

FY03/2021 Q1

JTOWER

Financial Results for the 1st Quarter of FY2020 ended June 30, 2020

August 7, 2020

J T O W E R Inc.

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FY2020 Q1 Financial Results

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Appendix

Consolidated revenue increased 59% YoY to JPY818 million, continuing high growth

- The revenue for the Domestic IBS business increased **77%** YoY to JPY612 million, driving overall revenue growth.
- **Infra-Sharing revenue^{*1}** accounted for **86%** of the total revenue, establishing a stable revenue base.

Achieved profitability in all the profit levels

- Consolidated EBITDA increased by **more than 2.2 times** YoY to JPY316 million.
- The gross profit increased resulting from Infra-Sharing revenue growth, while SG&A expenses were kept down by factors such as remote work, from these results consolidated operating profit **increased to JPY100 million**.
- Ordinary profit and net Income achieved profitability.

In Q1, both sales and profits exceeded expectations

- Considering the occurrence of upfront investment costs (personnel costs, etc.) related to Tower business and others from Q2 onward and uncertainties in the external environment, such as further impact of COVID-19, full-year forecasts remain unchanged.

*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.

Assumptions for expected impacts in FY2020 forecasts

Domestic IBS

Continuation of a state of emergency by the end of June is assumed, and delays in the launch of services are factored in. (for up to 6 months)

International IBS

Belated approvals by mobile network operators will cause the delay in service launch. (for about 3 months)

Solution

The acquisition of new contracts is expected to decline by half at the beginning of FY2020 and gradually recover.

SG&A

Impact on Q1 results

A state of emergency was lifted nationwide on May 25, and the number of installations increased **exceeding the expectation.**

Incorporate financial results in 3 months time lag.
The impact in Q1 (Jan-Mar) was limited and **performance trends were assumed levels.**

Acquisition of new contracts related to Wi-Fi decreased at roughly **the expected level.**
Even after the termination of a state of emergency, restrictions on sales activities continue and **recovery may be delayed.**

Expenses were reduced due to implementation of remote work.
(travel expenses, office expenses, etc.)

Personnel costs fall short of forecast due to postponement of recruitment.

1 FY2020 Q1 Consolidated Results – P&L

JTOWER

- Revenue increased to JPY818 million (+58.9% YoY), EBITDA to JPY316 million (more than 2.2x YoY), and operating profit increased to JPY100 million.

(JPY mn)	FY2019	FY2020		
	Q1 (3 Months) Results	Q1 (3 Months) Results	Change	
			Amount	%
Revenue	515	818	+303	+58.9%
EBITDA ^{*1}	141	316	+174	+123.1%
<i>EBITDA Margin</i>	27.5%	38.7%	+11.2pt	
Operating Profit	-0	100	+101	—
<i>Operating Profit Margin</i>	—	12.3%	—	
Ordinary Profit	-7	93	+101	—
Net Income	-24	55	+79	—
Capital Expenditure ^{*2} (Investment Cash Flow)	—	668	—	—

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

*2: Unaudited figure. The calculation based on the results of Q1 FY2020 and no calculation of previous year figure.

1 FY2020 Q1 Consolidated Results – BS (1/2)

JTOWER

- Cash and Cash Equivalents increased by JPY1,455 million from the end of FY2019 to JPY8,643 million due to an increase in Infra-Sharing revenues, which exceeded capital investment, thereby improving financial soundness.

	FY2019	FY2020	
(JPY mn)	March 31, 2020	June 30, 2020	Change
Current Assets	8,032	9,255	+1,223
Cash and Cash Equivalents	7,188	8,643	+1,455
Notes and Accounts Receivable	482	367	- 115
Non-current Assets	6,614	6,981	+367
Tangible Fixed Assets	5,860	6,249	+388
Goodwill	579	558	- 20
Total Assets	14,646	16,237	+1,590
Financial Indicators			
Debt	1,083	1,239	+155
Net Debt	-6,104	-7,404	- 1,299
Equity Ratio	45.3%	41.1%	-4.2%

1 FY2020 Q1 Consolidated Results – BS (2/2)

JTOWER

- Increased number of IBS installations has been reflected in increased current and long-term unearned revenue (to be reported as revenue in the future).

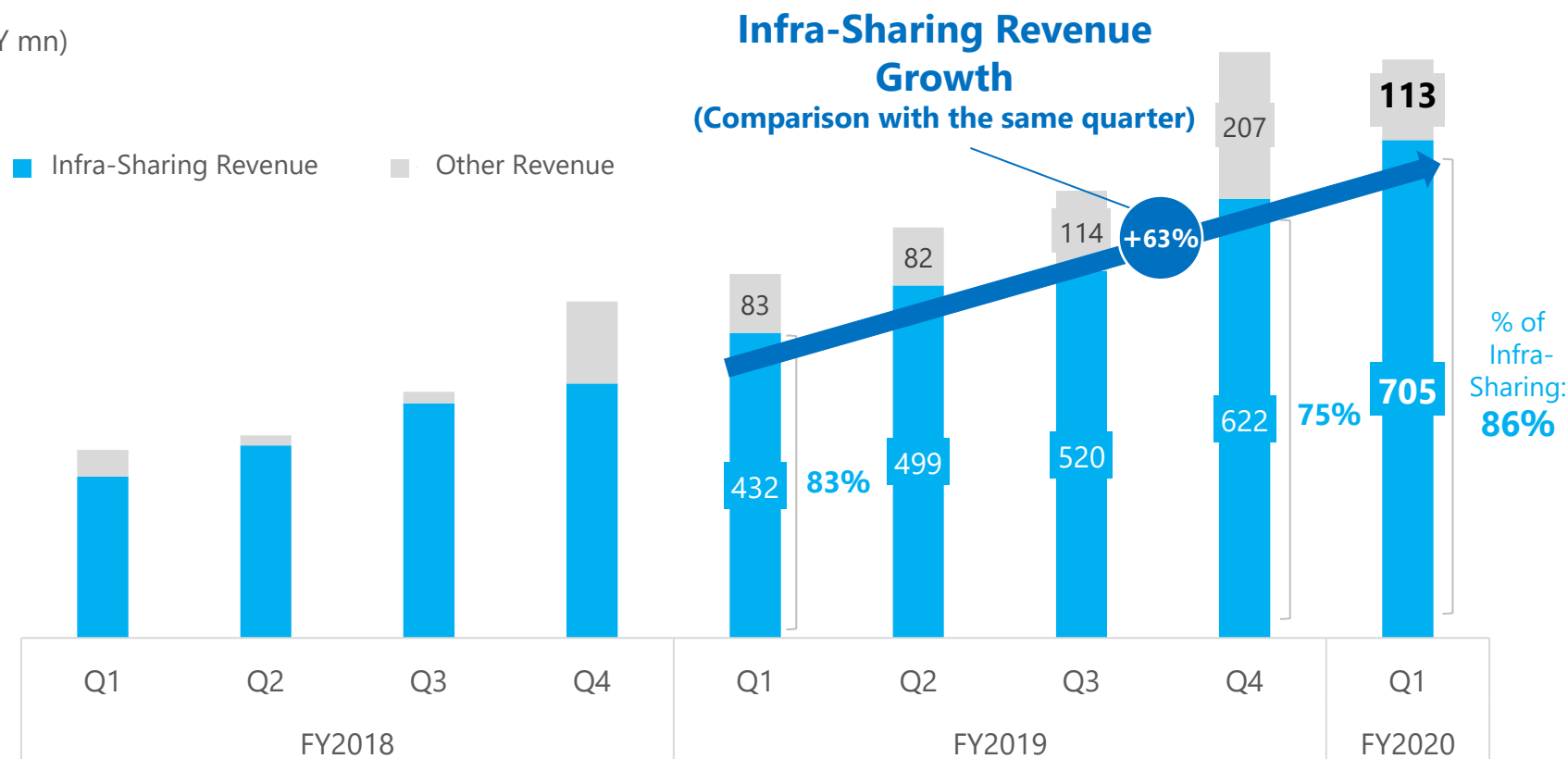
	FY2019	FY2020	
(JPY mn)	March 31, 2020	June 30, 2020	Change
Current Liabilities	3,288	3,796	+507
Accounts payable - trade	193	149	- 43
Shor-term borrowings	45	7	- 37
Accounts payable - other	1,204	1,098	- 106
Unearned revenue	1,525	2,185	+659
Non-current Liabilities	4,723	5,760	+1,037
Long-term borrowings	300	300	—
Long-term unearned revenue	3,869	4,766	+896
Total Liabilities	8,011	9,556	+1,545
Net Assets	6,635	6,681	+45
Share capital	4,272	4,278	+5
Capital surplus	2,433	2,439	+5
Total Liabilities and Net Assets	14,646	16,237	+1,590

1 Historical Consolidated Revenue

JTOWER

- Infra-Sharing revenue*¹ has grown **63%** YoY and is serving as a steady revenue base, accounting for **86%** of the total consolidated revenue.
- In Other revenue, one-time sales of contracted construction work, which increased in Q4 of FY2019, became standardized.

(JPY mn)

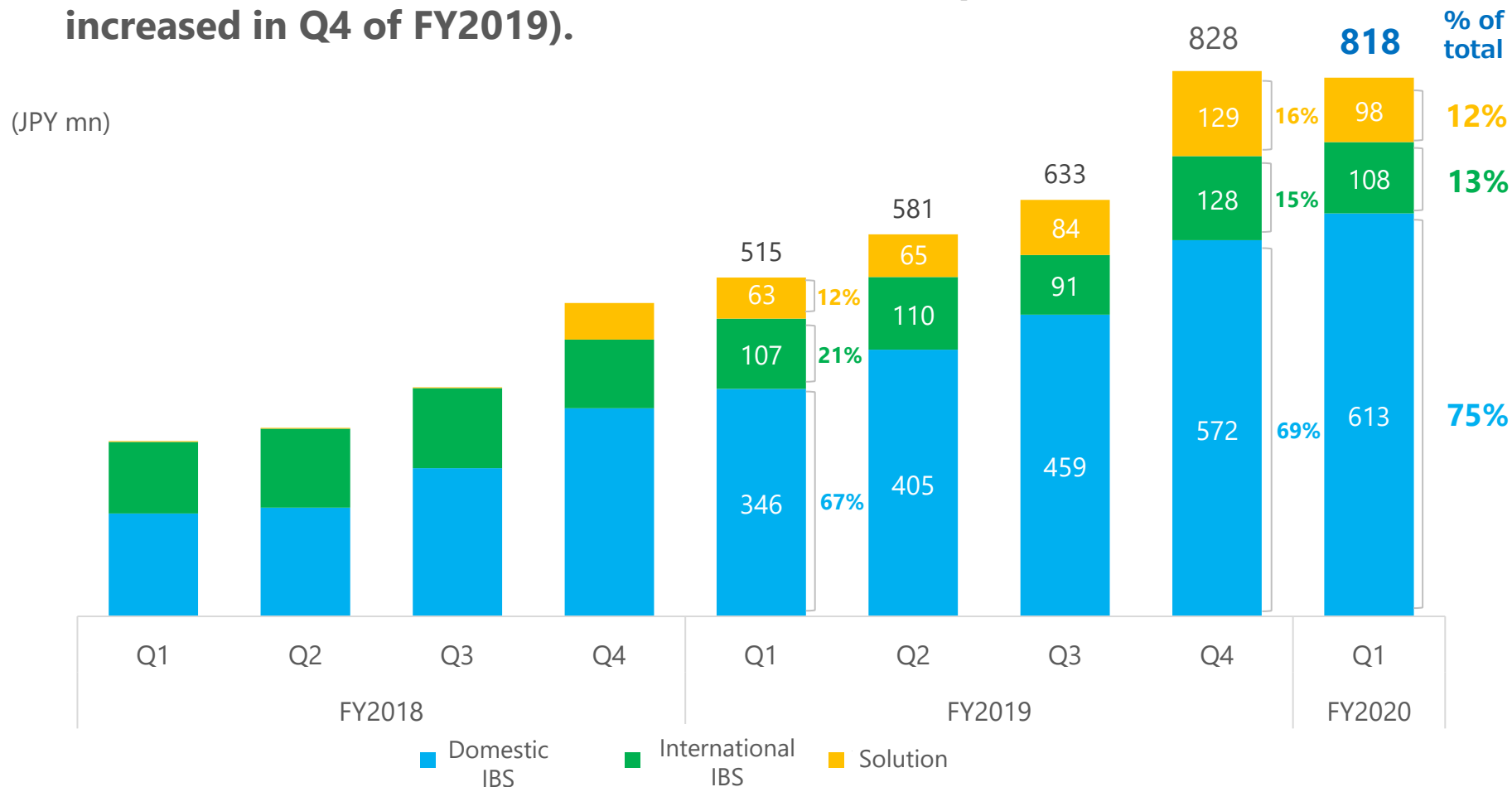


*1: Revenue from Infra-Sharing service based on long-term contracts. For details, please refer to "Breakdown of Infra-Sharing and Other Revenues by Business" in Appendix.

*2: Figures from FY2018 and before as well as the breakdown of Infra-Sharing revenue and other revenue are unaudited.

