

FY03/2020 Q4

JTOWER

Financial Results for the FY2019 ended March 31, 2020

May 13, 2020

J T O W E R Inc.

We express our condolences to those who have passed away and we also pray for the swift recovery of those who have been infected.

Furthermore, we would like to extend our sincere gratitude to medical professionals and others who are fulfilling their duties to treat patients and prevent the spread.

We are committed to ensuring the safety of our employees as well as our business partners while we promote our business operations.

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Appendix

SHARING THE VALUE

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

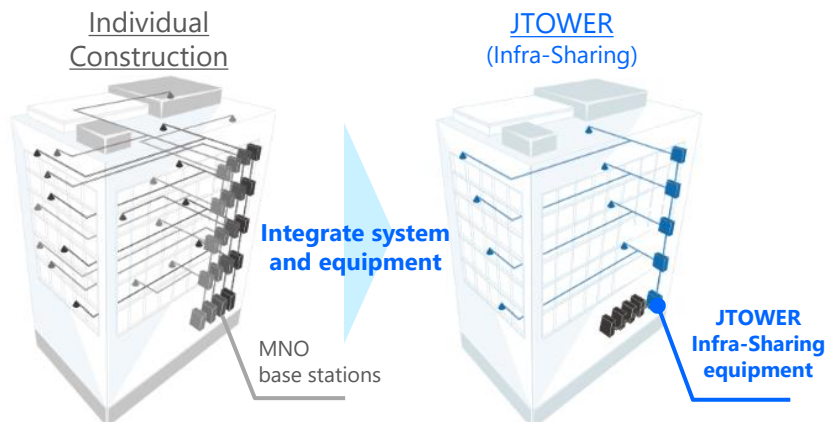
| | |
|--------------------------------|---|
| Company Name | J T O W E R I n c . |
| Founded | June 2012 |
| Representative Director | Atsushi Tanaka |
| Head office | 8-5-41 Akasaka, Minato-ku, Tokyo, Japan |
| Employees | 138*1 (consolidated, as of March 31, 2020) |
| Capital | JPY4,272 million (as of March 31, 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 27

1 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 256 properties*2 (including the number of installations to be completed)

- ✓ Recent 2-year growth (CAGR): +50%

- ✓ Expansion in emerging markets

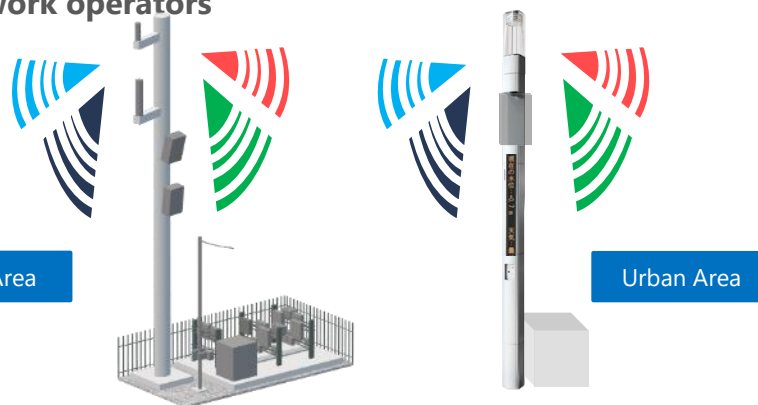
- Top player in Vietnam (Installation at 151 properties*2)
- Expanding in Myanmar and Malaysia

- ✓ 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 March 31, 2020

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Continued strong growth in consolidated revenue: JPY2,558 million with 86% YoY increase

- Full-year revenue for the Domestic IBS Business reached JPY1,783 million with 107% YoY growth and was the major driver of overall revenue growth.
- Infra-Sharing revenue^{*1} accounted for 81% of the total revenue, establishing a stable revenue base.

Steady growth in profitability

- Consolidated EBITDA grew more than fourfold YoY to JPY737 million.
- Consolidated operating profit reached JPY69 million (+JPY239 million YoY), the full year result turned positive for the first time.

Financial results surpassed the forecast at all levels

- Consolidated revenue, EBITDA and operating profit were all above the forecast by +5%, +23% and +JPY134 million, respectively.
- During Q4, the sales of domestic IBS business increased and recruiting expenses for the tower business and other costs were lower than the previous forecast.

*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 FY2019 Consolidated Results – P&L

JTOWER

- Revenue increased to JPY2,558 million (+85.7% YoY) and EBITDA grew more than fourfold YoY to JPY737 million.
- Revenue and profit levels surpassed the forecast announced on Feb. 5.

| (JPY mn) | 12 Months Results | | | |
|--------------------------------|-------------------|--------------|---------|---------|
| | FY2018 | FY2019 | Change | |
| | | | Amount | % |
| Revenue | 1,377 | 2,558 | +1,180 | +85.7% |
| EBITDA ^{*1} | 168 | 737 | +569 | +338.3% |
| <i>EBITDA Margin</i> | 12.2% | 28.8% | +16.6pt | |
| Operating Profit | -169 | 69 | +239 | — |
| <i>Operating Profit Margin</i> | — | 2.7% | — | |
| Ordinary Profit | -166 | 5 | +172 | — |
| Net Income | -214 | -13 | +201 | — |

| Forecast (Announced on Feb. 5) | | |
|--------------------------------|--------|--------|
| FY2019 | Change | |
| | Amount | % |
| 2,439 | +119 | +4.9% |
| 600 | +137 | +22.9% |
| 24.6% | +4.2pt | |
| -65 | +134 | — |
| — | — | |
| -138 | +143 | — |
| -169 | +155 | — |

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

- Financial health has improved after the public offering on the Tokyo Stock Exchange Mothers in December 2019.

| | FY2018 | FY2019 | |
|-------------------------------|----------------|----------------|---------------|
| (JPY mn) | March 31, 2019 | March 31, 2020 | Change |
| Current Assets | 2,983 | 8,032 | +5,048 |
| Cash and Cash Equivalents | 2,329 | 7,188 | +4,859 |
| Notes and Accounts Receivable | 379 | 482 | +102 |
| Non-current Assets | 4,412 | 6,614 | +2,201 |
| Tangible Fixed Assets | 3,631 | 5,860 | +2,228 |
| Goodwill | 638 | 579 | - 59 |
| Total Assets | 7,396 | 14,646 | +7,250 |
| Financial Indicators | | | |
| Debt | 818 | 1,083 | +265 |
| Net Debt | -1,510 | -6,104 | - 4,594 |
| Capital Expenditure | 2,441 | 2,787 | +346 |
| Equity Ratio | 21.0% | 45.3% | +24.3% |

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

| (JPY mn) | FY2018 | FY2019 | |
|---|----------------|----------------|---------------|
| | March 31, 2019 | March 31, 2020 | Change |
| Current Liabilities | 2,143 | 3,288 | +1,145 |
| Accounts payable - trade | 172 | 193 | +20 |
| Shor-term borrowings | 12 | 45 | +32 |
| Accounts payable - other | 1,019 | 1,204 | +184 |
| Unearned revenue | 737 | 1,525 | +788 |
| Non-current Liabilities | 2,744 | 4,723 | +1,978 |
| Long-term borrowings | 300 | 300 | — |
| Long-term unearned revenue | 2,042 | 3,869 | +1,827 |
| Total Liabilities | 4,887 | 8,011 | +3,124 |
| Net Assets | 2,508 | 6,635 | +4,127 |
| Share capital | 1,399 | 4,272 | +2,872 |
| Capital surplus | 1,658 | 2,433 | +775 |
| Total Liabilities and Net Assets | 7,396 | 14,646 | +7,250 |

- With increased unearned revenue (to be reported as revenue in the future) and stock issuance, cash and cash equivalents at the end of the period increased by JPY4,851 million.

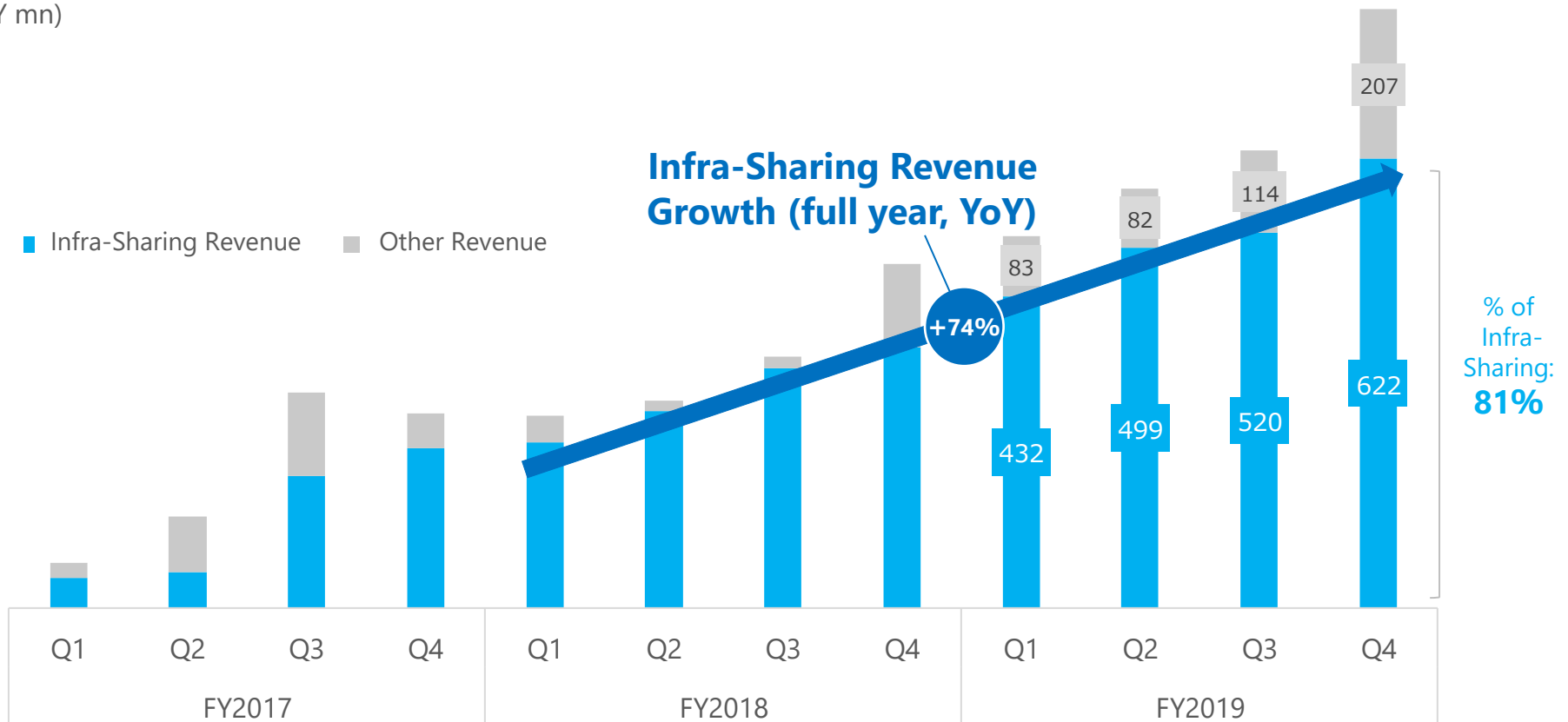
| (JPY mn) | FY2018 | FY2019 | |
|---|-----------------------------------|-----------------------------------|---------------|
| | 12 Months Ended March 31, 2019 | 12 Months Ended March 31, 2020 | Change |
| Cash Flows from Operating Activities | 1,290 | 3,165 | +1,875 |
| Change in Unearned revenue | 1,437 | 2,565 | +1,127 |
| Depreciation | 300 | 612 | +312 |
| Amortization of Goodwill | 36 | 53 | +16 |
| Cash Flows from Investing Activities | -2,110 | -2,699 | - 588 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -91 | - | +40 |
| Purchase of property, plant and equipment | -1,775 | -2,611 | - 835 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -99 | - | +99 |
| Cash Flows from Financing Activities | 570 | 4,385 | +3,814 |
| Net Increase (Decrease) in Short-term Borrowings | -2 | 32 | +35 |
| Proceeds from issuance of shares | 697 | 5,725 | +5,027 |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | -158 | -1,604 | - 1,446 |
| Effect of exchange rate change on cash and cash equivalents | -4 | 0 | +4 |
| Net Increase (Decrease) in Cash and Cash Equivalents | -254 | 4,851 | +5,106 |
| Net Increase (Decrease) in Cash and Cash Equivalents Due to Changes in Scope of Consolidation | - | -6 | - 6 |
| Cash and Cash Equivalents at Beginning of Period | 2,261 | 2,006 | - 254 |
| Cash and Cash Equivalents at End of Period (Q4) | 2,006 | 6,851 | +4,844 |

2 Historical Consolidated Revenue

JTOWER

- Infra-Sharing revenue*¹ has grown **74%** YoY and is serving as a steady revenue base, accounting for **81%** of the total consolidated revenue.
- In Q4, other revenue increased by nearly the same amount as Infra-Sharing revenue due to the increase in contracted construction work and others.

