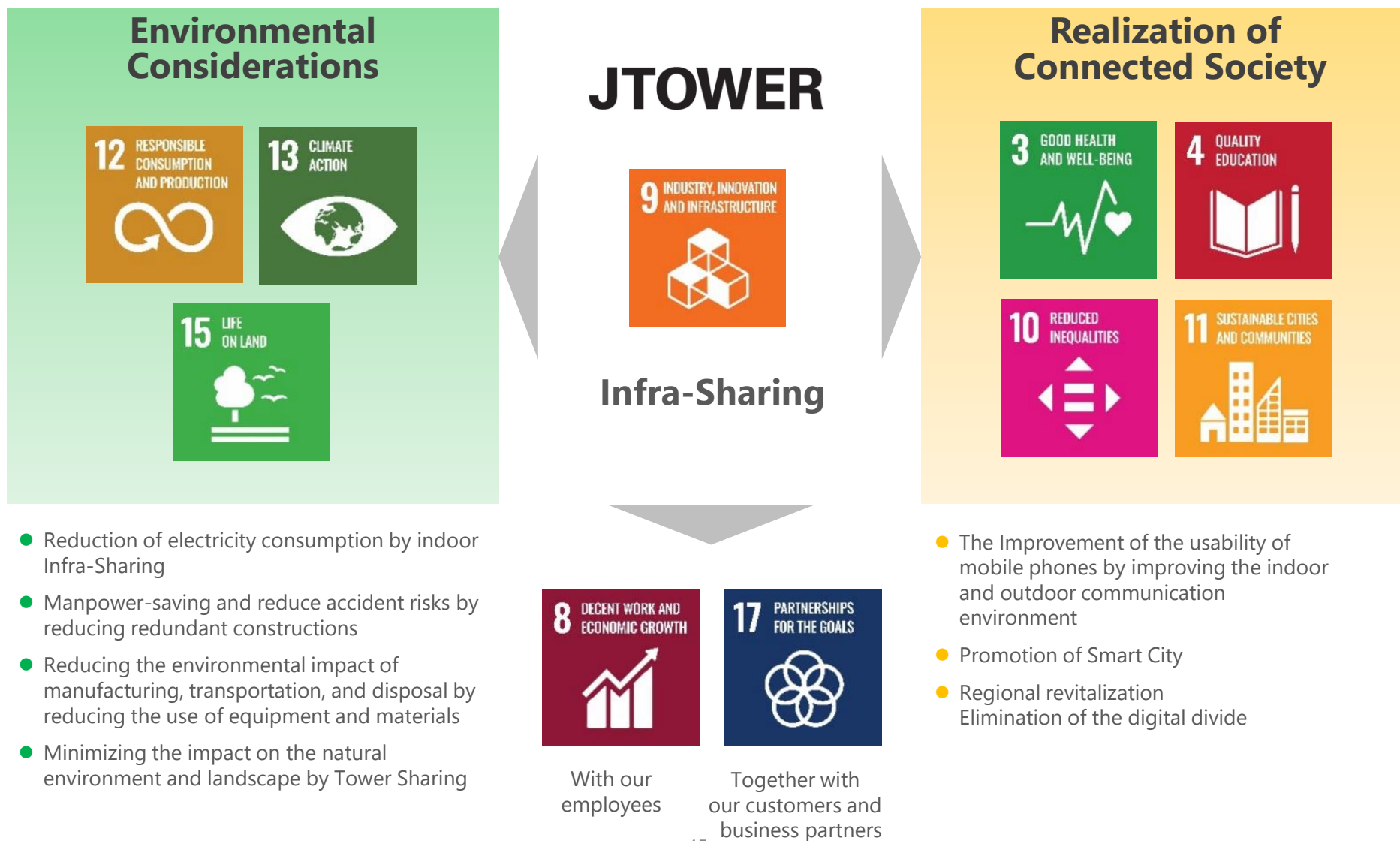
— Training

Annual training plans are established for managements and employees, and regular training sessions are conducted on compliance, harassment, prevention of insider trading, information security and other subjects.