1 Historical Revenue by Business

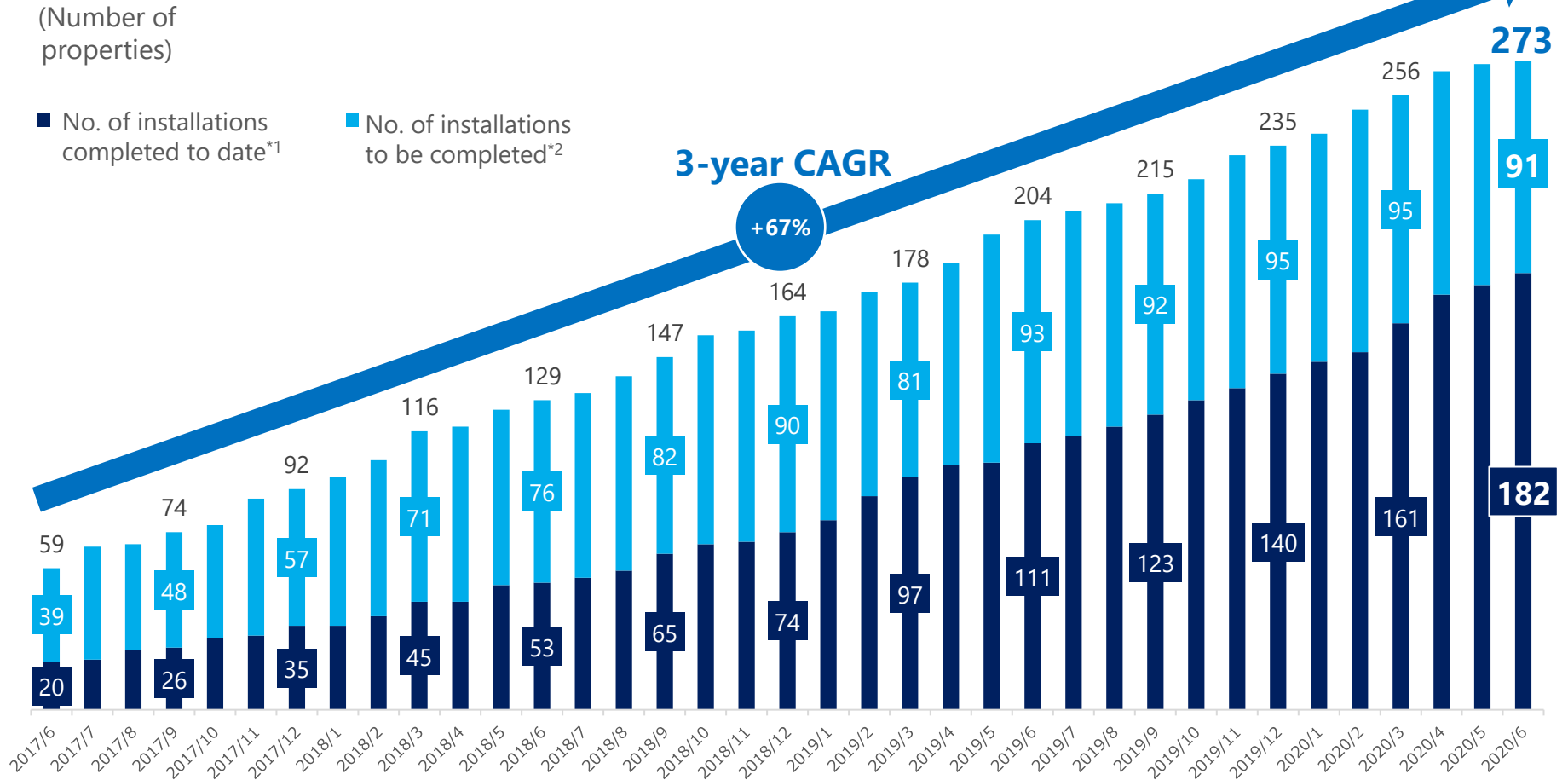
- Domestic IBS Business revenue increased by **77%** YoY and has grown to account for **75%** of the total consolidated revenue.
- International IBS and Solution business were as planned (one-time sales increased in Q4 of FY2019).



Note: Breakdown of quarterly revenue by business is unaudited.

1 Historical Number of Installations (Domestic IBS) JTOWER

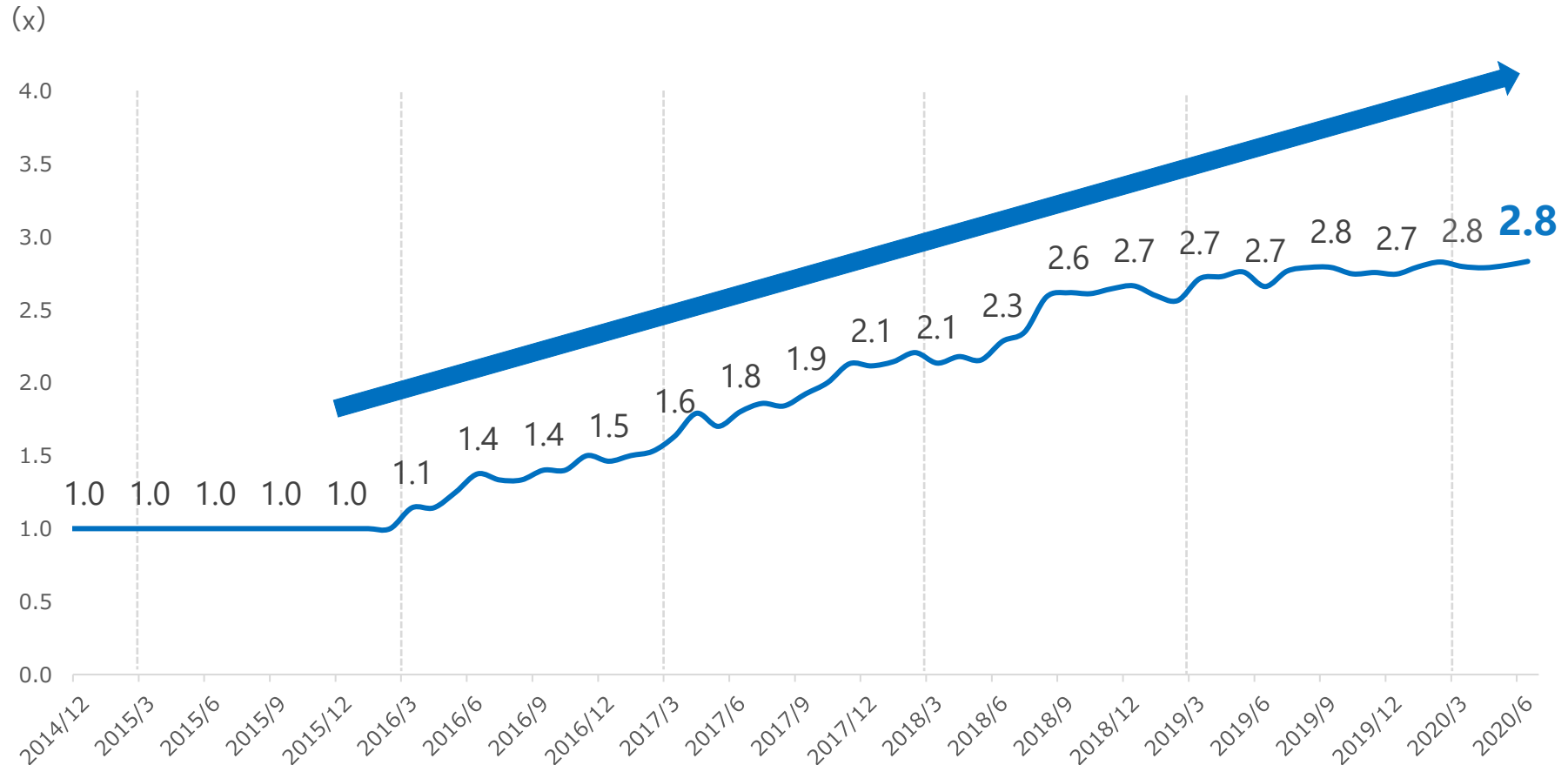
- Total number of IBS installations has increased to **273** (installation completed: **182**, to be installed: **91**).
- Total number of completed IBS installations increased by **21** during Q1.



*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.

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

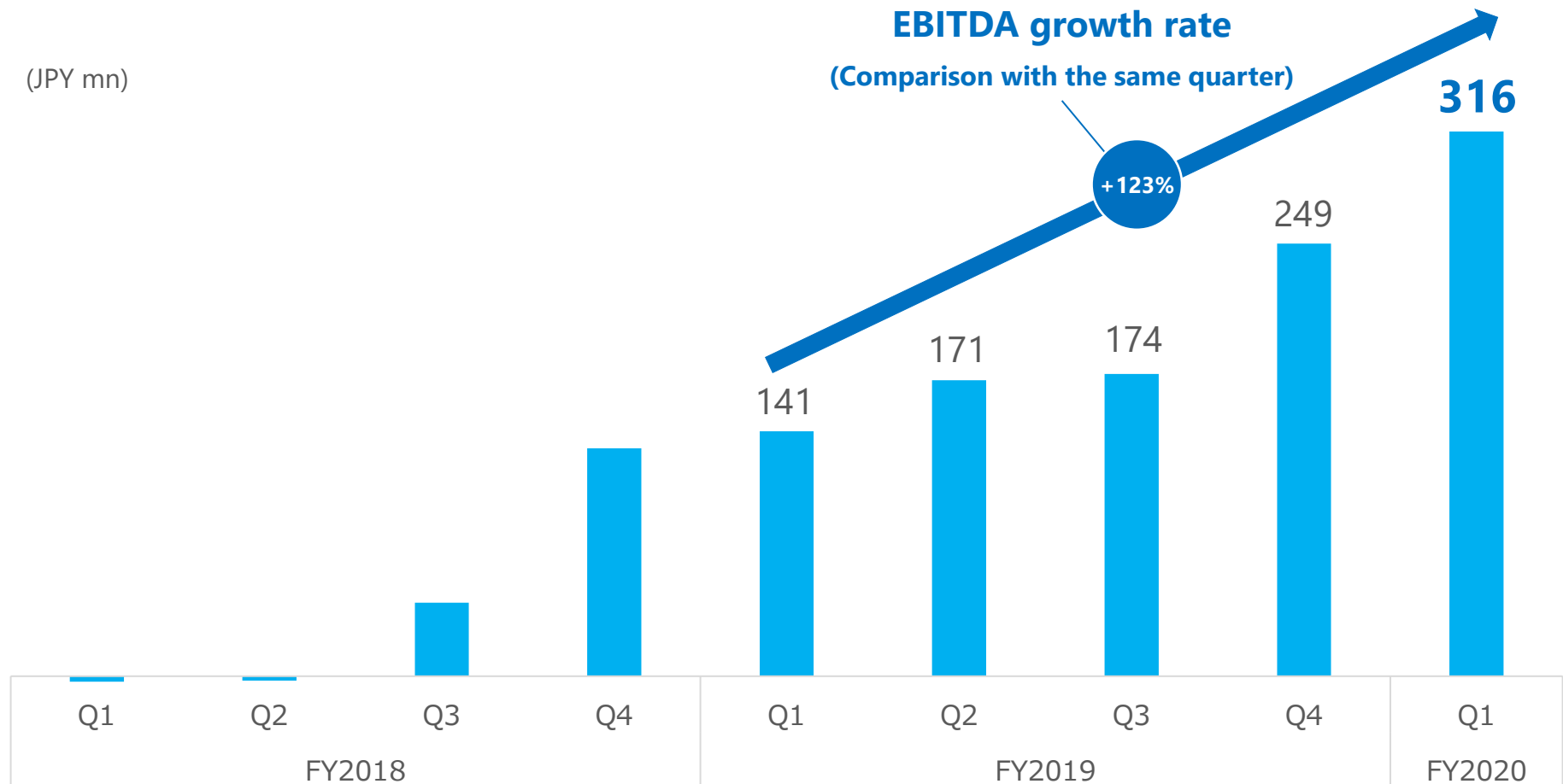


*1: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

1 Historical Consolidated EBITDA^{*1}

JTOWER

- With an increased number of installations for the Domestic IBS business, consolidated EBITDA grew **123% YoY**.