(JPY mn)



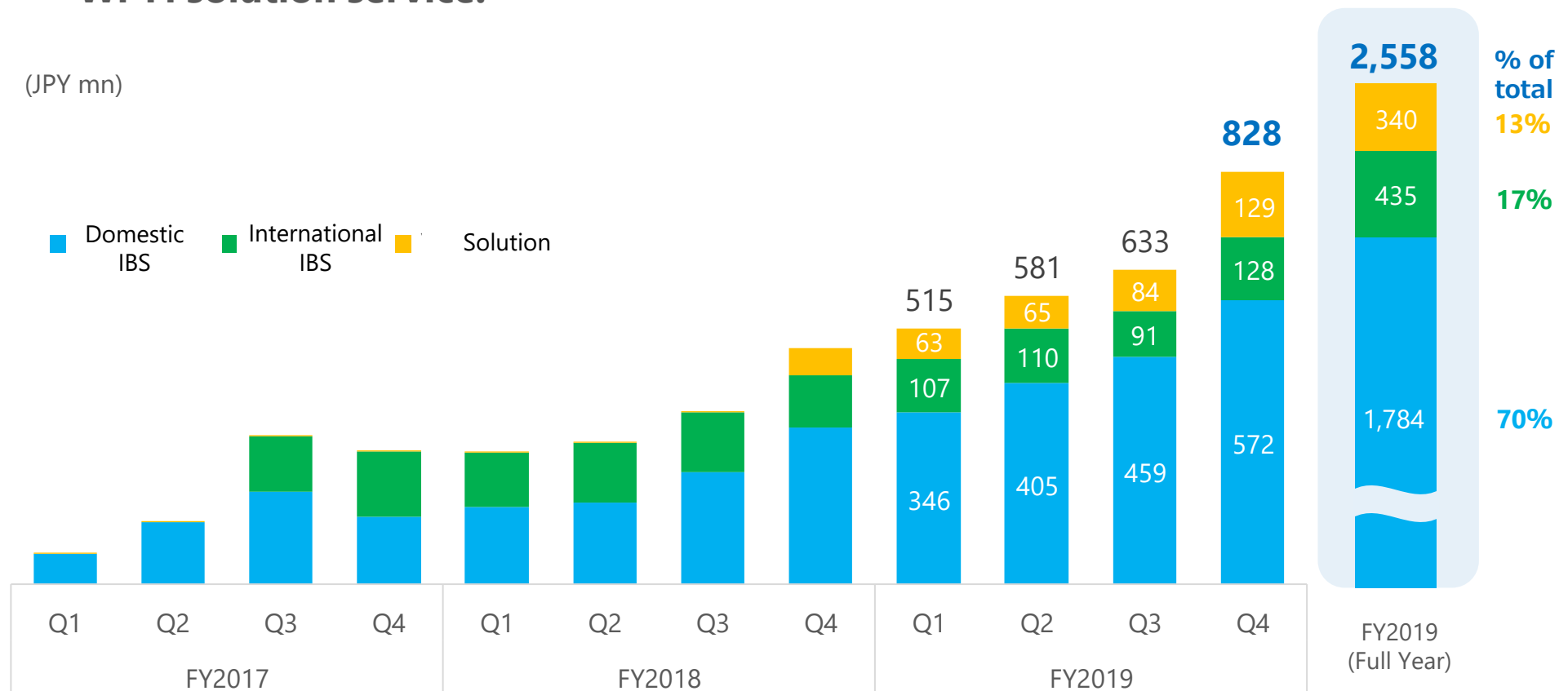
*1: Revenue from Infra-Sharing service based on long-term contracts. For details, please refer to "Breakdown of Infra-Sharing and Other Revenues by Business" in Appendix.

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

2 Historical Revenue by Business

JTOWER

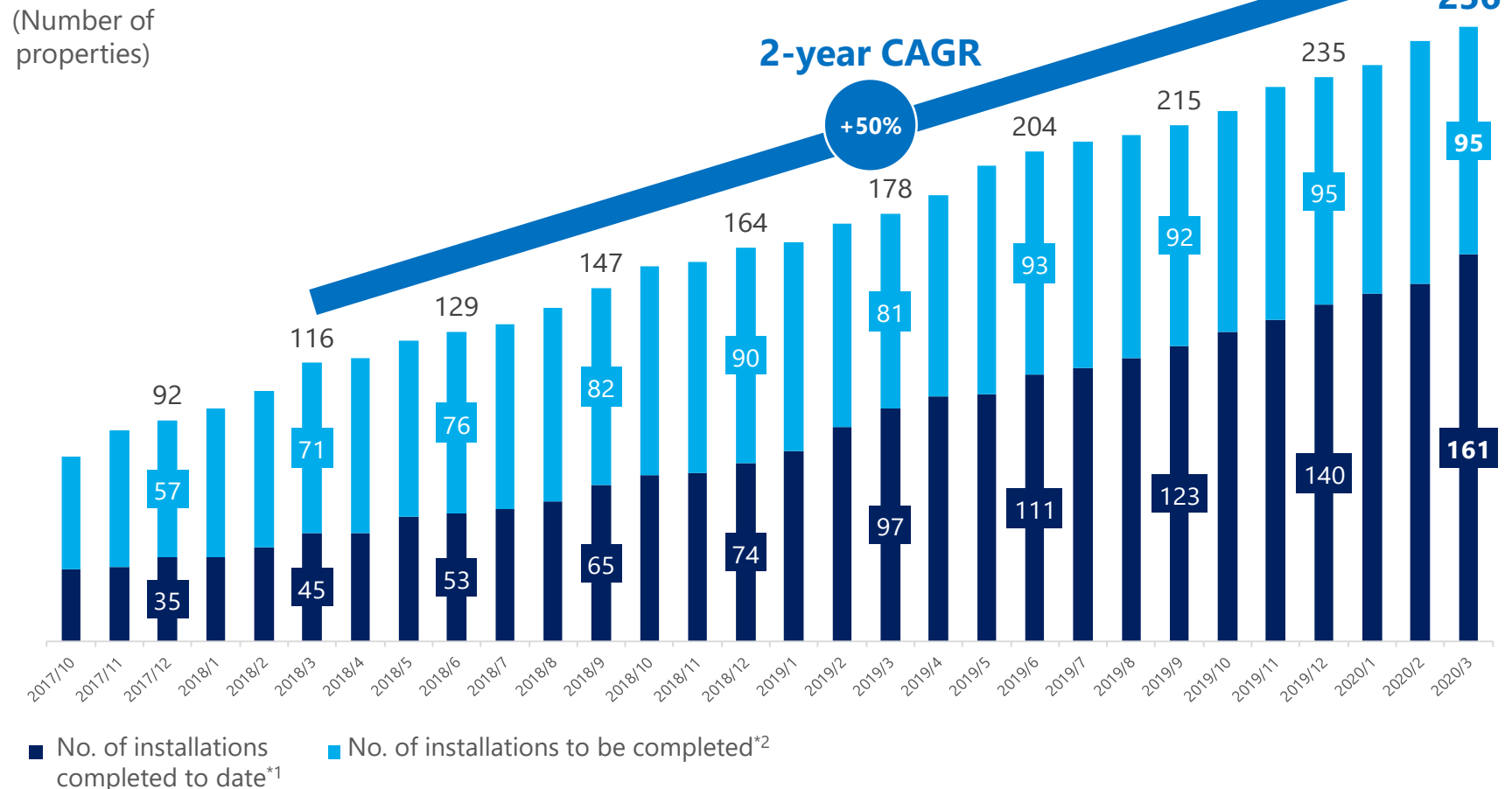
- Domestic IBS Business revenue increased by **104%** YoY and has grown to account for **70%** the total consolidated revenue for the year.
- Solution Business revenue is driven mainly by the full launch of cloud-based Wi-Fi solution service.



Note: Breakdown of quarterly revenue by business is unaudited.

2 Historical Number of Installations (Domestic IBS) JTOWER

- Total number of IBS installations has increased to **256** (installation completed: **161**, to be installed: **95**).
- Total number of completed IBS installations increased by **64** YoY.



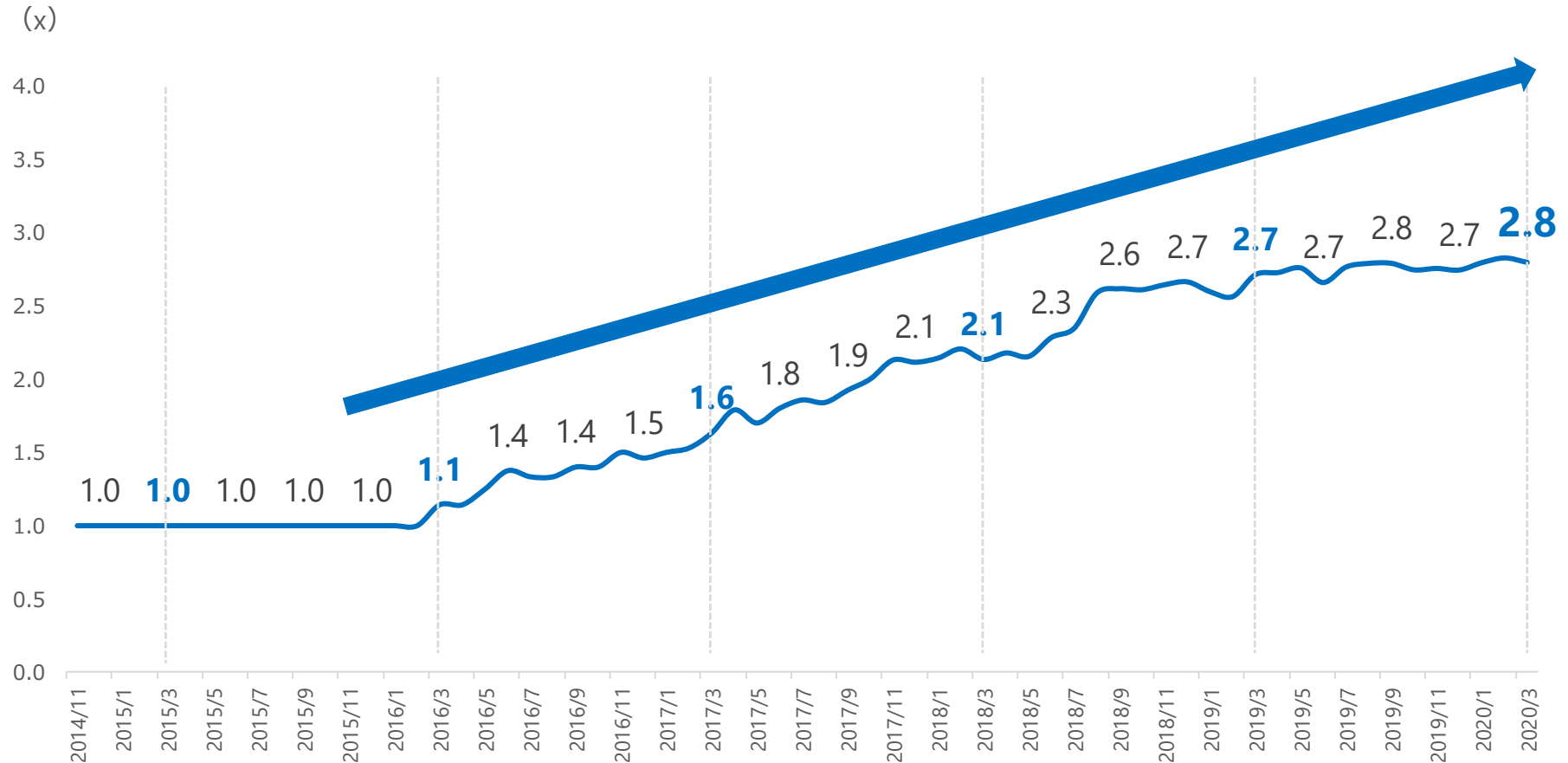
*1: Projects where radio waves have been emitted and revenues are recognized.