6 Our Approach for the SDGs

JTOWER

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



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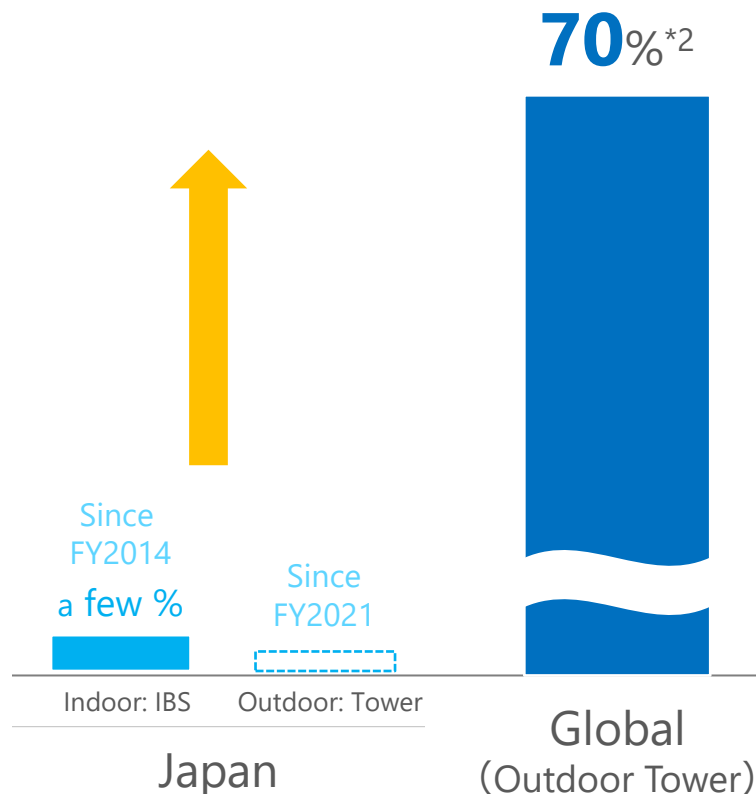
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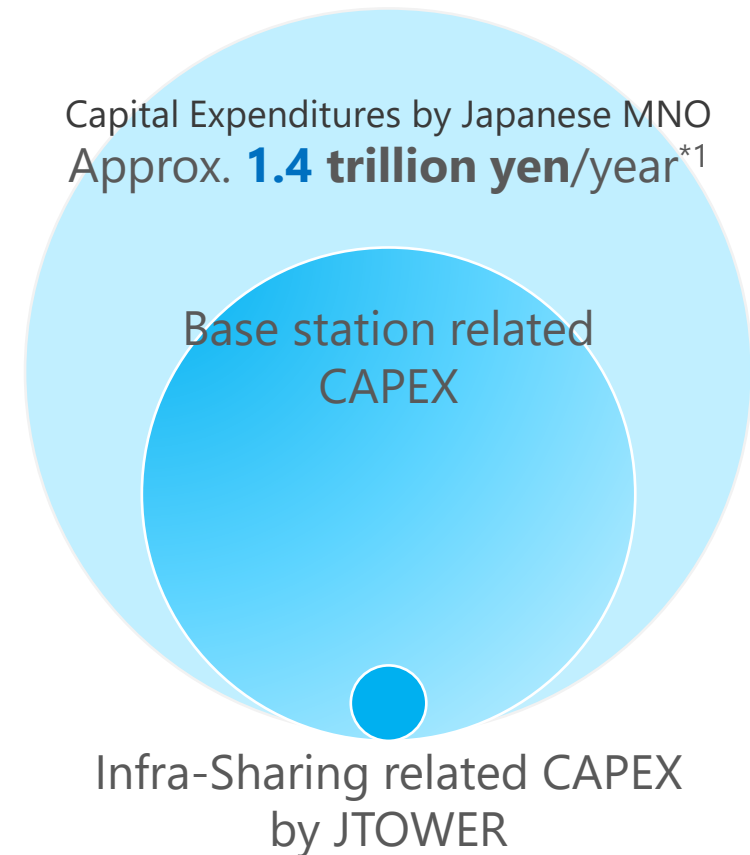
Appendix

- In Japan, JTOWER has been leading Infra-Sharing market as a pioneer.
- On the other hand, 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

7 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.

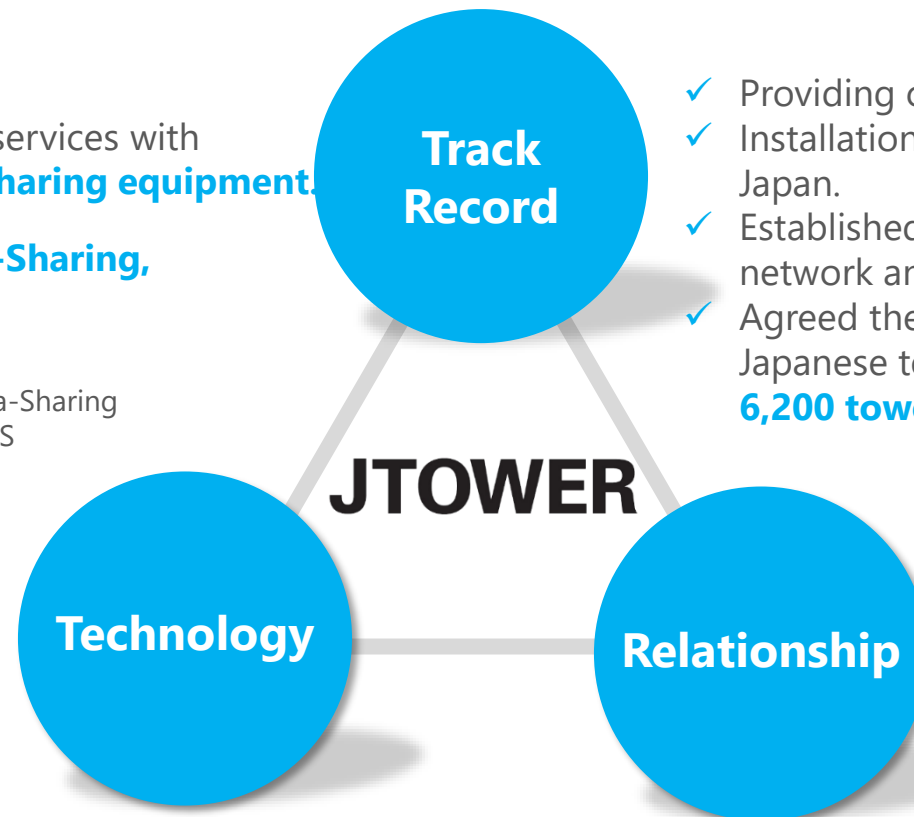
- ✓ Provide active Infra-Sharing services with **our own developed Infra-Sharing equipment**.
- ✓ Lead in **the high-level Infra-Sharing, such as 5G.**