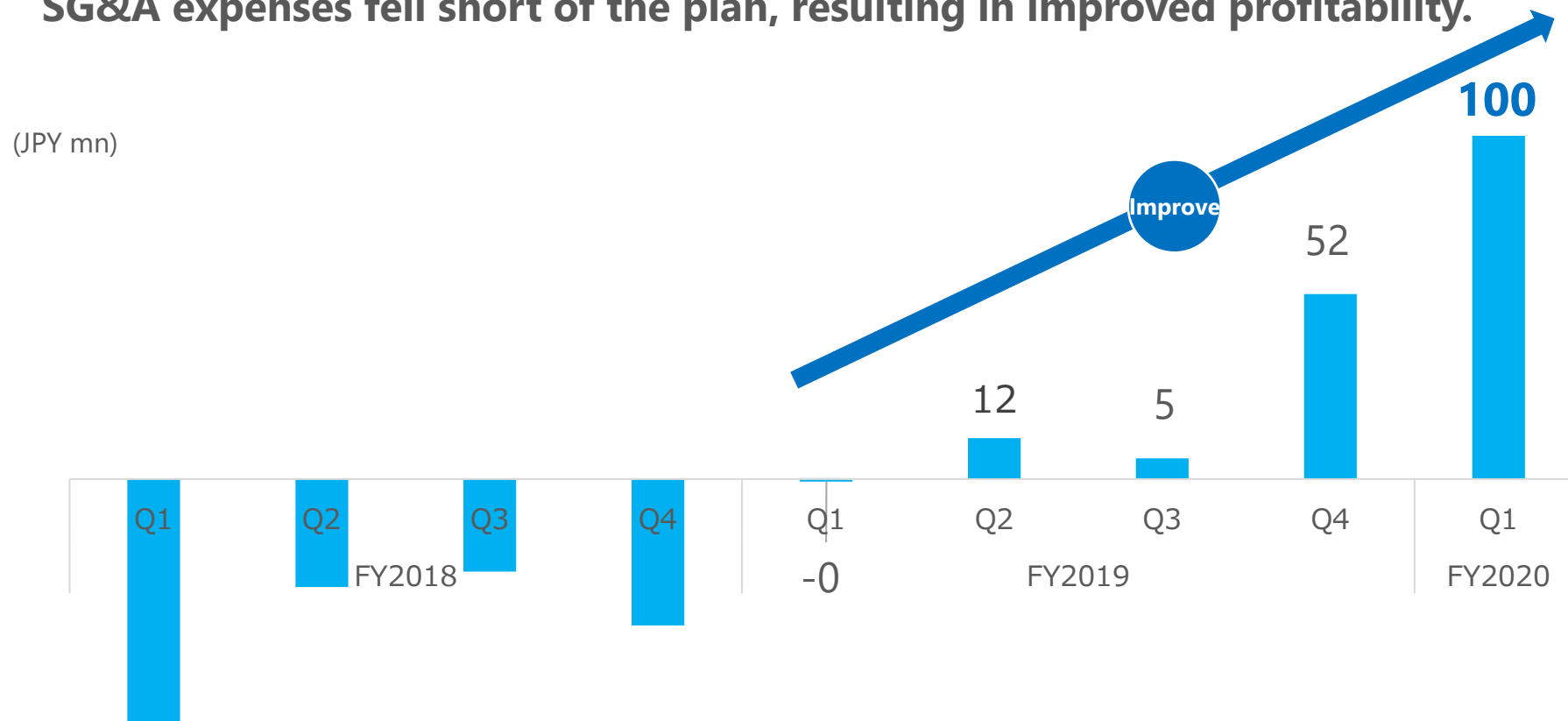
*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

*2: Figures before FY2019 are unaudited.

1 Historical Consolidated Operating Profit

JTOWER

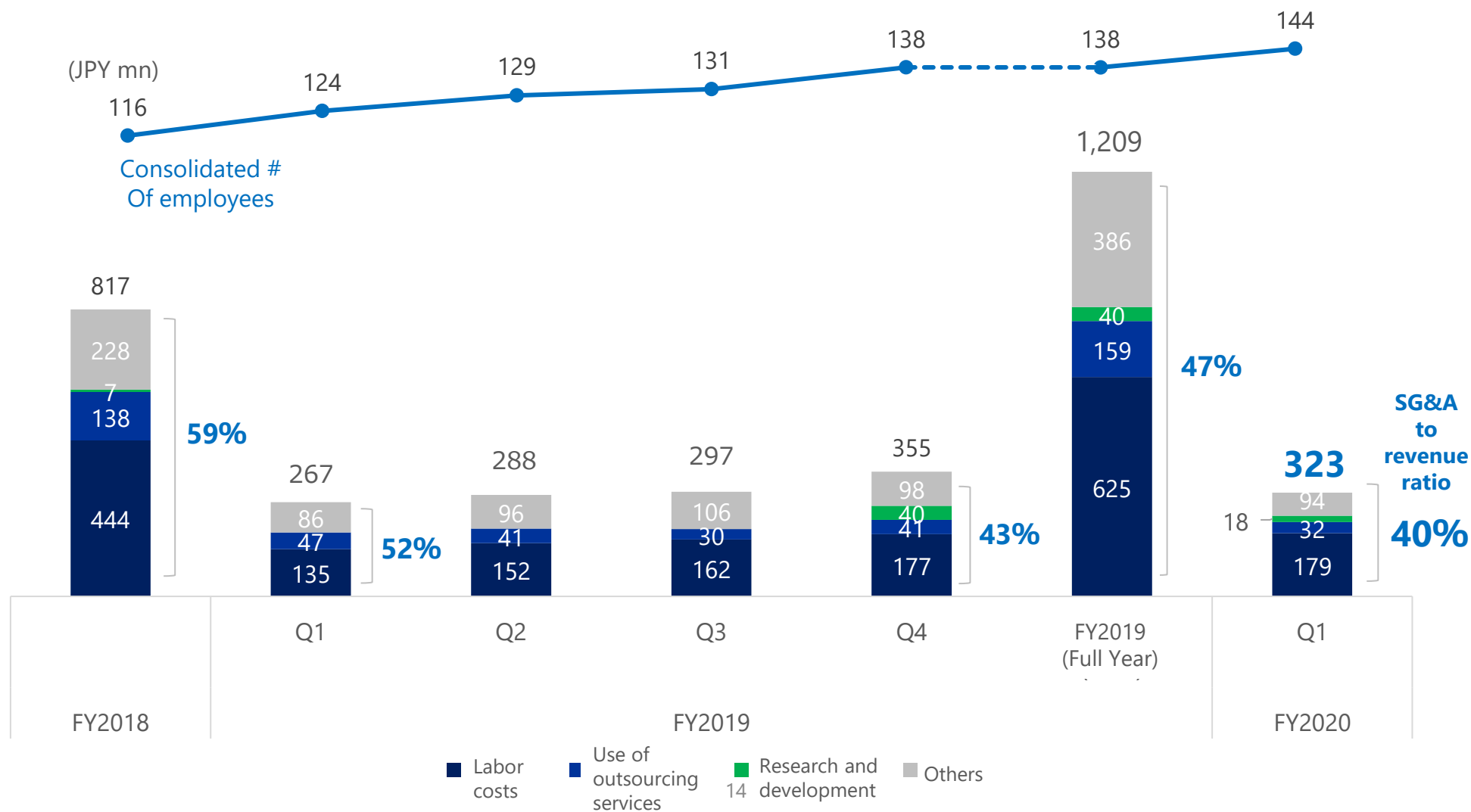
- Consolidated operating income turned positive in Q2 of FY2019 and increased 92% compared to Q4 of FY2019 to **JPY100 million**.
- Gross profit increased due to the increase in Infra-Sharing revenue, while SG&A expenses fell short of the plan, resulting in improved profitability.



Note: Figures before FY2019 are unaudited.

Historical Consolidated SG&A Expenses

- Consolidated SG&A-to-revenue ratio improved to **40%** due to a decrease in expenses caused by implementation of remote work, postponement of recruitment, and an increase in Infra-Sharing revenue.



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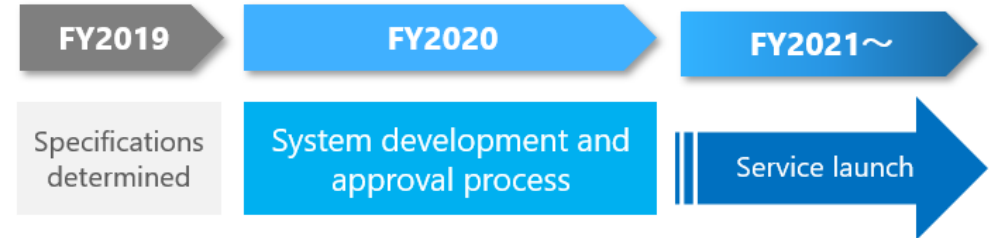
FY2020 Forecasts

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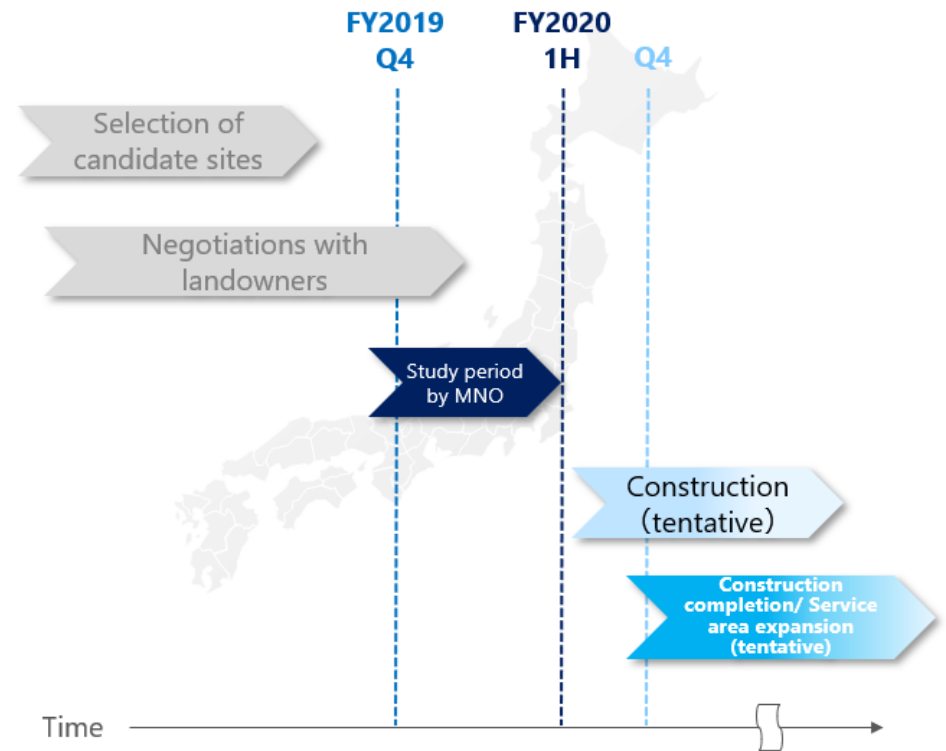
Development of 5G infra-sharing equipment

- Steady progress toward completion of development during FY2020.



Tower Sharing in Rural Areas

- Negotiations with landowners generally obtained internal consent.
- Tower construction is expected to commence from 2H of FY2020 based on the results of the study for using by mobile network operators.



July 2020

- Entered into an agreement to install smart poles in the Nishi-Shinjuku area with Tokyo Metropolitan Government.
- **The four MNOs** all decided to use these smart poles to be installed in accordance with the Agreement.

Fall 2020
onwards

- Install **5G base stations** including 5G infra-sharing equipment and begin to share telecommunications facilities.

FY2021
onwards

- Establish a business model through the project in the Nishi-Shinjuku area and expand the coverage areas with smart solution demands.



* This image is created based on a smart pole under construction as of July 10, 2020

Position of both companies in capital and business partnership

JTOWER

Expertise in the field of Infra-Sharing,
and related sales & technical
capabilities.



Mitsubishi UFJ Lease & Finance

Customer base of real estate companies
and local governments, asset business
insights and financial base.

**Utilization of the customer base of Mitsubishi UFJ Lease & Finance in
sales activities to real estate companies and local governments.**

**Cooperation in the establishment of a finance scheme for capital
investment in indoor and outdoor telecommunications infrastructure.**

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3 FY2020 Full-Year Forecasts

JTOWER

- In Q1, both sales and profits exceeded expectations.
Considering the occurrence of upfront investment costs (personnel costs, etc.) related to Tower business and others from Q2 onward and uncertainties in the external environment, such as further impact of COVID-19, full-year forecasts remain unchanged.

(JPY mn)	FY2019	FY2020		
	12 Months Results	12 Months Forecasts	Change	
			Amount	%
Revenue	2,558	3,381	+822	32.1%
EBITDA ^{*1}	737	1,128	+390	52.9%
<i>EBITDA Margin</i>	28.8%	33.4%	+4.5pt	—
Operating Profit	69	150	+80	115.4%
<i>Operating Profit Margin</i>	2.7%	4.4%	+1.7pt	—
Ordinary Profit	5	107	+101	1796.4%
Net Income	-13	62	+75	—
Capital Expenditure (Investment Cash Flow)	2,611	3,468	+857	32.8%

FY2020	
Q1 (3 Months) Results	Progress %
818	24%
316	28%
38.7%	—
100	67%
12.3%	—
93	87%
55	89%
668	19%

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

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Appendix I

Growth Strategy

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Business overview and other information

Domestic IBS

- ✓ **Increase number of IBS installations**
 - Sustainable increase in new buildings.
 - Broaden the target to increase sales potential (installation at existing buildings, add-on-service such as 5G-related services).
- ✓ **Improve tenancy ratio**
 - Upside potential with new entry of Rakuten Mobile.
- ✓ **Development of 5G infra-sharing equipment**

Tower

- ✓ **Launch tower sharing in rural areas**
 - Selection of candidate sites completed and in the process of negotiation with landowners.
 - Planning to start services in some areas in FY2020 and expand locations from the next fiscal year.
- ✓ **Launch tower sharing in urban areas**
 - Selected as 5G Smart Poles provider of Tokyo Metropolitan Government .
 - Use the momentum of smart city planning initiatives to expand services in other areas.

Local 5G

- ✓ **Development of local 5G service**
 - Invest in business development for commercialization of the service. .