*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.

2 Historical Tenancy Ratio*¹ (Domestic IBS)

JTOWER

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

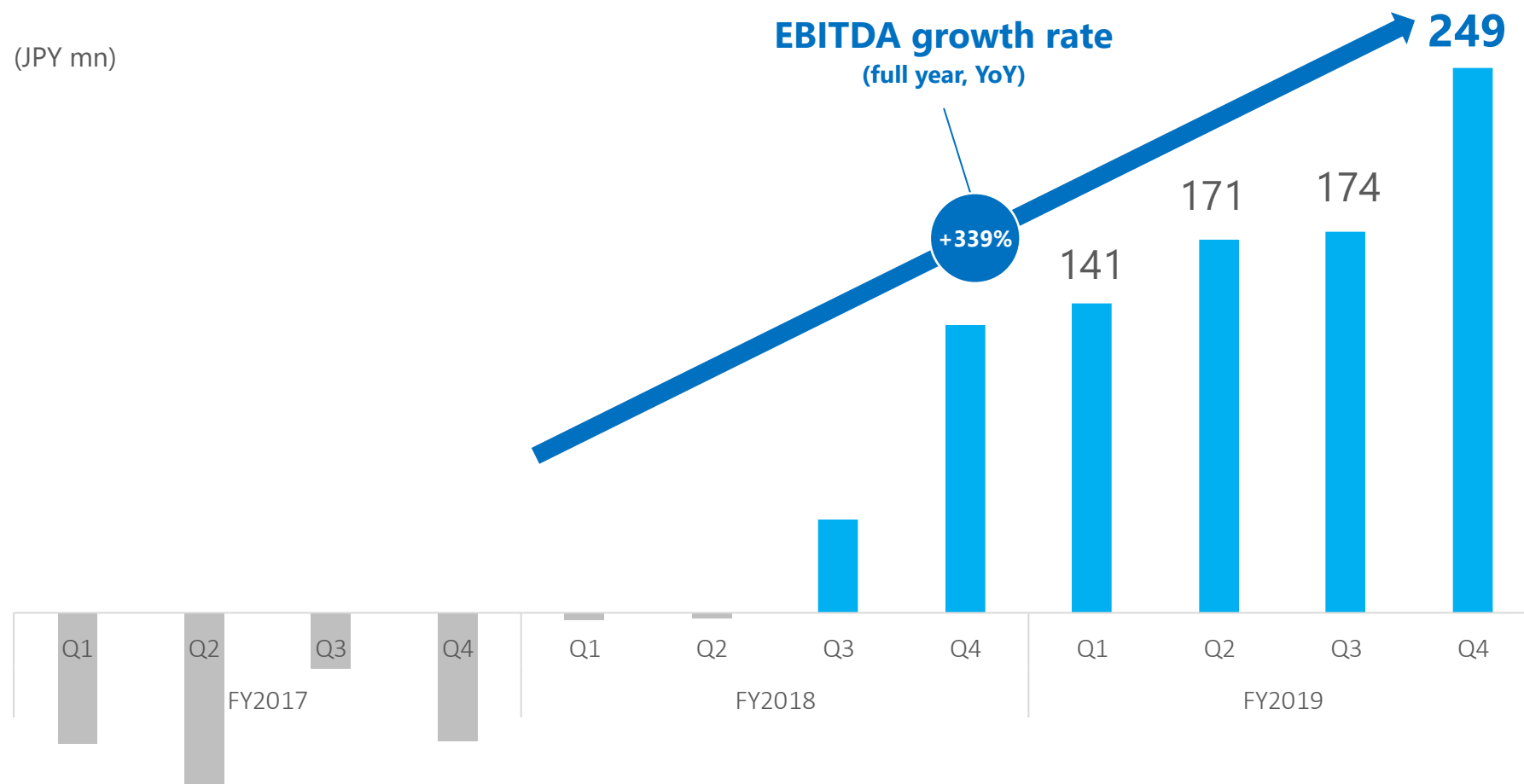


*1: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

2 Historical Consolidated EBITDA*1

JTOWER

- With an increased number of installations for the Domestic IBS Business, consolidated EBITDA grew **339%** YoY.



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

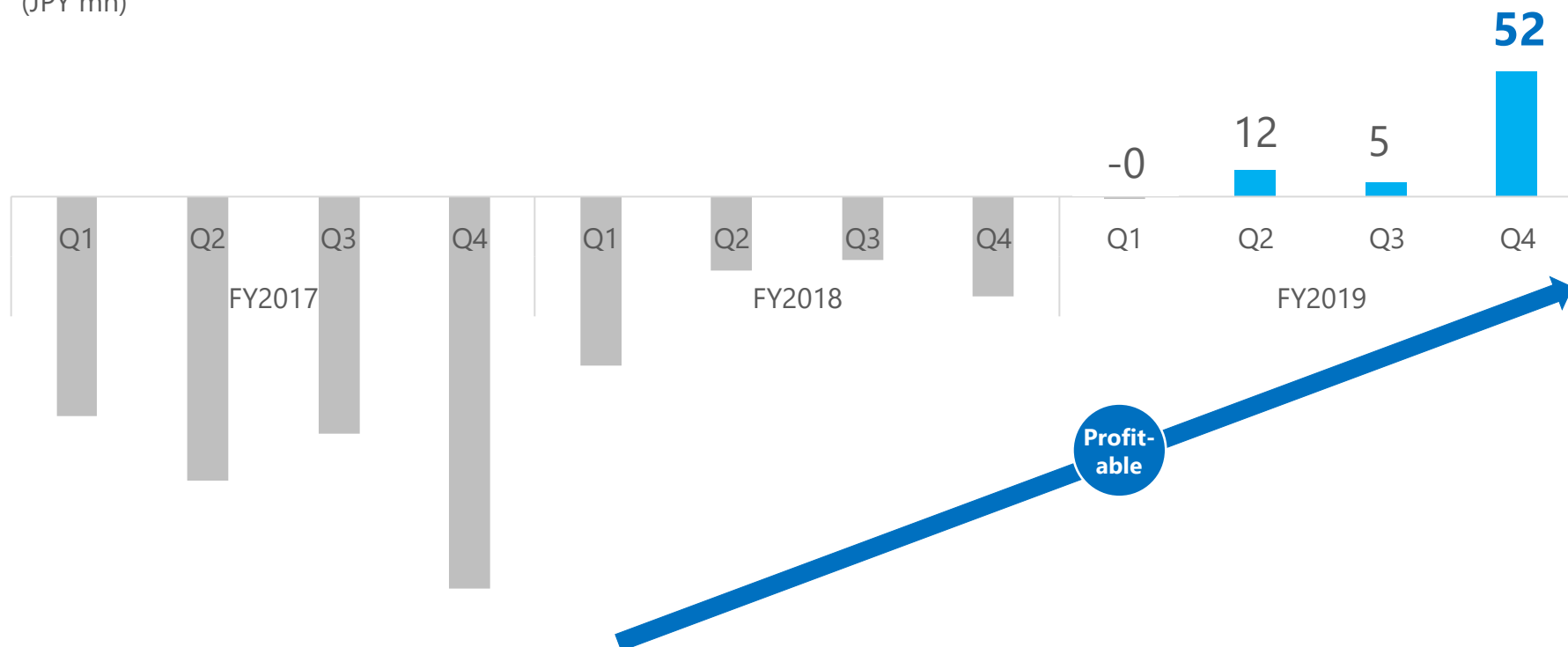
*2: Figures before FY2019 are unaudited.

2 Historical Consolidated Operating Profit

JTOWER

- Operating profit turned positive in Q2 FY2019 and **achieved a positive full year result.**
- In Q4, while IPO costs and recruiting expenses for the tower business were incurred, operating profit still increased with the expansion of the Domestic IBS Business.

(JPY mn)

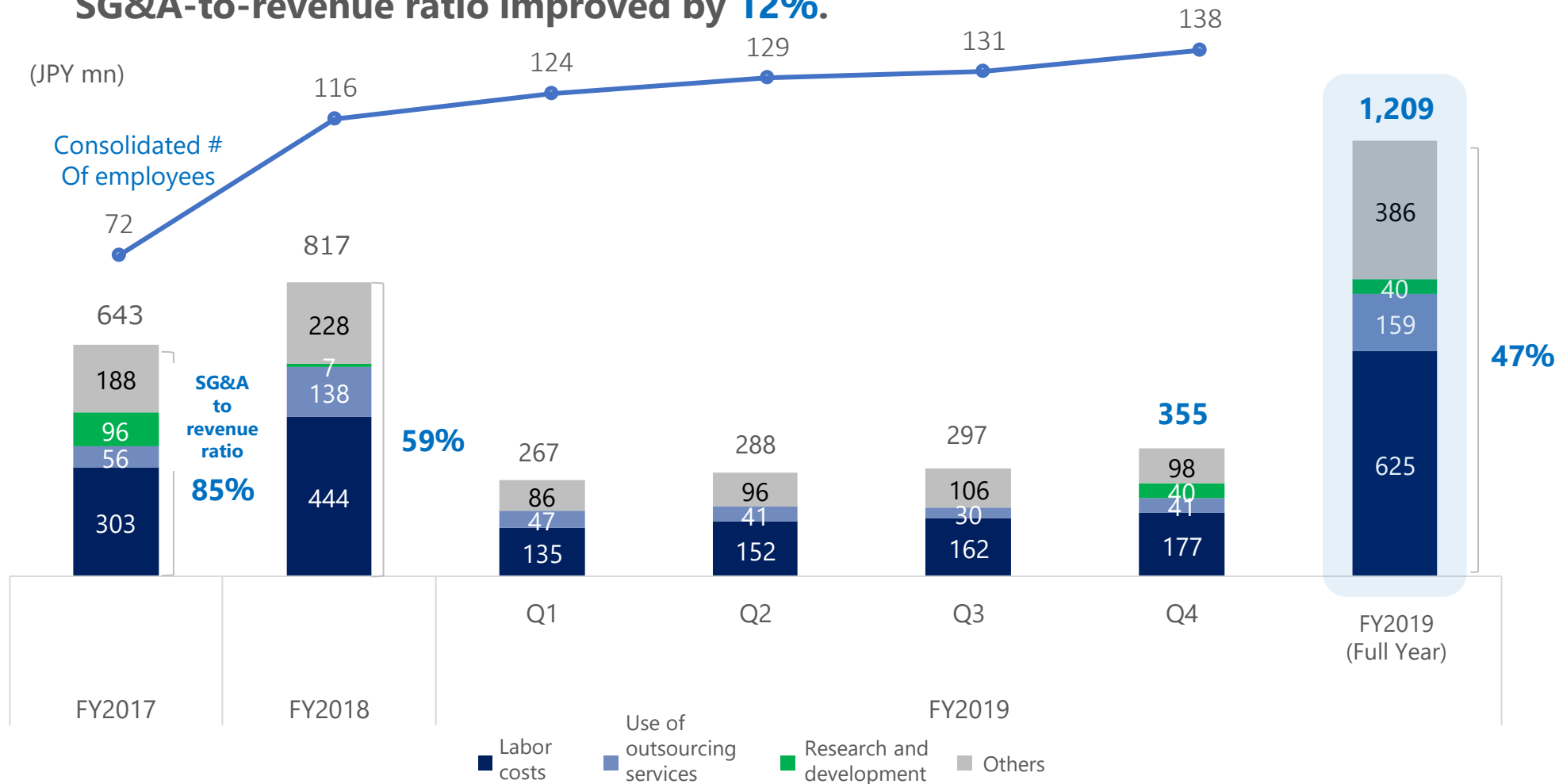


Note: Figures before FY2019 are unaudited.