- 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 **290 buildings** in Japan.
- ✓ Established the nationwide maintenance network and continue stable operations.
- ✓ Agreed the first **large-scale carve-outs** from Japanese telecom operators (total of approx. **6,200 towers**)

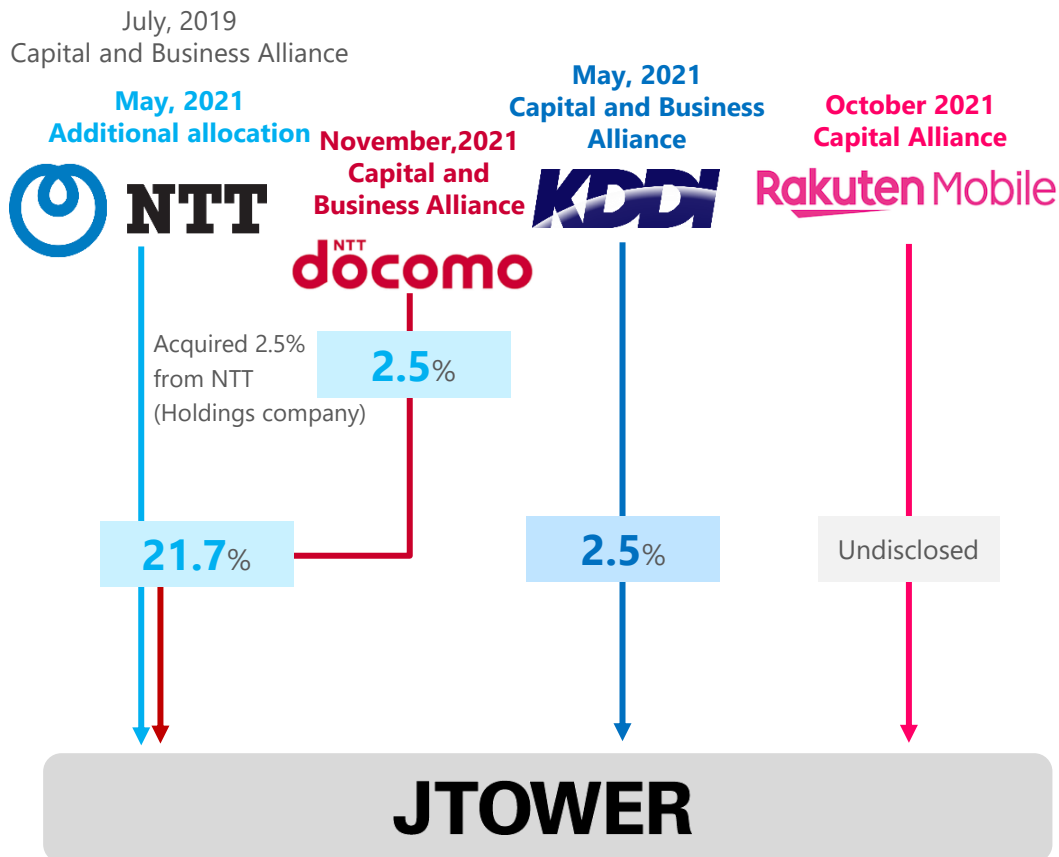
- ✓ Relationship with MNO and real estate developers.
- ✓ **Capital and business alliance** with MNO.
- ✓ Participate in projects by MIC and the Tokyo Metropolitan Government.

7 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.

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

■ Infra-Sharing Revenue ■ Other Revenue

Domestic IBS Business	Tower Business	International IBS Business	Solution Business
All items except for the item below	All items except for the item below	All items	Cloud-based Wi-Fi service
			Local 5G
			SITE LOCATOR service
Consigned construction work	The income related to demonstration projects and others		

*1: Breakdown as of March 31, 2022
(Nabiq has been removed from the above categories due to deconsolidation from Q3 FY2020)

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Infra-Sharing Services from Japan Lead the World

JTOWER