**Strengthen
Related
Businesses**

- ✓ **Strengthen Overseas IBS and Solution Businesses**

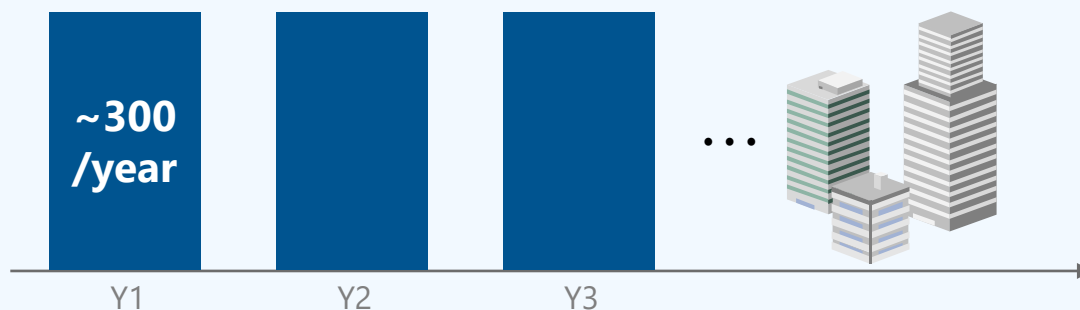
I Persistent Demand and Upside Potential

- Domestic IBS Business

JTOWER

IBS installed by **JTOWER** in Japan*1: 182 installed and 91 to be installed*1

① New buildings*2



【Main target】

Demands for new installation

② Existing buildings

(Offices*3, commercial*4, hotels*5, hospitals*6, high-rise residence*7, etc.)



【Upside potential】

System upgrade

③ New category

(Railway tunnels etc.)*8



④ 5G infra-sharing equipment add-on

① + ② + ③
Potential for further demand



New installation

*1: As of June 30, 2020. *2: Company estimate based on large-scale projects with floor area of >10,000㎡. *3: Large-scale projects with >330㎡ per floor (as of Sept. end 2018, office building criterion based on Sanko Estate). *4: Large-scale projects with >1,500 ㎡ retail floor space and >10 tenants, developed by a developer. *5: Based on the number of resort hotels, city hotels and business hotels in Japan (as of Dec. 31, 2018). *6: Large hospitals with >300 beds in Japan (excluding general clinics, as of Oct. 1, 2017). *7: Condominium buildings with >20 floors in Japan (estimate for 2020 as of Oct. 31, 2018). *8: Total number of tunnels used by private railway companies and Japan Railway Company based on the statistics provided by the Ministry of Land, Infrastructure, Transport and Tourism (as of 2016)

- We plan to complete the development of 5G infra-sharing equipment in FY2020 for the general 5G service expansion in the near future.

✓ Required process and schedule for the service launch



Various upside potential

✓ Installation at new buildings

- Opportunity to install as an add-on to the existing 4G infra-sharing service

✓ Installation at existing buildings

- Add-on opportunities at buildings where our 4G infra-sharing service has been installed
- New opportunities at buildings where our 4G infra-sharing service has not been installed

Sharing of New Towers in Rural Areas

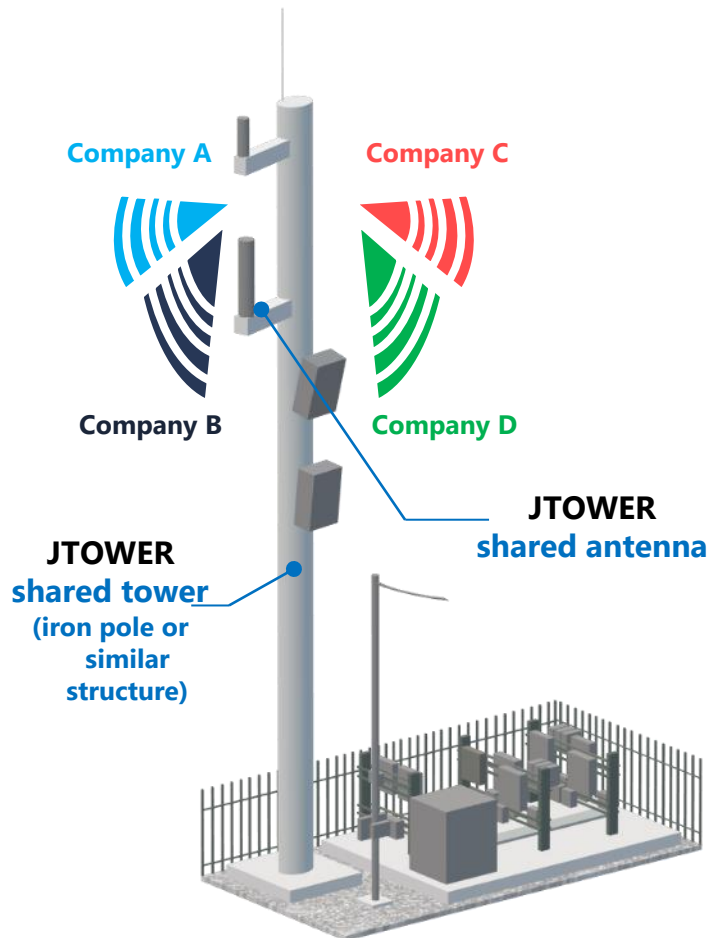
I

- Tower Business

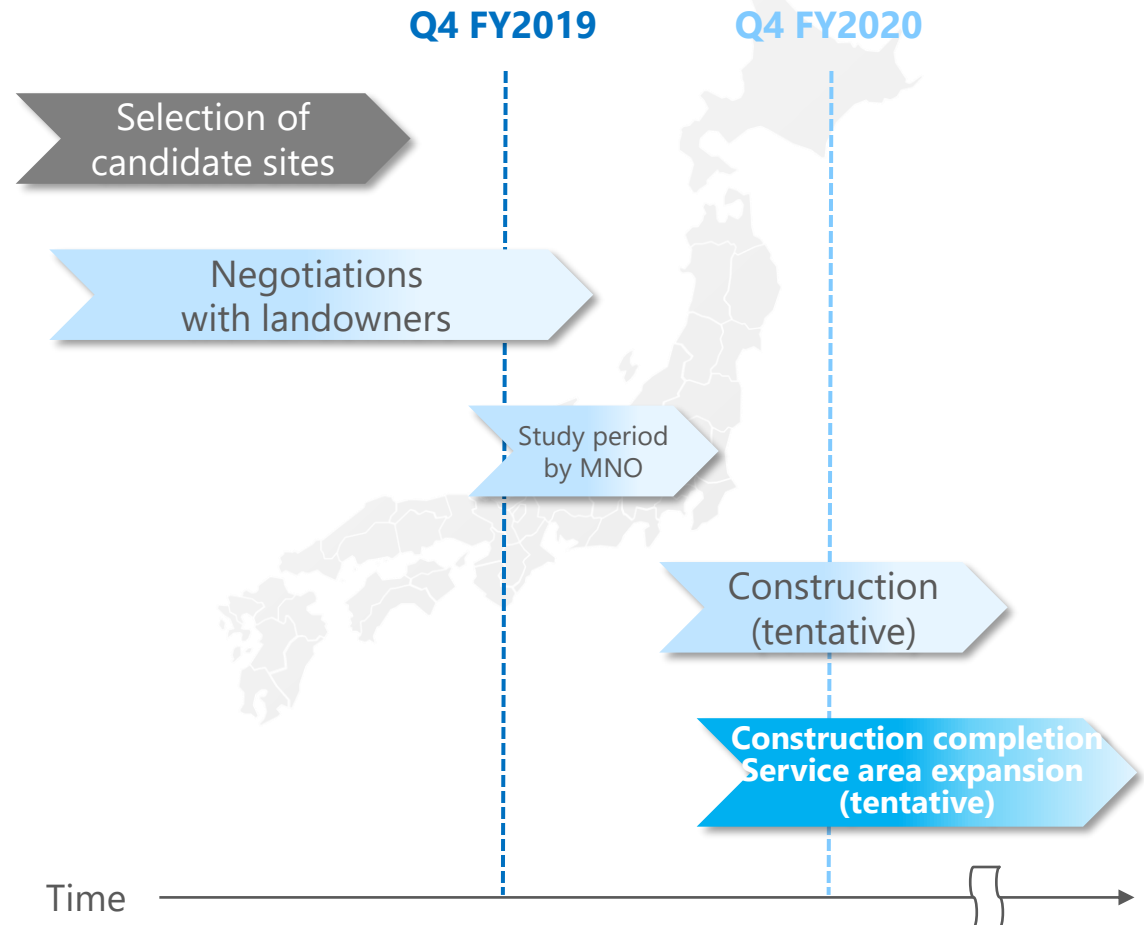
JTOWER

- We're making progress in negotiations with landowners for tower construction and plan to complete constructions in some areas by the latter half of FY2020 and to expand sites in FY2021 onwards with the expansion of the general 5G service.

Tower sharing in rural areas



Roadmap for tower sharing in rural areas



- In April 2020, JTOWER was selected as the 5G Smart Poles provider of Tokyo Metropolitan Government . We will start the construction in FY2020 and expand the coverage to areas with smart solution demands in FY2021 and onwards.

Tower sharing in urban areas

Roadmap for tower sharing in urban areas



Street light

5G Sub-6
shared antenna

5G 28GHz
antenna

Wi-Fi6

Digital Signage

Charger
(plug in)

FY2020

FY2021
onwards

- Selected as the 5G Smart Poles provider of Tokyo Metropolitan Government (April 3, 2020)
 - Preparing to take part in the leading smart city project in Japan
-
- Start with Nishi-Shinjuku area in central Tokyo then expand the coverage areas with smart solution demands

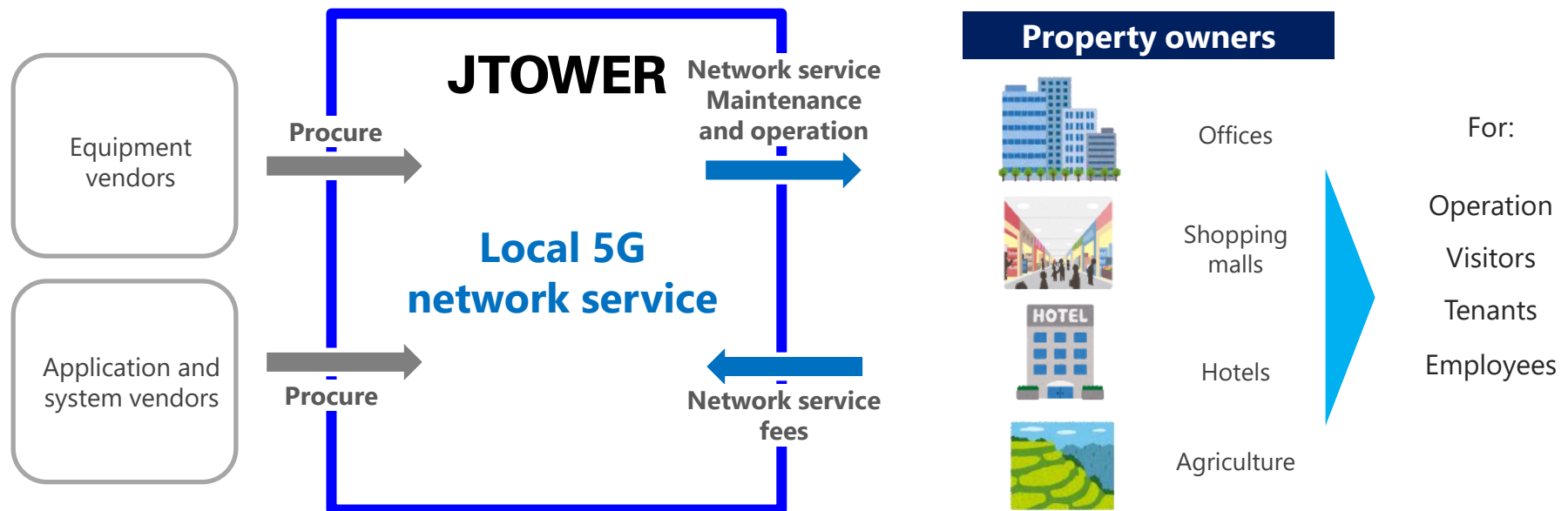
I Development of Local 5G Service

JTOWER

- Use the management resources we have accumulated in domestic IBS Business for development of services.
- Plan to make investments in the verification process and other start-up costs.

✓ The Image of Our Local 5G Services

Expect to provide B2B2C and B2B2B services to property owners



International IBS



Vietnam

- Operating as a consolidated subsidiary (top player in Vietnam).
- [Possibility for M&A of local competitors or existing assets in operation.](#)



Myanmar

- Operating as an equity-method affiliate (Myanmar) and non-consolidated subsidiary (Malaysia).



Malaysia

- [Strengthening the business foundation](#) through the improvement of the operating system and the organizational structure.
- The improvement of profitability in mid- to long-term.

Solution

Provide following and other solutions as value-added services to the IBS and tower business:



Cloud-based
Wi-Fi solution

- Started providing an independent solution service to meet the demands of real estate companies.
- [Strengthening upsell strategies for properties where we provide our IBS service.](#)



SITE LOCATOR



SITE LOCATOR
service

- Strengthening marketing strategies including alliance with partners such as JA Mitsui Leasing to [scale up the database.](#)
- Explore opportunities to provide further value-added services.