2 Historical Consolidated SG&A Expenses

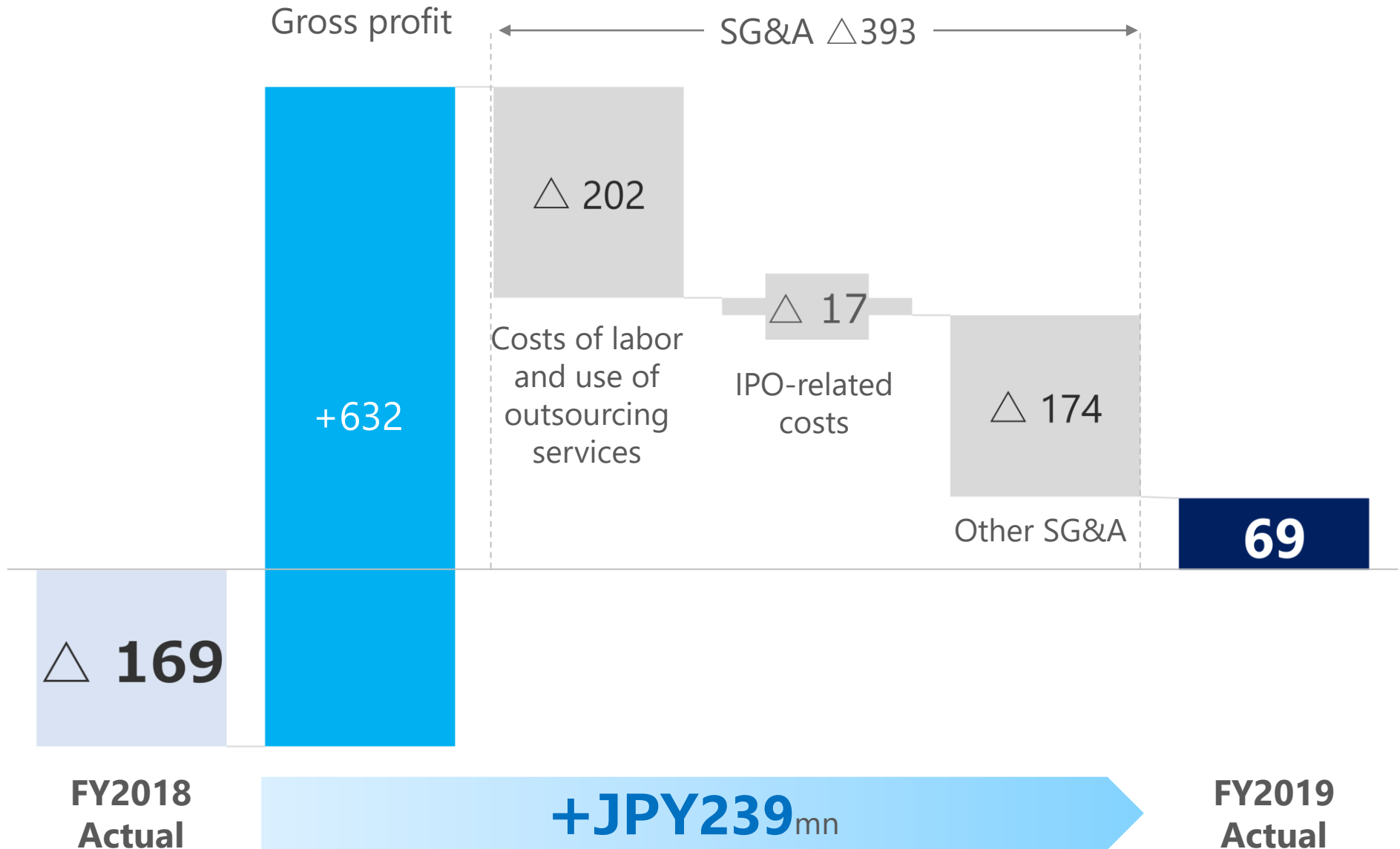
JTOWER

- SG&A expenses have increased mainly due to an increase in costs of labor and use of outsourcing services, and IPO-related costs reported in other expenses.
- Due to increased revenue and decrease in the relative weight of fixed costs, SG&A-to-revenue ratio improved by **12%**.



2 FY2019 Actual - Change in Consolidated Operating Profit JTOWER

(JPY mn)



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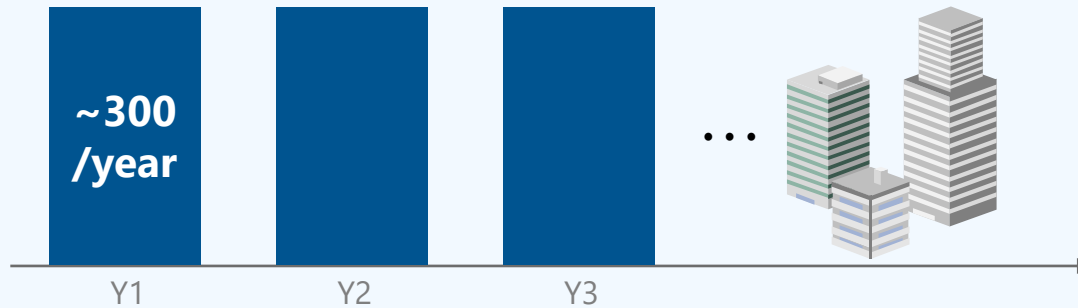
| | |
|-------------------------------|---|
| Domestic IBS | <ul style="list-style-type: none"> ✓ Increase number of IBS installations <ul style="list-style-type: none"> • Sustainable increase in new buildings. • Broaden the target to increase sales potential (installation at existing buildings, add-on-service such as 5G-related services). ✓ Improve tenancy ratio <ul style="list-style-type: none"> • Upside potential with new entry of Rakuten Mobile. ✓ Development of 5G infra-sharing equipment |
| Tower | <ul style="list-style-type: none"> ✓ Launch tower sharing in rural areas <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> ✓ Development of local 5G service <ul style="list-style-type: none"> • Invest in business development for commercialization of the service. . |
| Strengthen Related Businesses | <ul style="list-style-type: none"> ✓ Strengthen Overseas IBS and Solution Businesses |

Persistent Demand and Upside Potential

- Domestic IBS Business

IBS installed by **JTOWER** in Japan^{*1}: 161 installed and 95 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 March 31, 2020. ^{*2}: Company estimate based on large-scale projects with floor area of >10,000m². ^{*3}: Large-scale projects with >330m² per floor (as of Sept. end 2018, office building criterion based on Sanko Estate). ^{*4}: Large-scale projects with >1,500m² 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

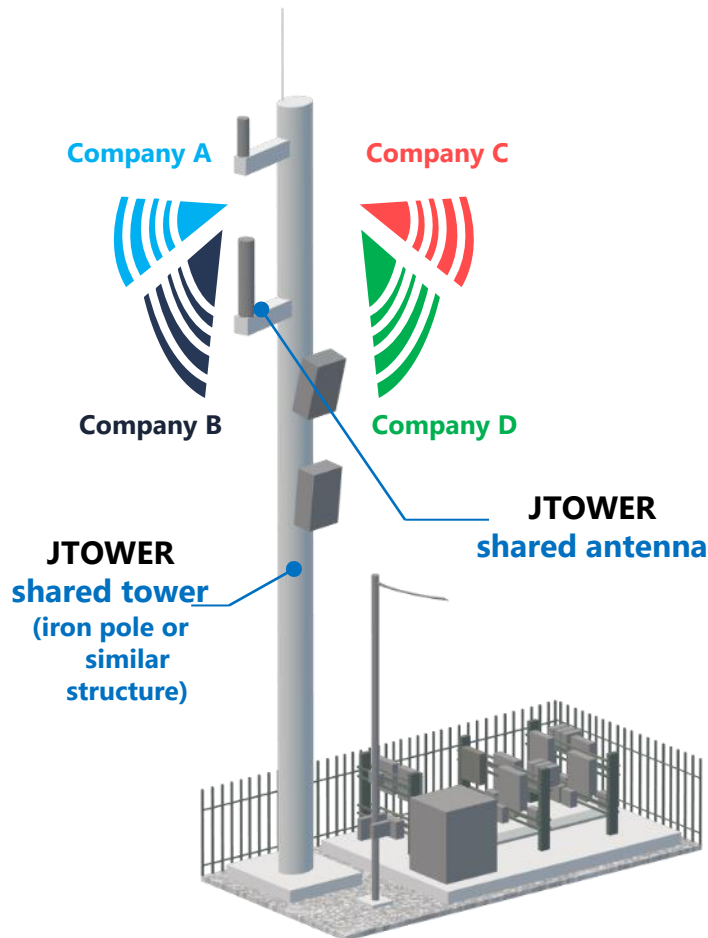
- Opportunity to install as an add-on to the existing 4G infra-sharing service

✓ Installation at existing buildings

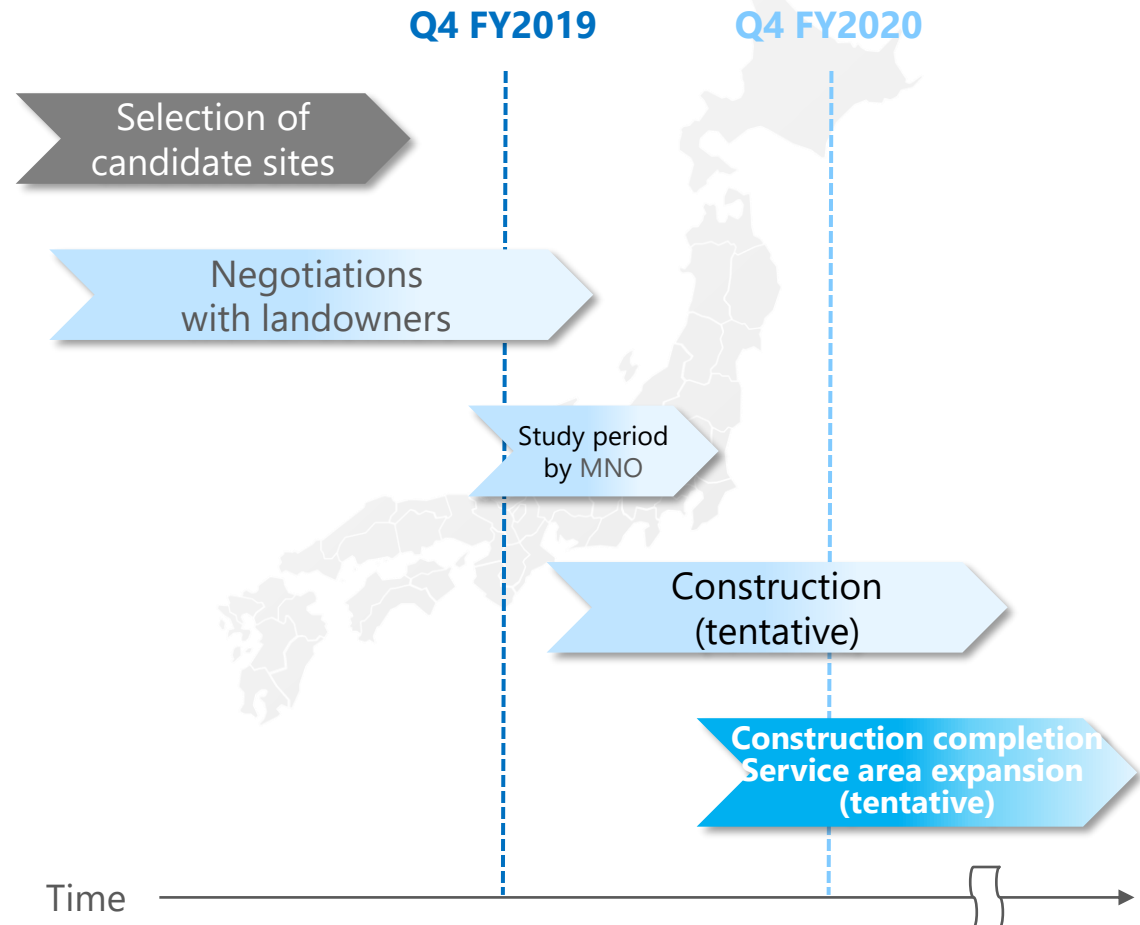
- Add-on opportunities at buildings where our 4G infra-sharing service has been installed
- New opportunities at buildings where our 4G infra-sharing service has not been installed