Appendix I

Growth Strategy

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Business overview and other information

SHARING THE VALUE

**Creating business with social impact
that brings value to all stakeholders**

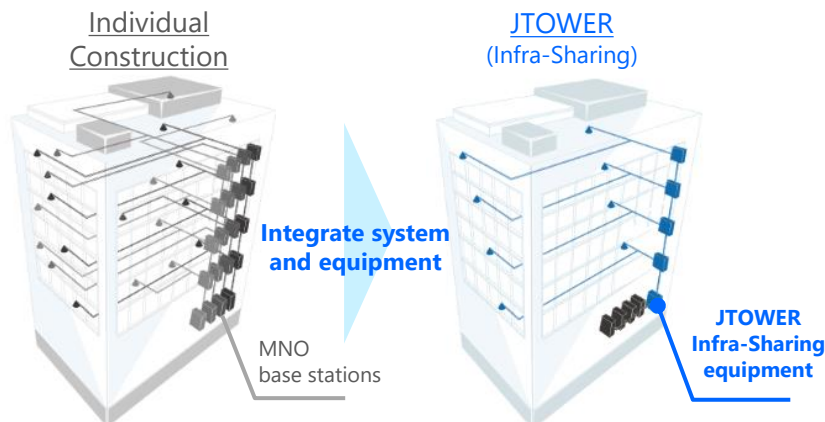
Company Name	J T O W E R I n c .
Founded	June 2012
Representative Director	Atsushi Tanaka
Head office	8-5-41 Akasaka, Minato-ku, Tokyo, Japan
Employees	144 ^{*1} (consolidated, as of June 30, 2020)
Capital	JPY4,278 million (as of June 30, 2020)
Business Description	Provision of telecom Infra-Sharing service and related services in Japan and overseas

*1: Number of employees includes the average number of temporary workers (contract workers and workers from staffing agencies) in the past year, which is 26

II Telecom Infra-Sharing Business in Japan and Overseas JTOWER

IBS*1 Business (Indoor Infra-Sharing)

- ✓ Integrate mobile network operators' in-building infrastructure as a shared system
- ✓ Beneficial for real-estate firms, mobile users and mobile network operators
- ✓ Steady growth with a stable revenue model



Japan

- ✓ Installation at 273 properties*2 (including the number of installations to be completed)

- ✓ Recent 3-year growth (CAGR): +67%

- ✓ Expansion in emerging markets

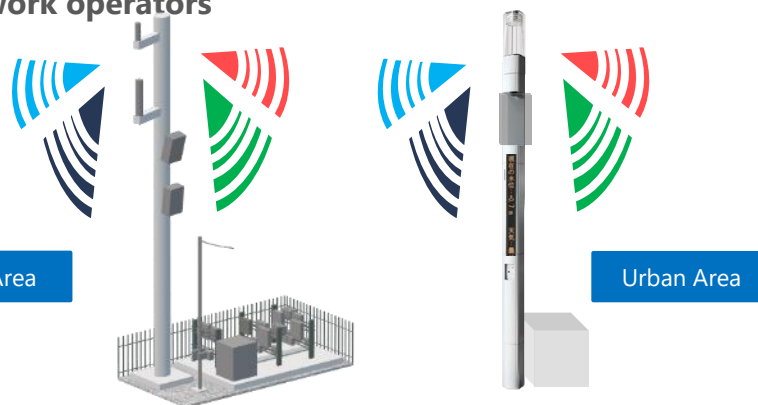
- Top player in Vietnam (Installation at 156 properties*2)
- Expanding in Myanmar and Malaysia

- ✓ Alliance with strong local partners

Overseas

Tower Business (Outdoor Tower Sharing)

- ✓ Full-scale entry in FY2020
- ✓ New market for outdoor Infra-Sharing service driven by the deployment of 5G
- ✓ Outdoor telecom infrastructure sharing among mobile network operators



Solution Business

- ✓ Value-added services for Infra-Sharing business
- ✓ Serve demand by mobile carriers and real estate companies for rooftop base station installation through SITE LOCATOR, cloud-managed Wi-Fi solution and others



*1: IBS: In-Building Solution

*2: as of June 30, 2020



Representative
Director

Atsushi
Tanaka

23



Senior
Managing
Director

Yusuke
Kiriya

17



Managing
Director
CFO

Ryosuke
Nakamura

12



Director

Nobuo
Nezu

52



Outside Director

Naoki
Ota

21



Outside Director

Hiroyuki
Mitoma

25



Advisor

Eiji
Hagiwara

46

Years of
Telecom
Industry
Experience

Goldman Sachs

(Equity analyst /
Telecom sector)

eAccess

(Head of corporate
planning div.)

eMobile

(CFO / Head of
corporate planning
div.)

M'sWorks

(Senior engineer)

PwC Aarata

(Audit / Advisory)

eAccess

(Group head of
business planning
div.)

KDDI

(Managing
executive officer /
Full time auditor /
Advisor)

Boston Consulting Group

(Senior partner /
Managing director)

**Ministry of
Internal Affairs
and
Communications**
(Advisor to Minister)

NTT WEST

(Director of
equipment div. of
Kusyu group)

NTT(Holding Company)

(Director of
technical planning
div.)

NTT DOCOMO

(Director)

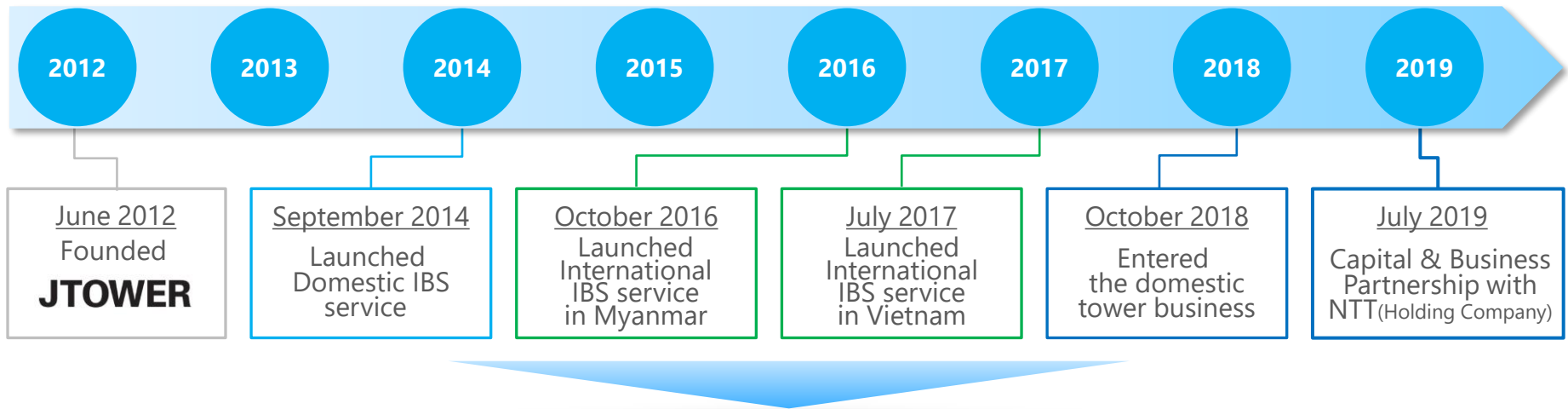
Panasonic Mobile Communications

(Senior Managing
Director)

SAMJI ELECTRONICS

(Advisor)

Previous
Experience

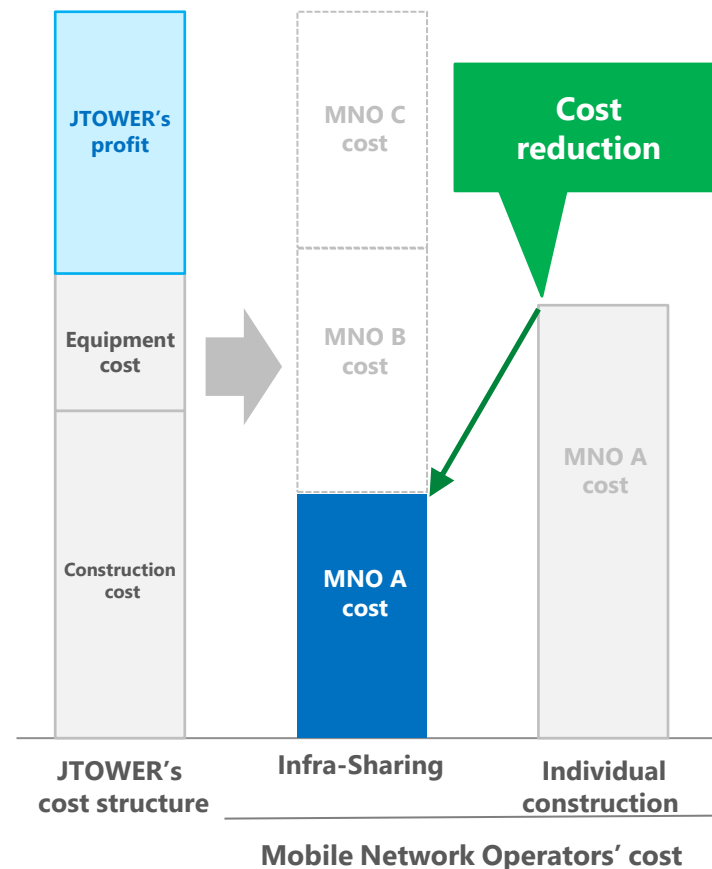
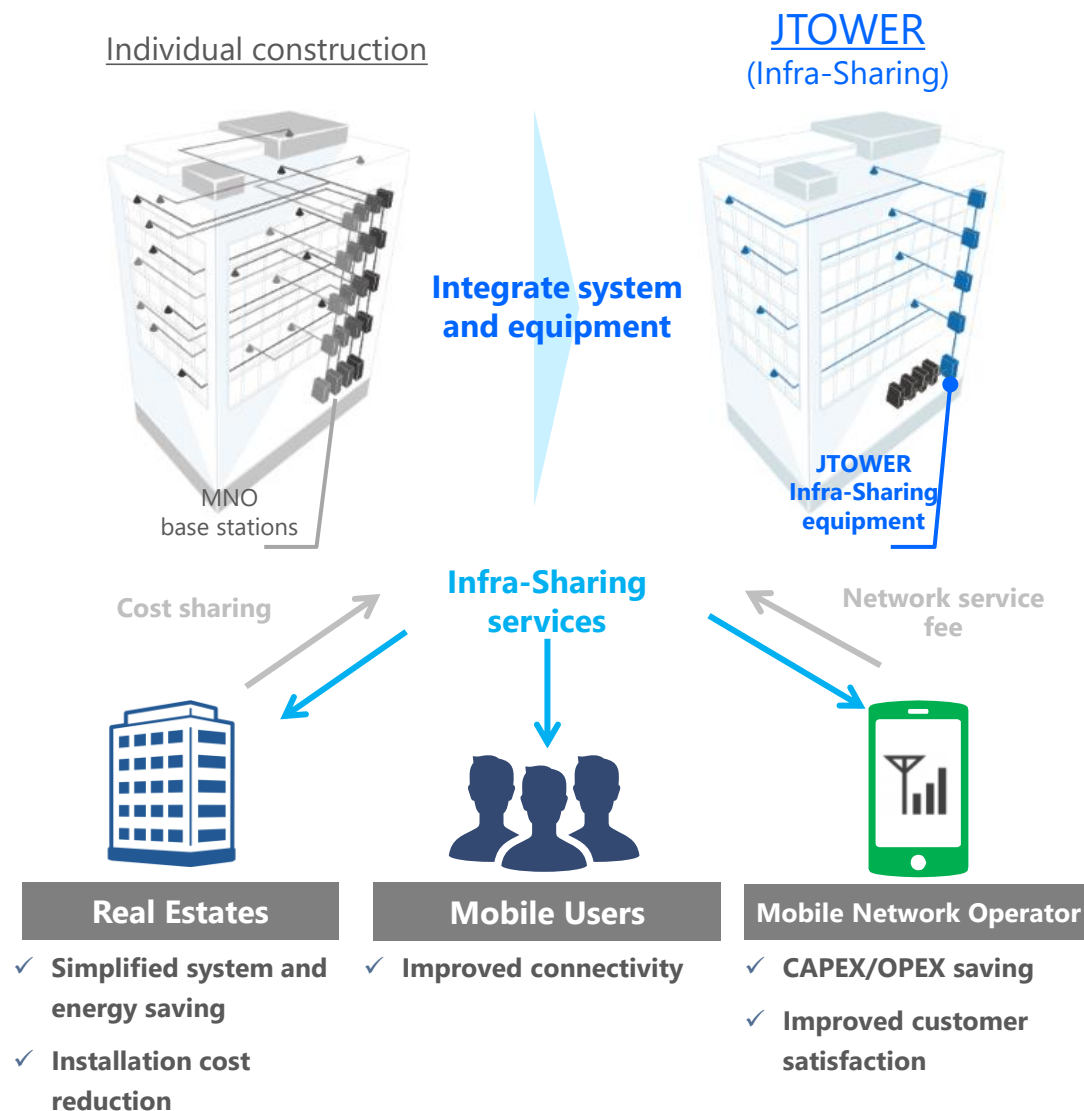


- ✓ **Established a solid position in the market with a high entry barrier**
Certified from mobile network operators
- ✓ **First-mover advantage**
Pioneer of the service with high switching cost and low churn rate
- ✓ **Strong relationships**
Established network with mobile network operators and major real estate developers

**Listed on the Tokyo Stock Exchange Mothers
on December 18, 2019**

Unique Business Model to Build Win-Win Relationships

Cost-Benefits for Mobile Network Operator*1



Note1:

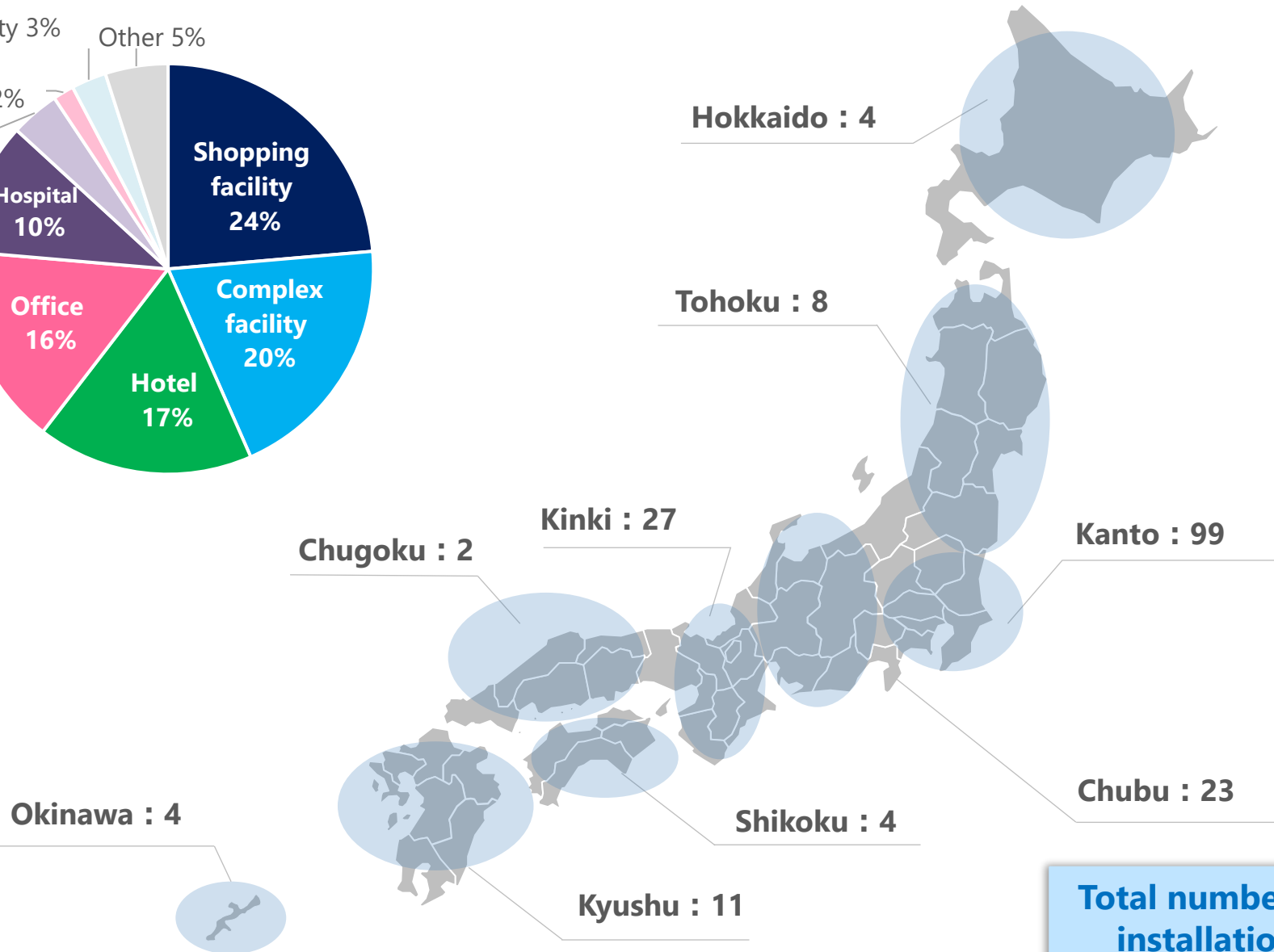
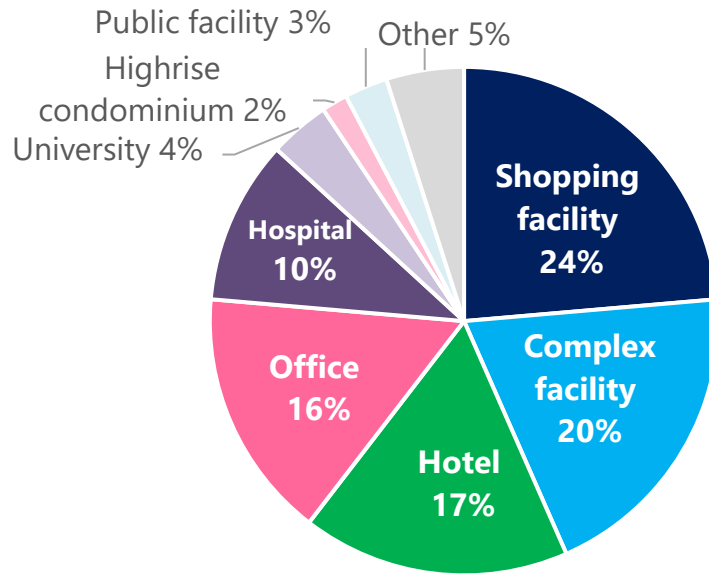
For illustrative purposes only

Domestic IBS

II

-The number of installations around the country and type of buildings ^{*1, 2}

JTOWER

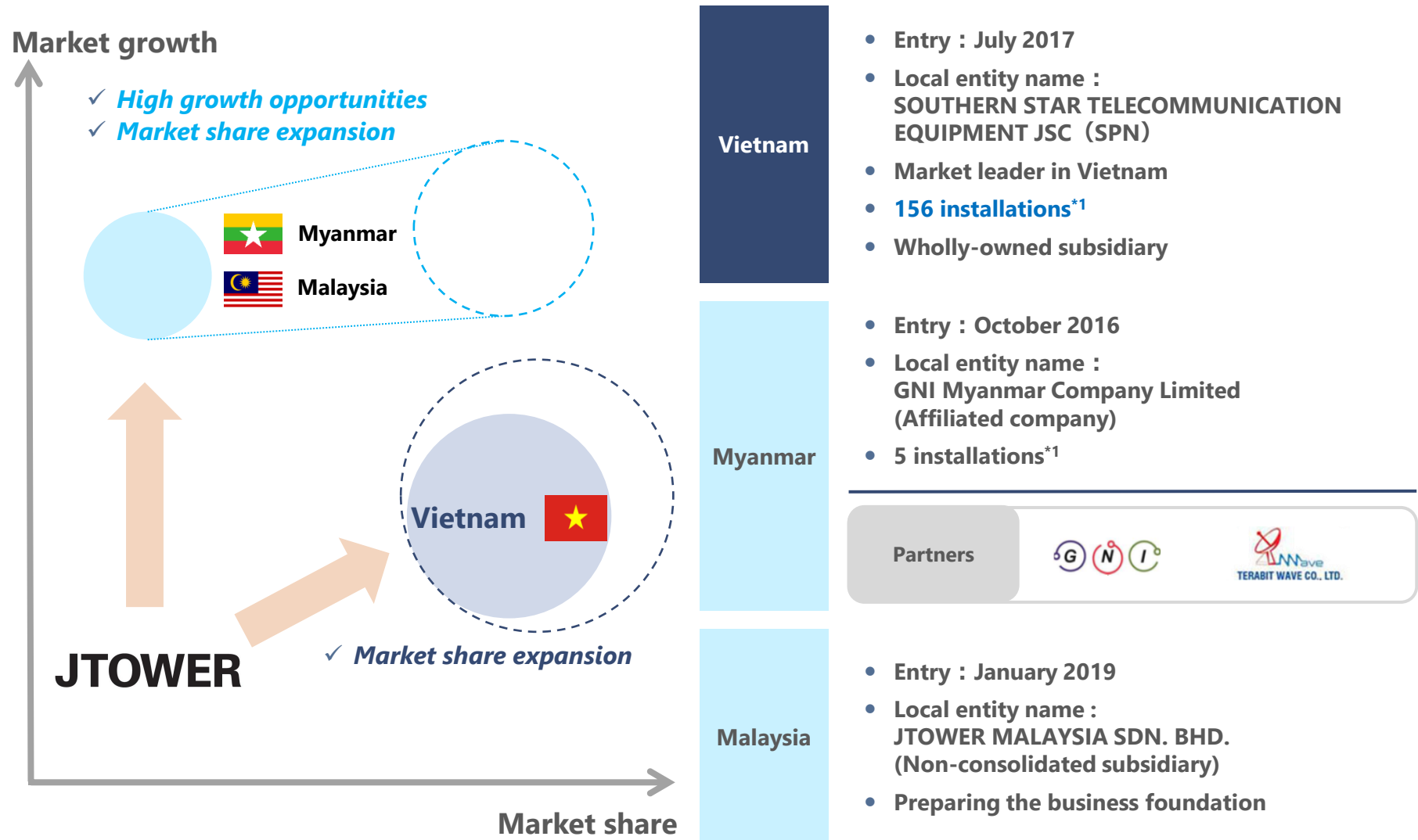


**Total number of
installation
182^{*1}**

*1: As of June 30, 2020

*2: The number of buildings where IBS installation was completed

Expansion mainly in Southeast Asia by partnering with influential local players



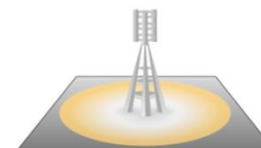
*1: As of June 30, 2020

Challenges for 5G Network Roll-out

- ✓ Smaller cells and multiple cells
- ✓ Lack of installation locations + New entry of the fourth carrier
- ✓ Concerns about degrading landscape aesthetics

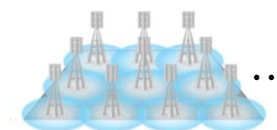
Increase in Demands Driven by 5G

<Conventional>



A few base stations cover a wide area

<Future>



5G network must be covered more frequently by a larger number of base stations

Full-scale 5G Infrastructure Investment

Infra-Sharing Guideline by MIC

移動通信分野におけるインフラシェアリングに係る電気通信事業法及び電波法の適用関係に関するガイドライン

2018年12月

1. ガイドラインの目的

携帯電話等の移動通信サービスの提供においては、広範な地域に相当多数の基地局を設置することが必要となる。

特に、第5世代移動通信システム（以下「5G」という。）の導入に当たっては、移動通信システムの高速度・大容量化や高周波数帯の利用のために基地局の小セル化や多セル化が必要となるが、空中線を設置するための鉄塔の設置場所やビル等の物理スペースは限られており、また、景観上の問題等で新たな鉄塔等の設置が制限される場合もあるため、ビルや地下街等の屋内のみならず、ビル屋上やルーラルエリア等の屋外において鉄塔等の設備を他人に使用させ、又は複数事業者間で共同で使用する「**インフラシェアリング**」がこれまで以上に重要となることが想定される

Infra-Sharing will play an even more significant role

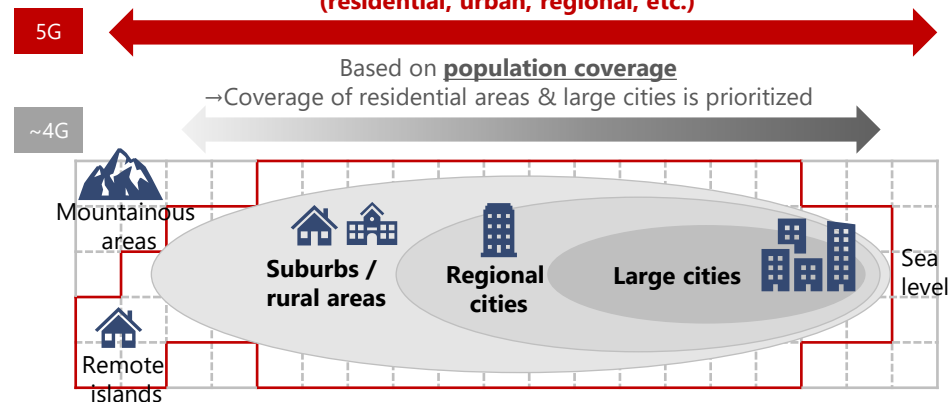
5G Base Stations Deployment Policy

Based on area coverage

→ **Development focus will be on business feasibility and not area type (residential, urban, regional, etc.)**