- 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

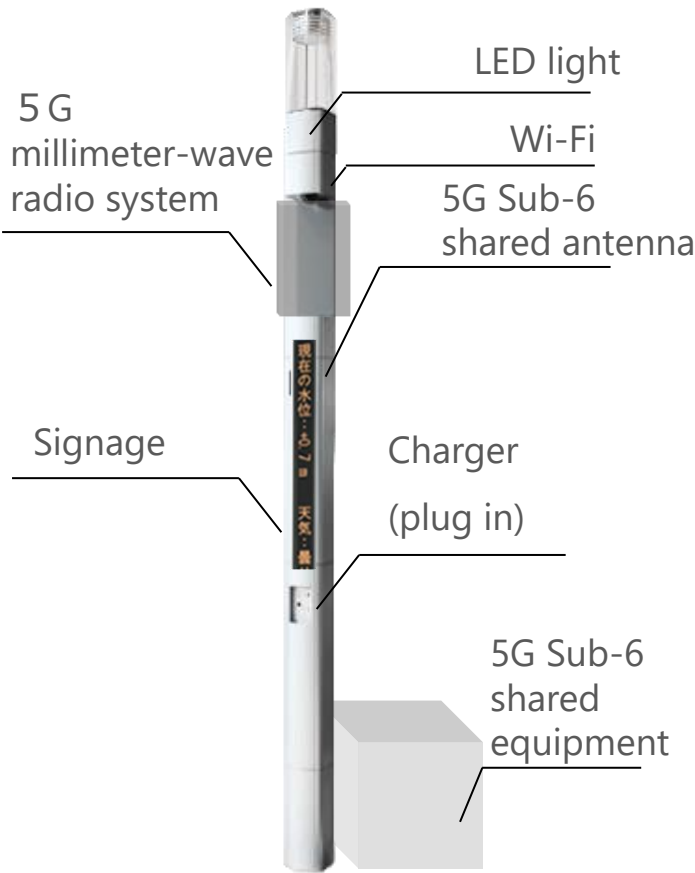


Roadmap for tower sharing in rural areas



- 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

FY2020

- 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

FY2021 onwards

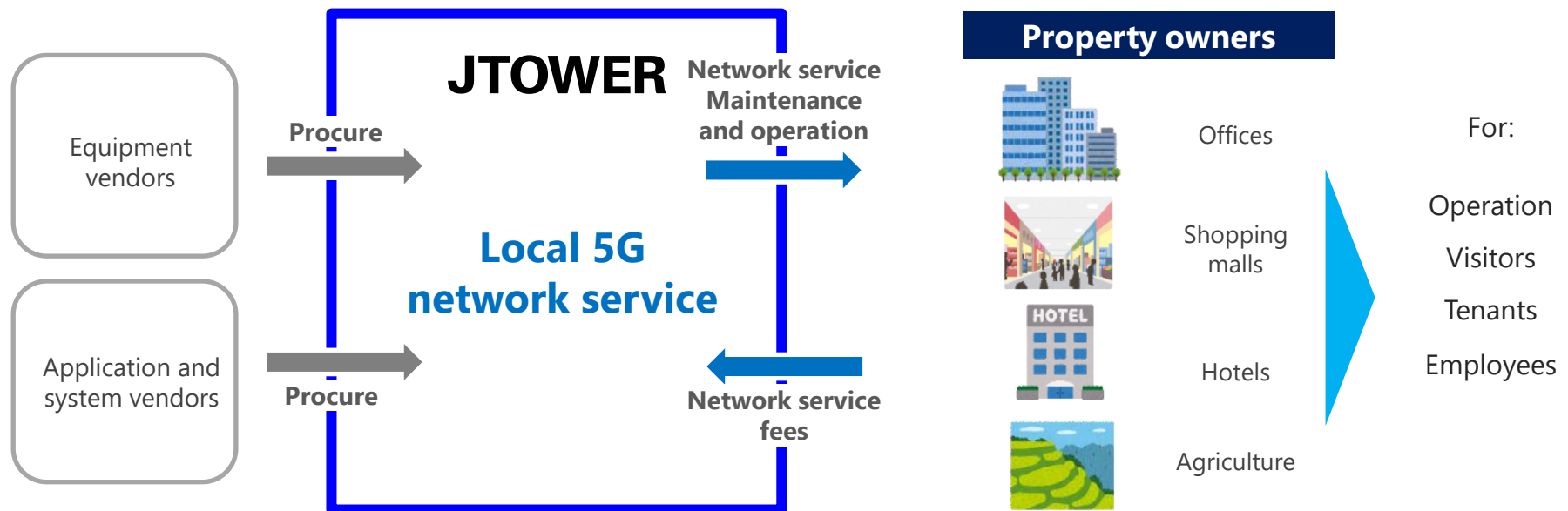
- Start with Nishi-Shinjuku area in central Tokyo then expand the coverage areas with smart solution demands

3 Development of Local 5G Service

- 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.

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| | Major Impact Seen | Potential Risks Going Forward |
|---|---|---|
| General | <ul style="list-style-type: none"> ✓ After the declaration of a state of emergency, there has been delay in the start of service at some properties. | <ul style="list-style-type: none"> ✓ The number of projects with a delay in the start of service may rise. |
| Sales | <ul style="list-style-type: none"> • Not much impact has been seen for FY2020. | <ul style="list-style-type: none"> • Possibility of delays in signing contracts for projects with the start of service expected for FY2021 and onwards. |
| Procurement (Equipment Materials) | <ul style="list-style-type: none"> • Not much impact has been seen at the moment. | <ul style="list-style-type: none"> • Prolonged emergency situation may result in delays in manufacturing of equipment and materials. |
| Construction | <ul style="list-style-type: none"> • Some general construction companies have stopped construction work temporarily at some properties. | <ul style="list-style-type: none"> • Prolonged emergency situation may extend the period of construction halts. • Number of projects with disruptions to construction may rise. |
| Maintenance | <ul style="list-style-type: none"> • Not much impact has been seen at the moment. | <ul style="list-style-type: none"> • Not much impact is expected as we have an established remote surveillance system for the operation of our equipment. |

Domestic IBS

To be conservative, we have made an assumption that a state of emergency will be extended to the end of June and construction halts and postponed openings of new buildings will **cause delays in scheduled installations (for up to 6 months)**.

International IBS

We assume that belated approvals by mobile network operators will cause delays in **scheduled installations (for about 3 months)**.

Solution

We assume that the number of new contract acquisition **will decrease by half at the beginning of FY2020 and recover gradually thereafter**.

4 Full Year Forecast for FY2020

JTOWER

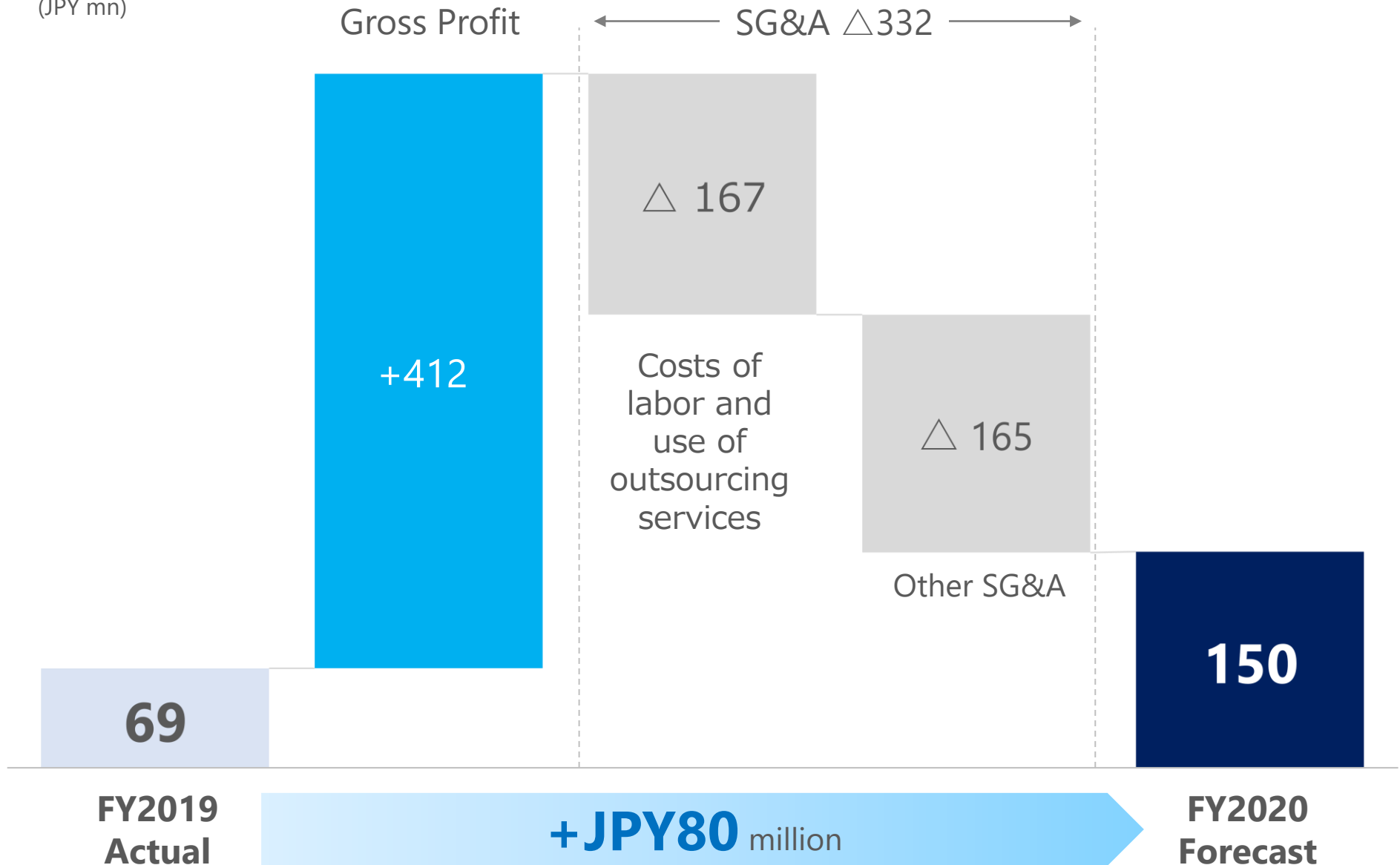
- We expect revenue and EBITDA to grow **32.1%** and **52.9%** YoY, respectively, and operating profit to **more than double** and a positive net income (**expected impact of COVID-19 has been reflected in the forecast**).
- We expect increases in revenue and profit, driven by the continued growth of the domestic IBS Business.
- We expect increases in costs such as investments for development of the 5G infra- sharing equipment, launch of the Tower Business and verification process for the local 5G service.

| | FY2019 | FY3/2020 | | |
|--|-----------|--------------|-----------------|--------------|
| (JPY mn) | 12 Months | 12 Months | Change (Amount) | % Change YoY |
| 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 | +1,796.4% |
| Net Income | -13 | 62 | +75 | — |
| Capital Expenditure (Investment CF) | 2,611 | 3,468 | +857 | +32.8% |

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

4 FY2020 Forecast - Change in Consolidated Operating Profit JTOWER

(JPY mn)



- We grew strongly in FY2019 with financial results ending above the forecast at all levels.
- Through the public offering, we successfully raised JPY5.7 billion in capital and achieved a positive free cash flow. In other words, we established a strong financial foundation to expand our business going forward.
- For the FY2020 forecast, while we have included the impact from a state of emergency in response to COVID-19, we don't foresee any major impact on the mid- to long-term fundamentals as the impact has been seen mostly as just delays in the start of service.
- In FY2020, we plan to continue to grow our business, centering on the domestic IBS Business and also make investments in areas for further growth in the mid- to long-term, including development of 5G infra-sharing equipment, launch of the Tower Business and development of local 5G service.