Based on population coverage

→ Coverage of residential areas & large cities is prioritized



※Divide country into grids of 10km² to determine areas to develop

Entry Background into Tower Business

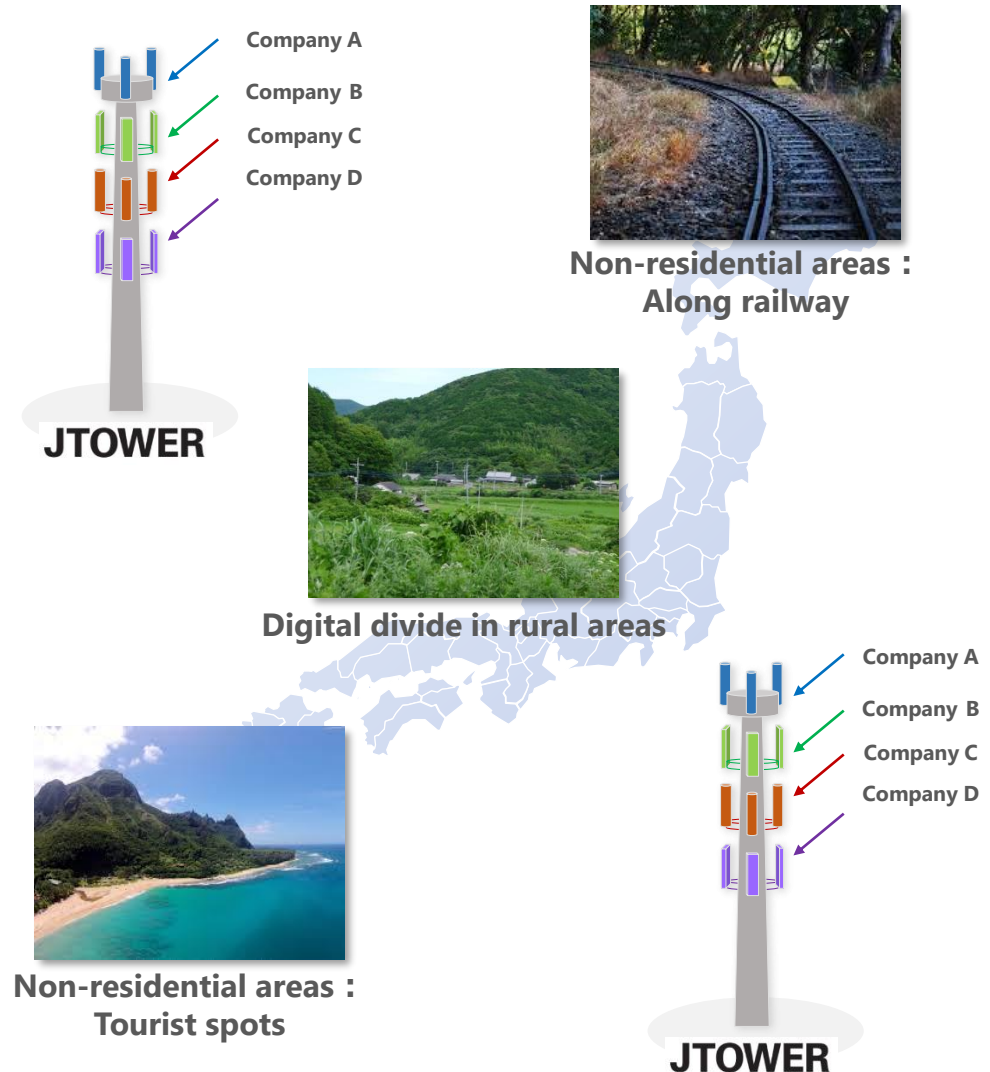
- ✓ Growing demand for **5G network rollout**
- ✓ Entry of a **new mobile network operator**
- ✓ **Infra-Sharing Guideline** by MIC*1
(December 2018)

Overview of Tower Sharing

- ✓ Share outdoor communication infrastructure among mobile network operators
- ✓ Resolve various issues such as CAPEX burden, lack of locations and landscaping
- ✓ Open not only to mobile network operators but also to IoT operators

*1: MIC: Ministry of Internal Affairs and Communications

Demands for Newly-built 5G Towers Mainly in the Rural Areas

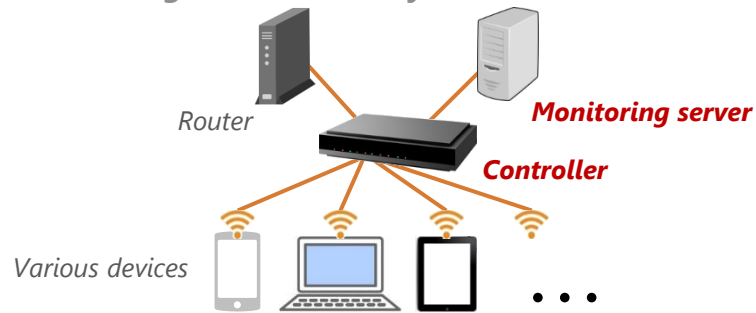


Provide indoor Cloud-managed Wi-Fi solution and SITE LOCATOR service which match the needs for monetization of idle space of real estates and BTS installation of mobile network operator

Cloud-managed Wi-Fi Solution

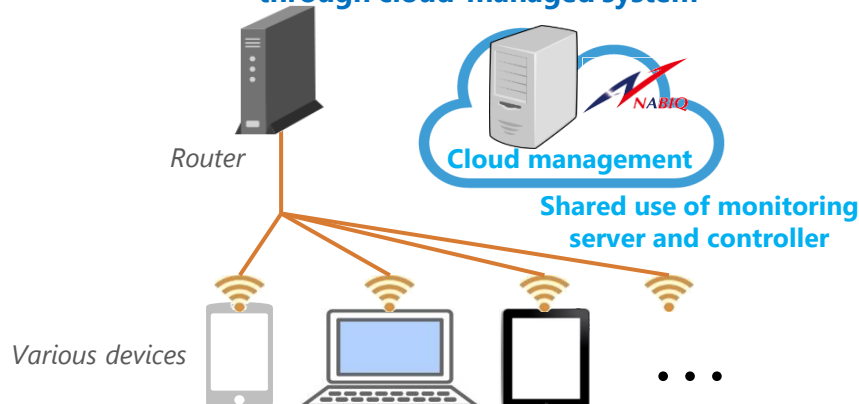
Conventional Wi-Fi

Requires much equipment and long lead time for system construction

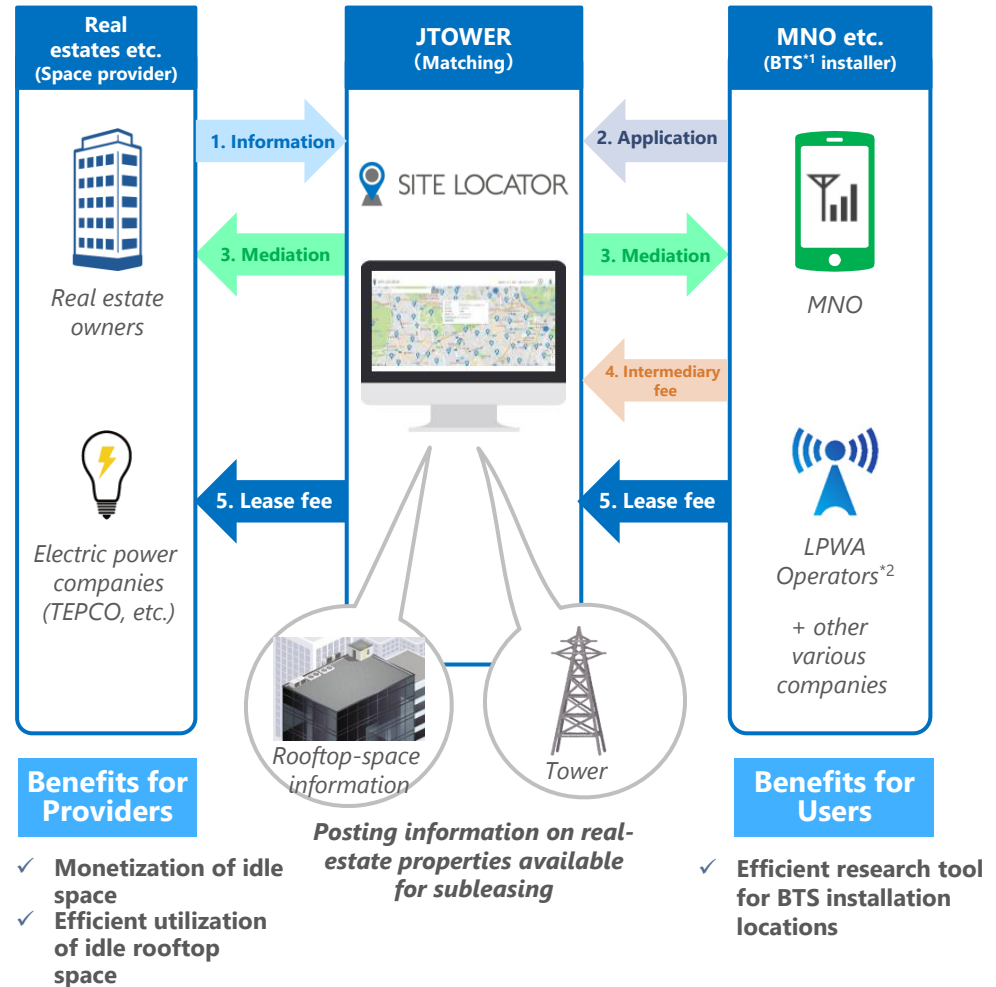


JTOWER Wi-Fi

Enables low-cost, highly secure installation through cloud-managed system



Overview of SITE LOCATOR Service



*1: BTS: Base Transceiver Station

*2: LPWA stands for Low Power Wide Area and is a type of wireless telecommunication wide area network designed to allow long range communications at a low bit rate

**Announced Capital & Business Partnership with NTT(Holding Company)
on July 4, 2019. (NTT acquired approx. 20% of stake.)**

Provision of Infra-Sharing Solutions Combining the Resource of Both Companies

JTOWER

Expertise in the field of Infra-Sharing,
and related sales & technical capabilities.

NTT Group

Wealth of operational know-how
and technical capabilities
in telecommunications.

(Business Partnership example) Use of facilities owned by NTT Group and its store of know-how in areas such as construction, maintenance, and related management

Development of solutions

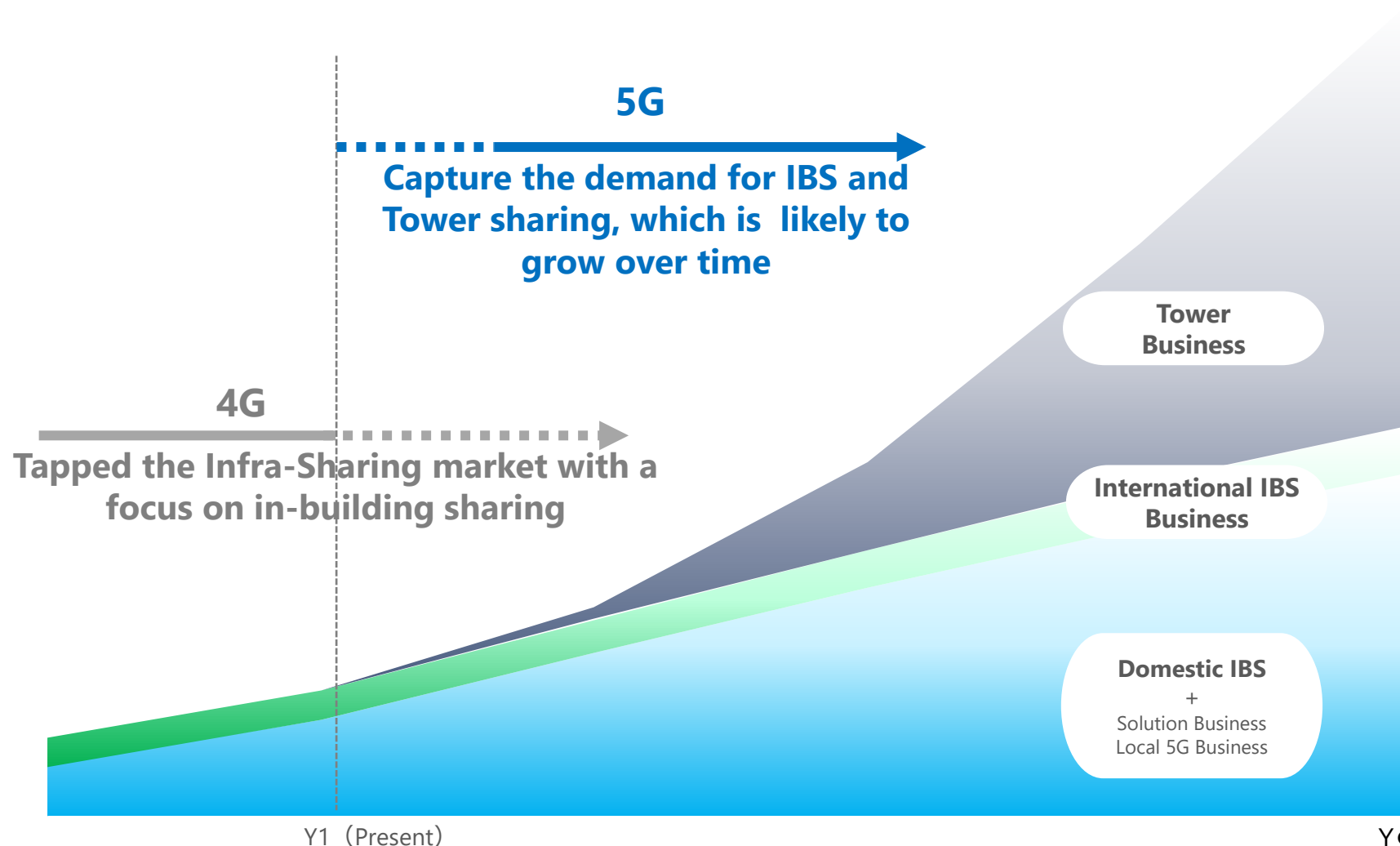
Issues facing the entire communications industry in the 5G era

Huge capital investment

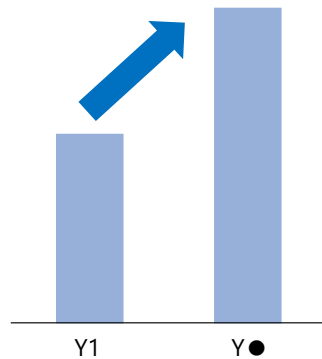
Assurance of installation sites
for base stations

Targeting contribution to the efficiency in the early expansion of service areas and the contraction of quiet areas in the 5G era

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

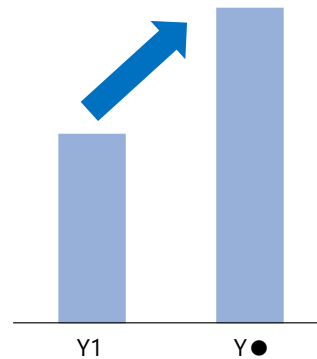


Number of Properties Installed



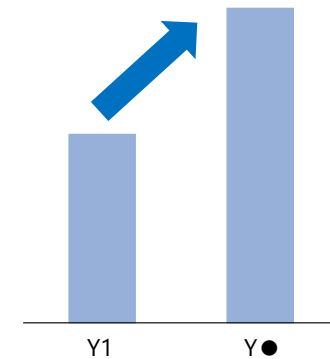
- ✓ Development demand for Tokyo Olympics and Osaka-Kansai Japan Expo etc.
- ✓ Strengthen the business foundation by Capital & Business Partnership with NTT (Holding Company)

Tenancy Ratio

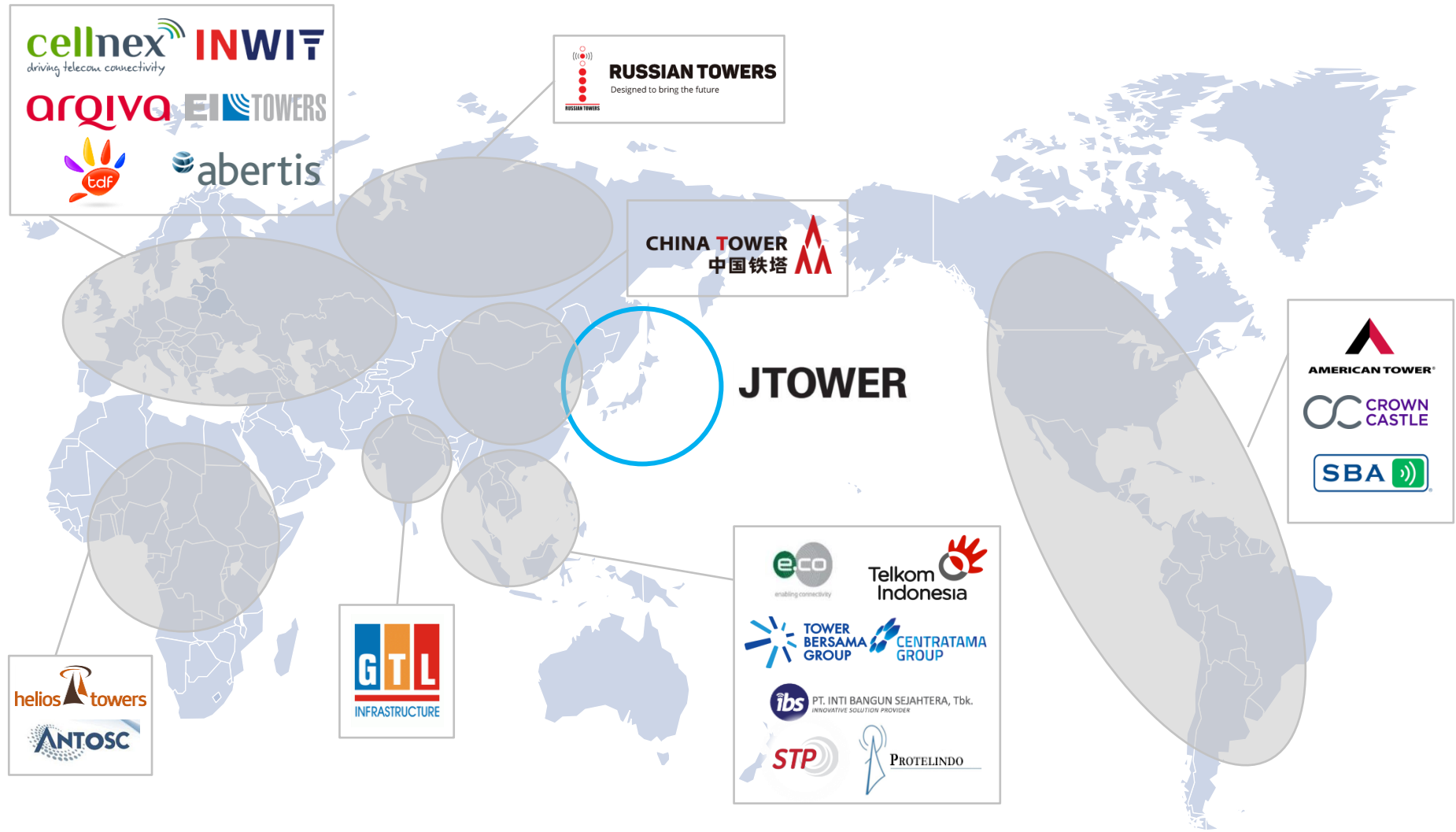


- ✓ Increase in the entry of mobile network operators such as further participation on existing properties

Unit Price



- ✓ Introduction of shared equipment for 5G to the existing and new properties
- ✓ Additional value for IBS Business
 - Provide Wi-Fi solutions
- ✓ Provide local 5G-related solutions



Notes: Based on the announcement regarding main business operating area by each global tower company

Source: Company Materials

Advancement to be Enabled by 5G

4G (LTE)

5G

100 Mbps

High
speed/
volume> 10 Gbps^{*2}

Baud rate will be more than 100 times faster

0.01 sec

Strong
reliability/
low latency

≤ 0.001 sec

Delay time will be shortened by up to one tenth

10,000
devices/km²Massive
connectivity1 million
devices/km²

Concurrent device connection limit will increase by more than 100 times

**Demand for infrastructure will increase
due to the significant impact of 5G
related services**

Estimated Market Size of the Radio Industries in the 5G Era

(JPY tn)

120

100

80

60

40

20

0

2015

2020

2030

2040

■ Radio-related industries

■ Radio-usage industries

Automotive infrastructure
Manufacturing (robot),
Distribution,
Info-communications
(excl. radio),
etc.

Mobile communication,
IoT infrastructure
Wireless content,
etc.

Note: "Radio-related industries" is defined as industries in which companies use radio in their main business
"Radio-usage industries" is defined as industries in which companies use radio to enhance or streamline their services (excl. radio-related industries)
Source: Mitsubishi Research Institute

*1: As of September 30, 2018
*2: "Gbps" is defined as Gigabits per second. 1Gbps is equal to 1,000,000,000 bits per second
Source: Ministry of Internal Affairs and Communications, Softbank

(JPY mn)	FY2017	FY2018	FY2019
Revenue	756	1,377	2,558
Domestic IBS Business	510	863	1,783
International IBS Business	244	455	435
Solution Business	1	59	339
<i>Revenue Growth</i>	<i>356%</i>	<i>82.1%</i>	<i>86.6%</i>
Cost of Goods Sold	587	730	1,278
Gross Profit	169	647	1,279
Selling, General and Administrative Expenses	643	817	1,209
Operating Profit	▲474	▲169	69
<i>Operating Profit Margin</i>	-	-	<i>2.7%</i>
EBITDA*1	▲225	168	737
<i>EBITDA Margin</i>	-	<i>12.2%</i>	<i>28.8%</i>
Ordinary Profit	▲479	▲166	5
Net Income Before Income Taxes	▲560	▲166	▲1
Net Income Attributable to Non-Controlling Interests	1	15	2
Net Income Attributable to Owners of the Parent	▲577	▲214	▲13
Consolidated Number of Employees*2	72	116	138

*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.

II Consolidated Balance Sheet

JTOWER

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

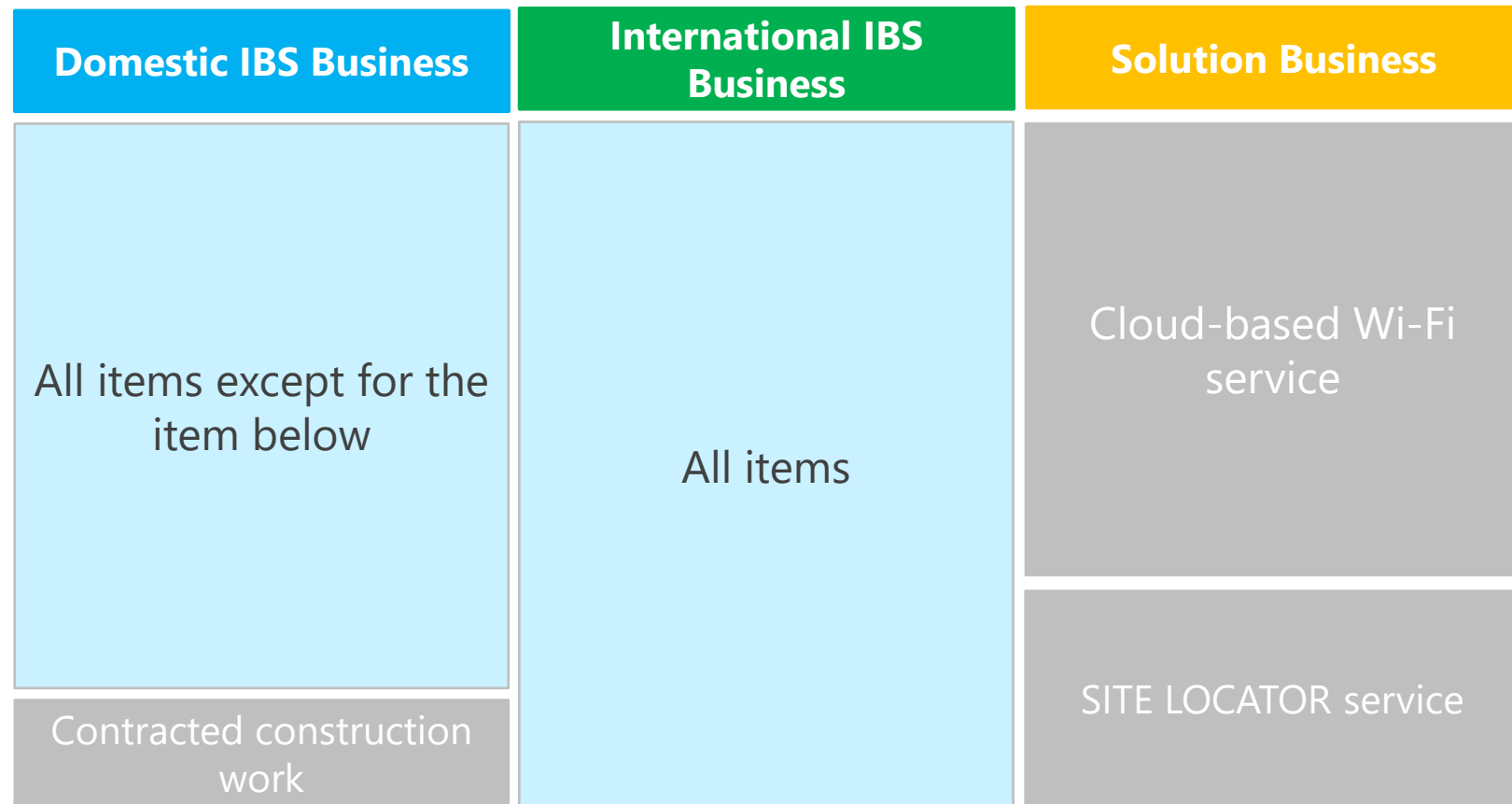
Financial Indicators			
Debt	637	818	1,083
Net Debt	▲1,815	▲1,510	▲ 6,104
Capital Expenditure	913	2,441	2,787
Equity Ratio	24.1%	21.0%	45.3%

	FY2017	FY2018	FY2019
Current Liabilities			
Accounts payable - trade	68	172	193
Shor-term borrowings	15	12	45
Accounts payable - other	429	1,019	1,204
Unearned revenue	318	737	1,525
Total Current Liabilities	986	2,143	3,288
Non-current Liabilities			
Long-term borrowings	150	300	300
Long-term unearned revenue	1,024	2,042	3,869
Total Non-current Liabilities	1,580	2,744	4,723
Total Liabilities	2,566	4,887	8,011
Share capital	1,049	1,399	4,272
Capital surplus	1,341	1,658	2,433
Total Net Assets	2,209	2,508	6,635
Total Liabilities and Net Assets	4,776	7,396	14,646

(JPY mn)	FY2017	FY2018	FY2019
Cash Flows from Operating Activities	888	1,290	3,165
Change in Unearned revenue	1,002	1,437	2,565
Depreciation	233	300	612
Amortization of Goodwill	15	36	53
Cash Flows from Investing Activities	▲1,900	▲2,110	▲2,699
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	▲91	-
Purchase of property, plant and equipment	▲800	▲1,775	▲2,611
Purchase of shares of subsidiaries resulting in change in scope of consolidation	▲1,067	▲99	-
Cash Flows from Financing Activities	2,603	570	4,385
Net Increase (Decrease) in Short-term Borrowings	14	▲2	32
Proceeds from issuance of shares	1,095	697	5,725
Proceeds from Share Issuance to Non-controlling Shareholders	1,060	-	-
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
Net Increase (Decrease) in Cash and Cash Equivalents	1,563	▲254	4,851
Net Increase (Decrease) in Cash and Cash Equivalents Due to Changes in Scope of Consolidation	-	-	▲6
Cash and Cash Equivalents at Beginning of Period	697	2,261	2,006
Cash and Cash Equivalents at End of Period (Q4)	2,261	2,006	6,851

■ Infra-Sharing Revenue

■ Other Revenue



*1: Breakdown as of June 30, 2020

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The financial results for the 2nd Quarter of FY2020 are scheduled to be released at 15:00 or later on November 10, 2020.

JTOWER

SHARING THE VALUE

**Creating business with social impact
that brings value to all stakeholders**