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| (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> | 356% | 82.1% | 86.6% |
| 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> | - | - | 2.7% |
| EBITDA* ¹ | ▲225 | 168 | 737 |
| <i>EBITDA Margin</i> | - | 12.2% | 28.8% |
| 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 + depreciation 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 |
|---------------------------------|--------------|--------------|---------------|
| 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 |

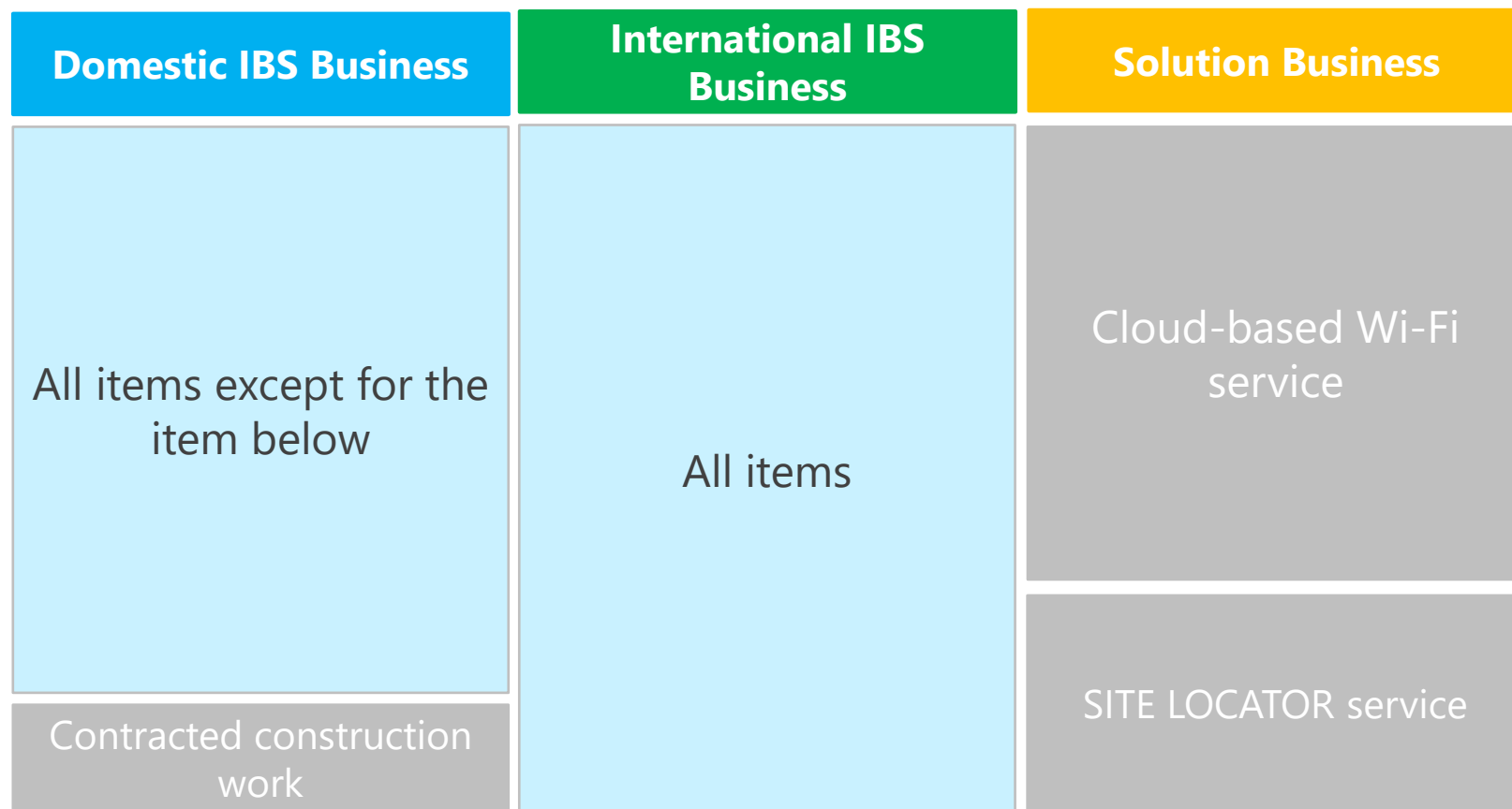
| (JPY mn) | FY2017 | FY2018 | FY2019 |
|---|--------|--------|--------|
| Cash Flows from Operating Activities | 888 | 1,290 | 3,165 |
| Change in Unearned revenue | 1,002 | 1,437 | 2,565 |
| Depreciation | 233 | 300 | 612 |
| Amortization of Goodwill | 15 | 36 | 53 |
| Cash Flows from Investing Activities | ▲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 |

5 Breakdown of Infra-Sharing and Other Revenues by Business*1

JTOWER

■ Infra-Sharing Revenue

■ Other Revenue



*1: Breakdown as of March end 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)

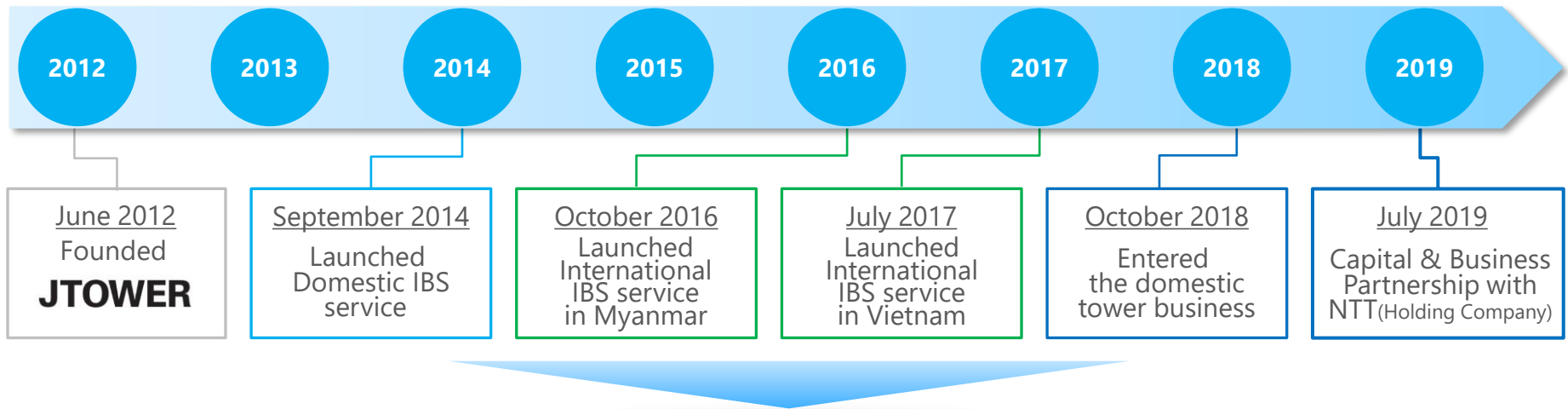
Panasonic Mobile Communications

(Senior Managing
Director)

SAMJI ELECTRONICS

(Advisor)

Previous
Experience

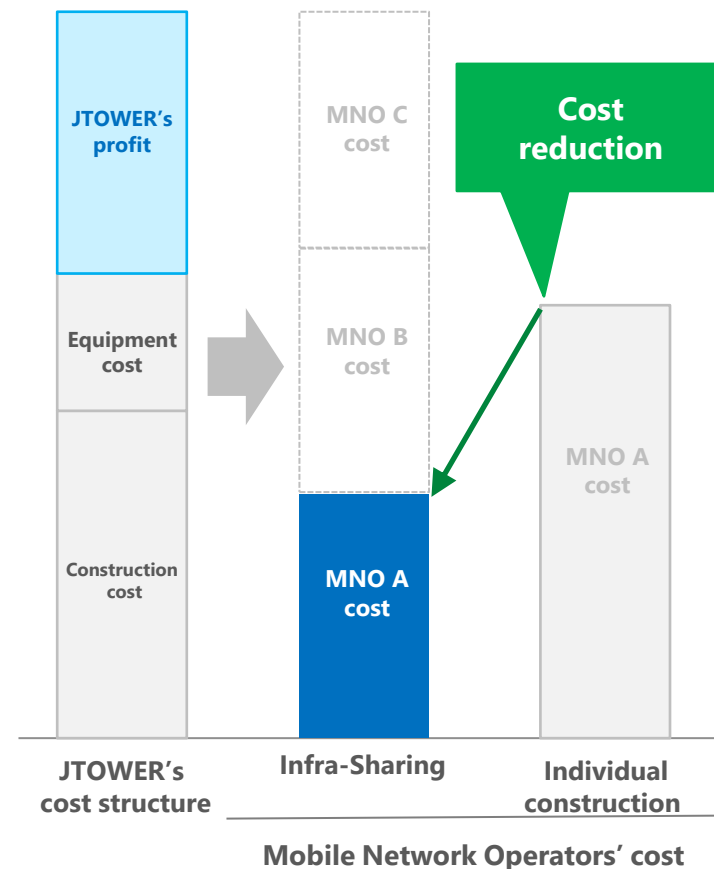
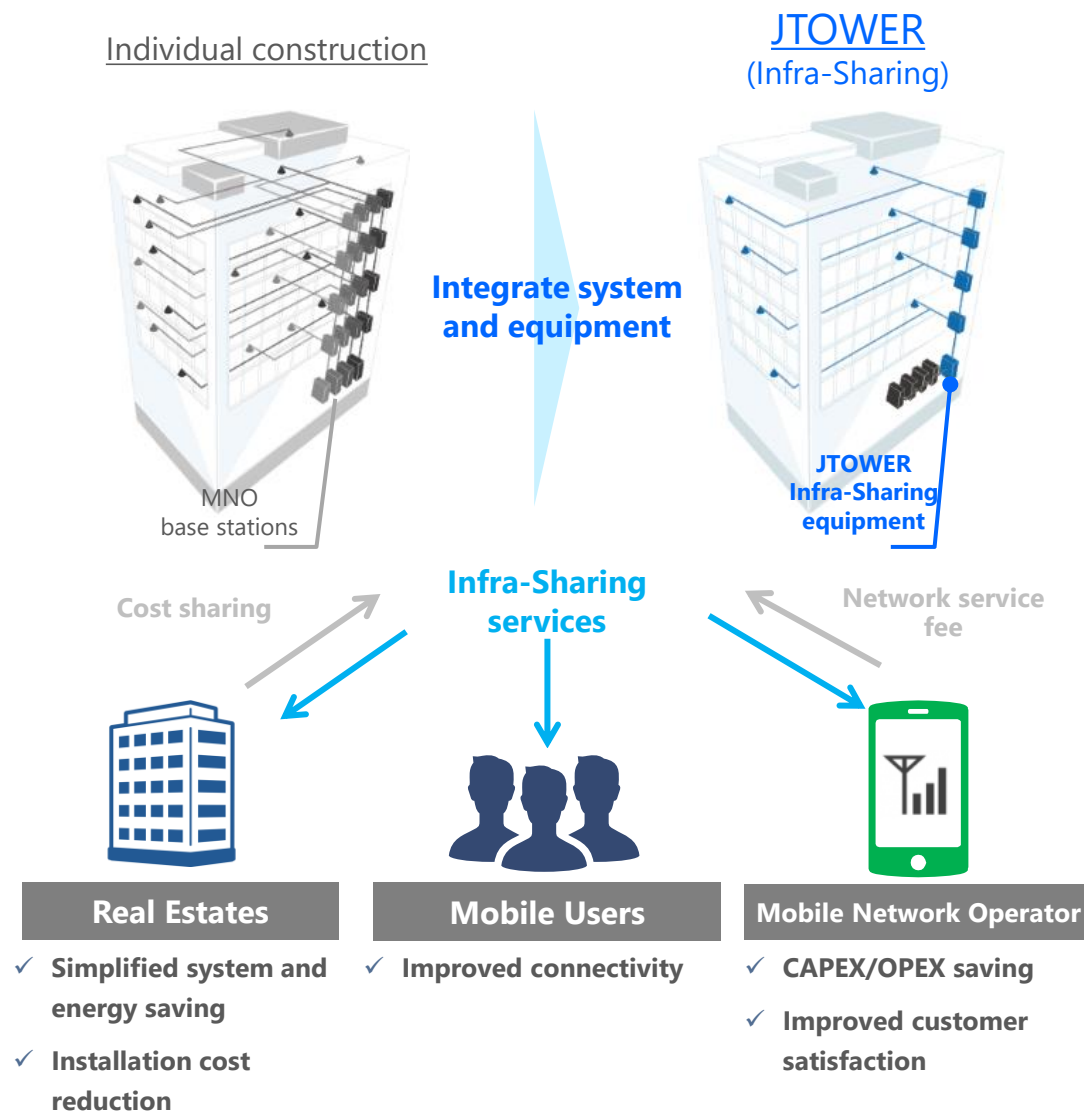


- ✓ **Established a solid position in the market with a high entry barrier**
Certified from mobile network operators
- ✓ **First-mover advantage**
Pioneer of the service with high switching cost and low churn rate
- ✓ **Strong relationships**
Established network with mobile network operators and major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



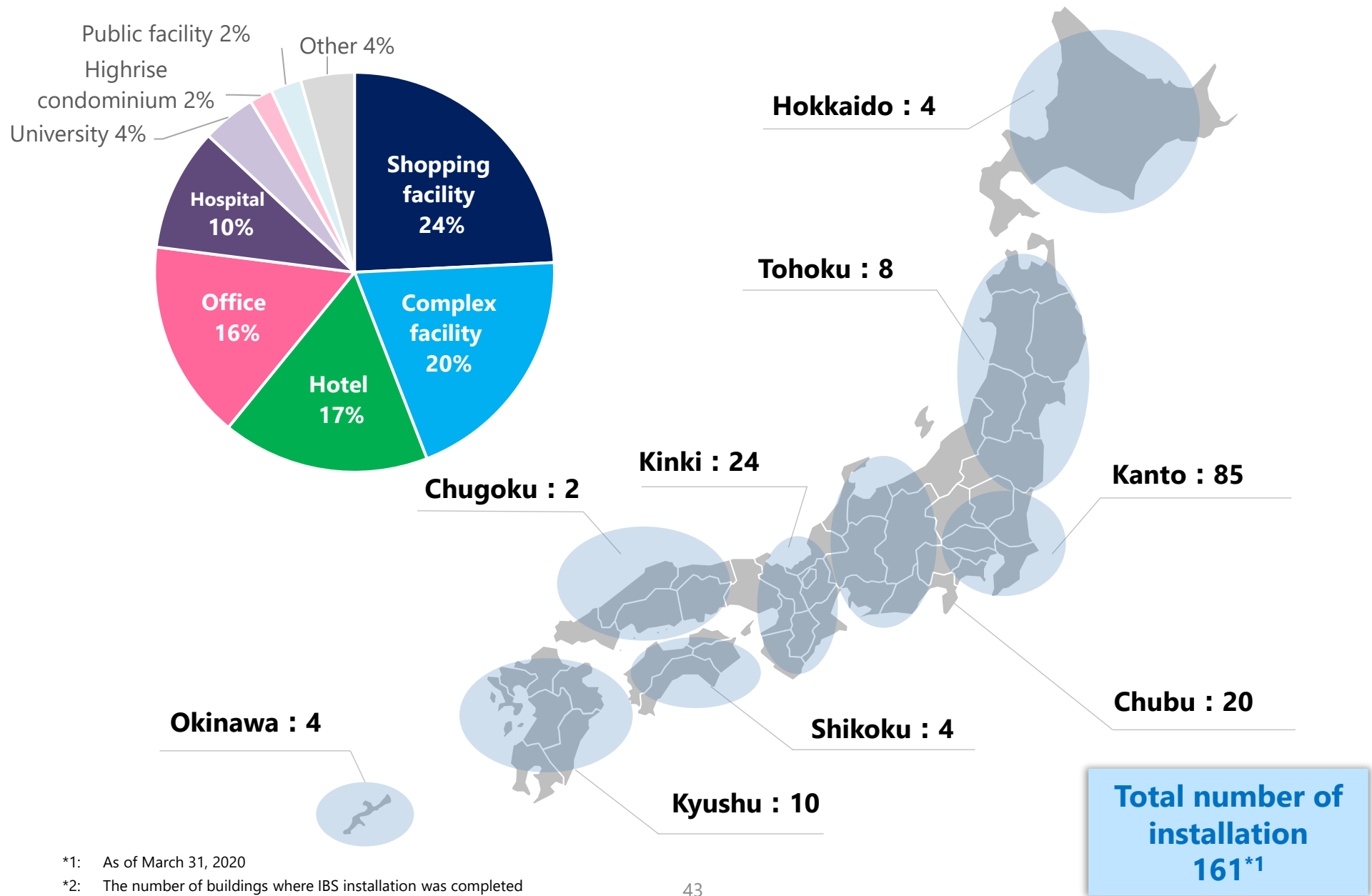
Note1:

For illustrative purposes only

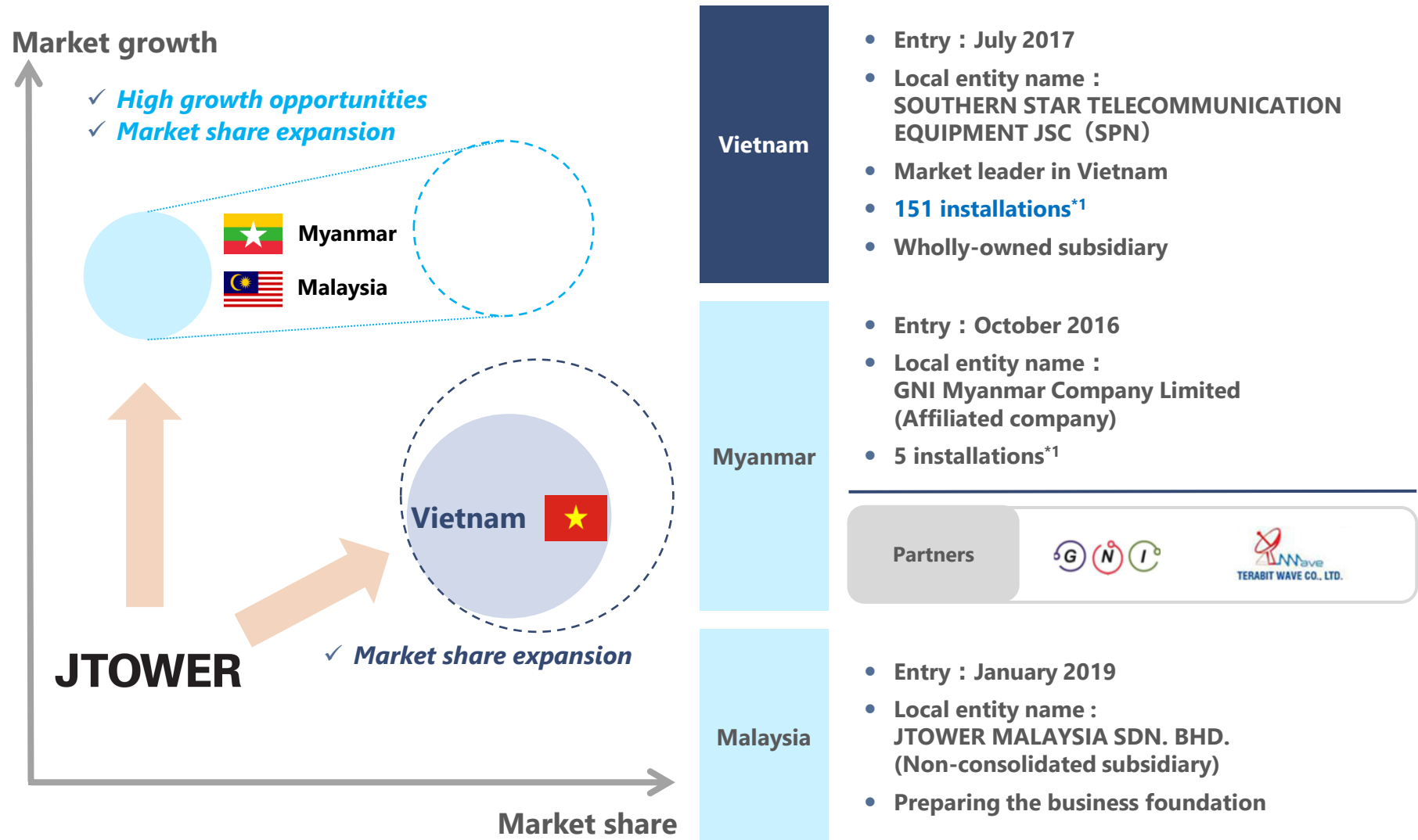
Domestic IBS

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

JTOWER



Expansion mainly in Southeast Asia by partnering with influential local players



*1: As of March 31, 2020

5 Tower – Potential Demand Driven by 5G

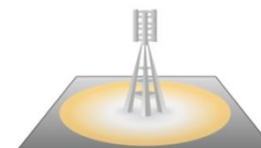
JTOWER

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

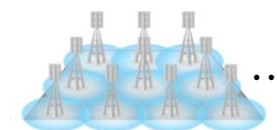
Increase in Demands Driven by 5G

<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、ビル屋上やローカ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

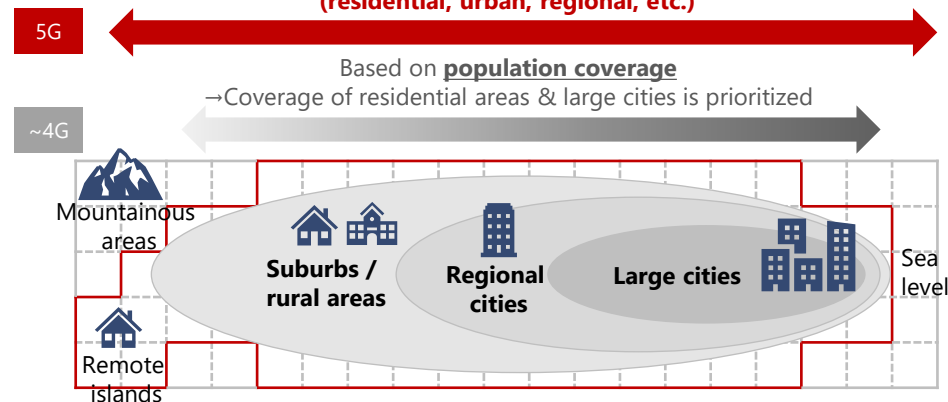
5G Base Stations Deployment Policy

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

5 Tower – Create New Market by Full-scale Investments

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Entry Background into Tower Business

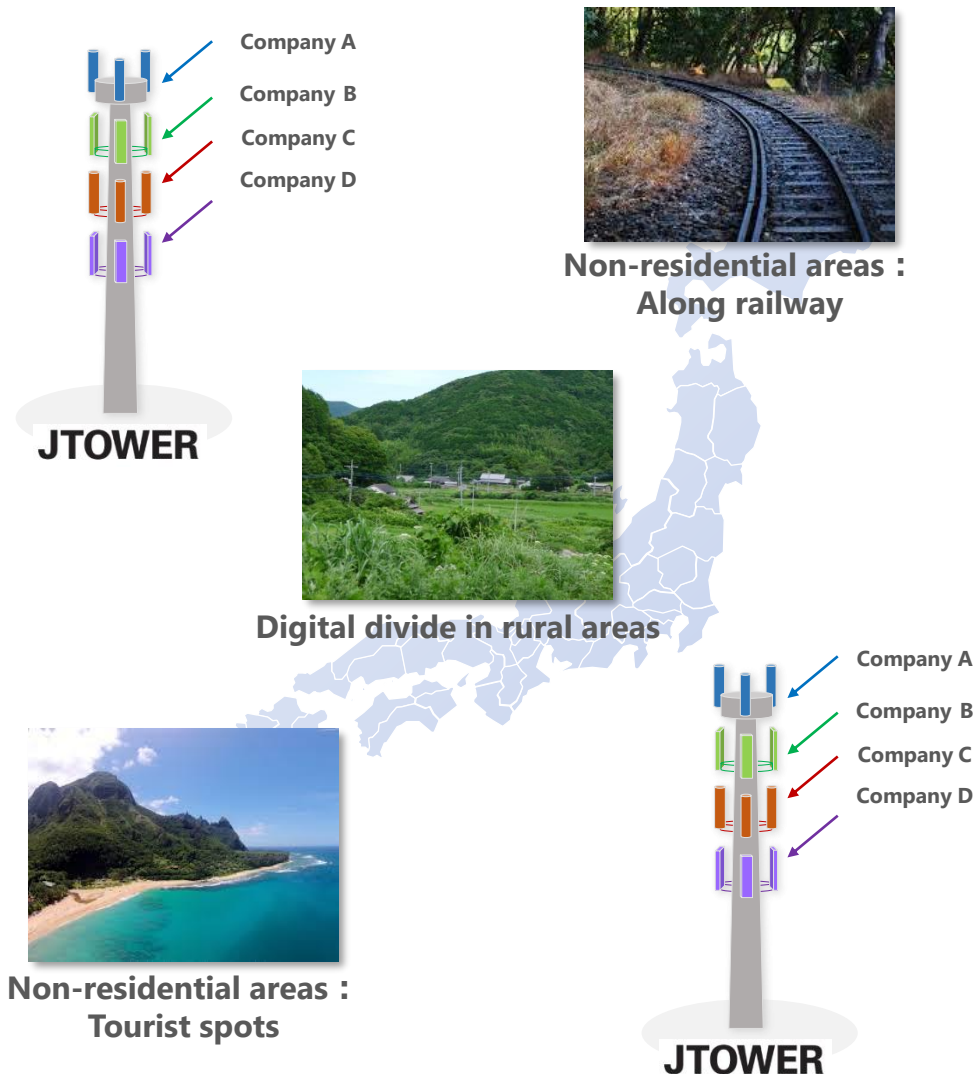
- ✓ Growing demand for **5G network rollout**
- ✓ Entry of a **new mobile network operator**
- ✓ **Infra-Sharing Guideline** by MIC*1 (December 2018)

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



5 Solution – Up-selling for Infra-Sharing

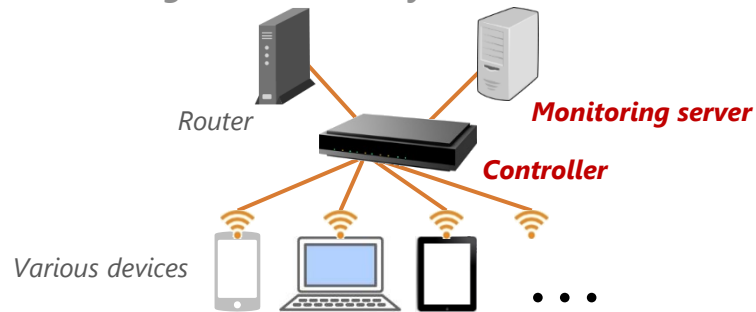
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Provide indoor Cloud-managed Wi-Fi solution and SITE LOCATOR service which match the needs for monetization of idle space of real estates and BTS installation of mobile network operator

Cloud-managed Wi-Fi Solution

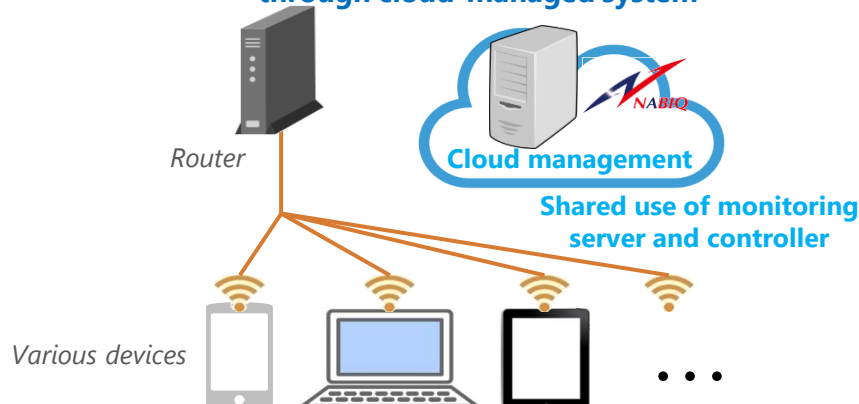
Conventional Wi-Fi

Requires much equipment and long lead time for system construction

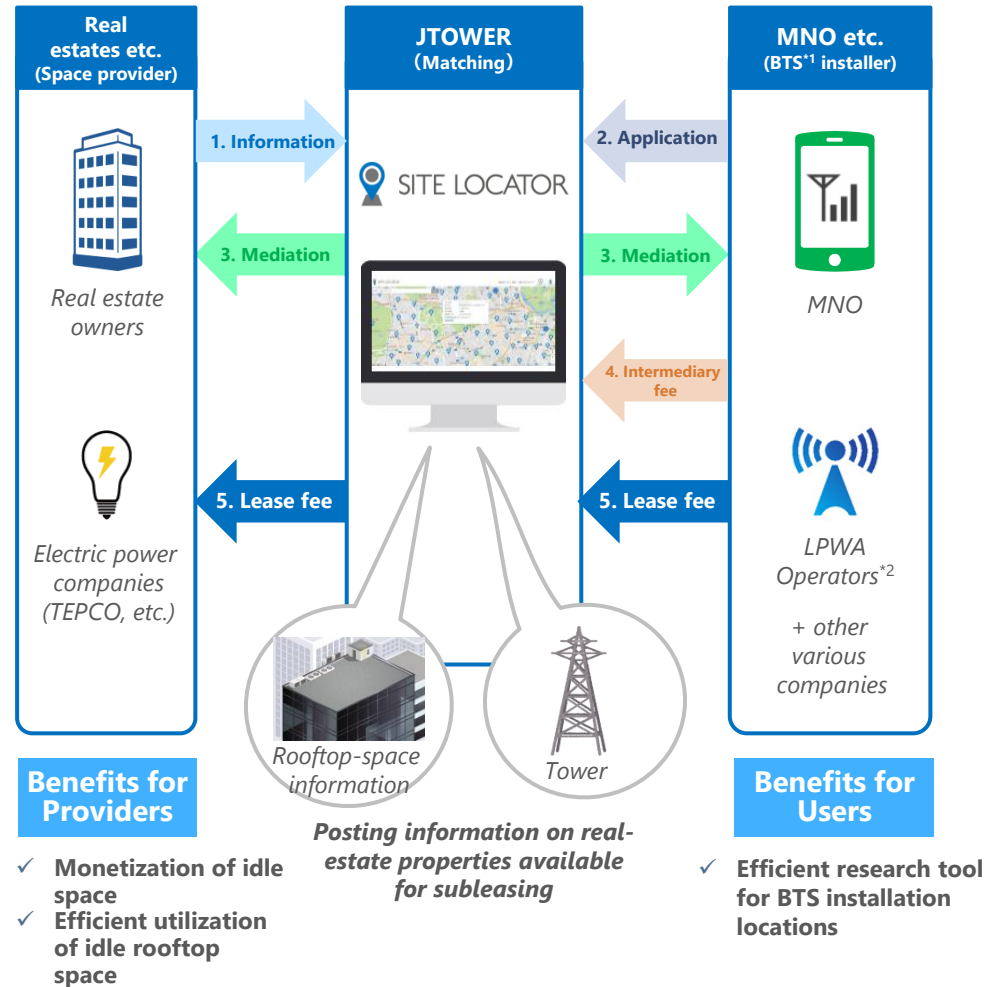


JTOWER Wi-Fi

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

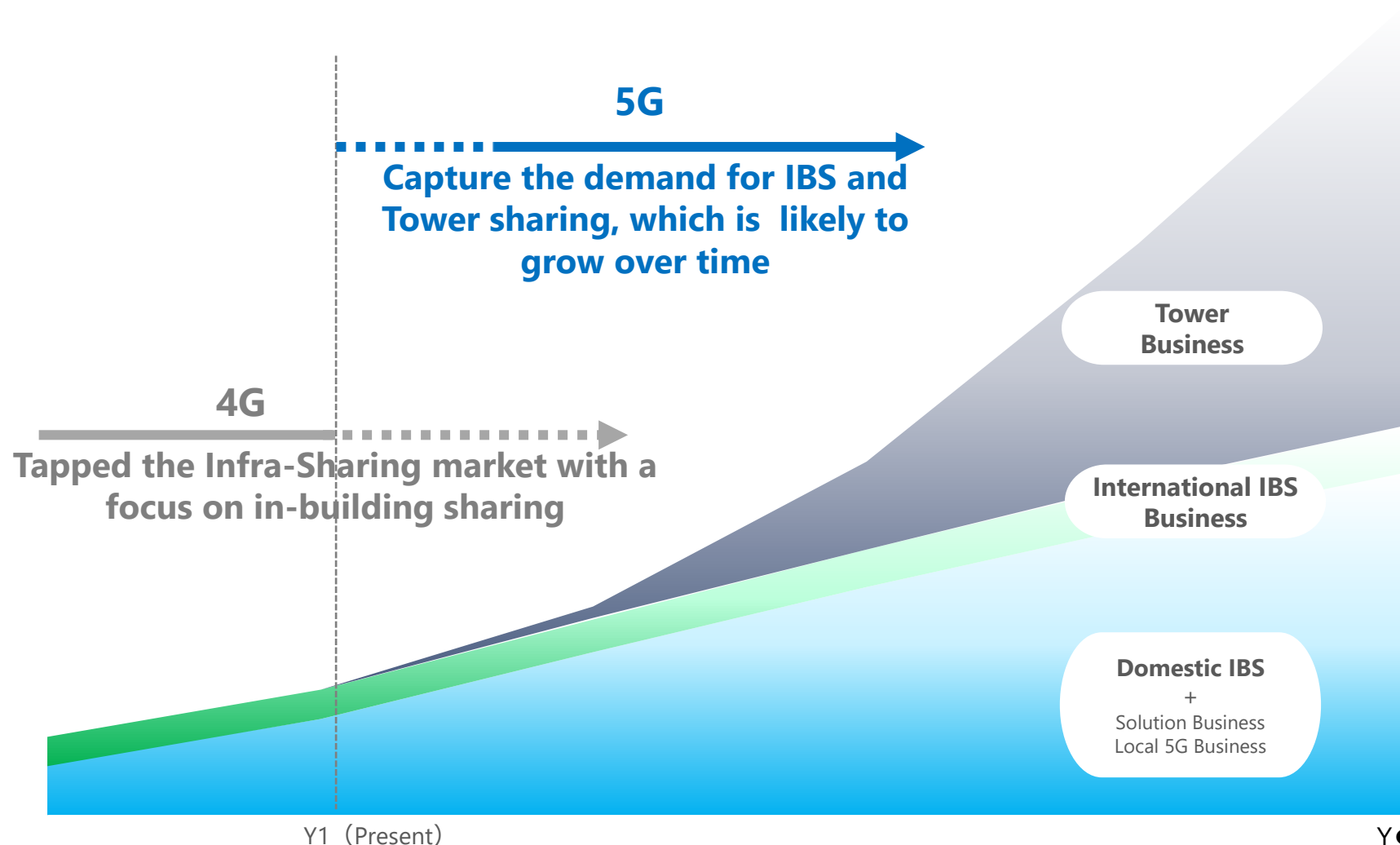
Huge capital investment

Assurance of installation sites
for base stations

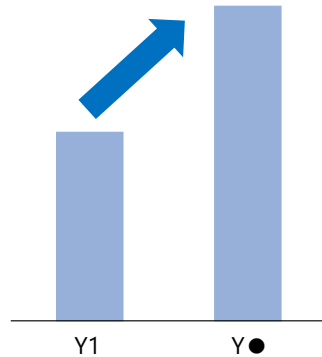
Targeting contribution to the efficiency in the early expansion of service areas and the contraction of quiet areas in the 5G era

5 Mid-to Long-term Growth Strategy

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

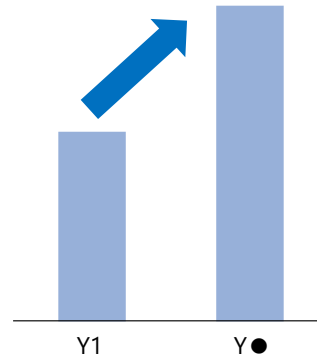


Number of Properties Installed



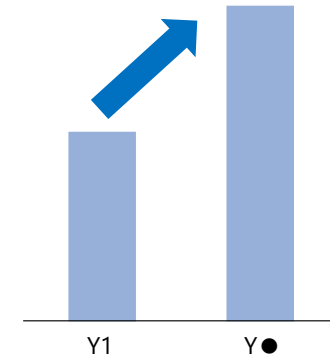
- ✓ Development demand for Tokyo Olympics and Osaka-Kansai Japan Expo etc.
- ✓ Strengthen the business foundation by Capital & Business Partnership with NTT (Holding Company)

Tenancy Ratio

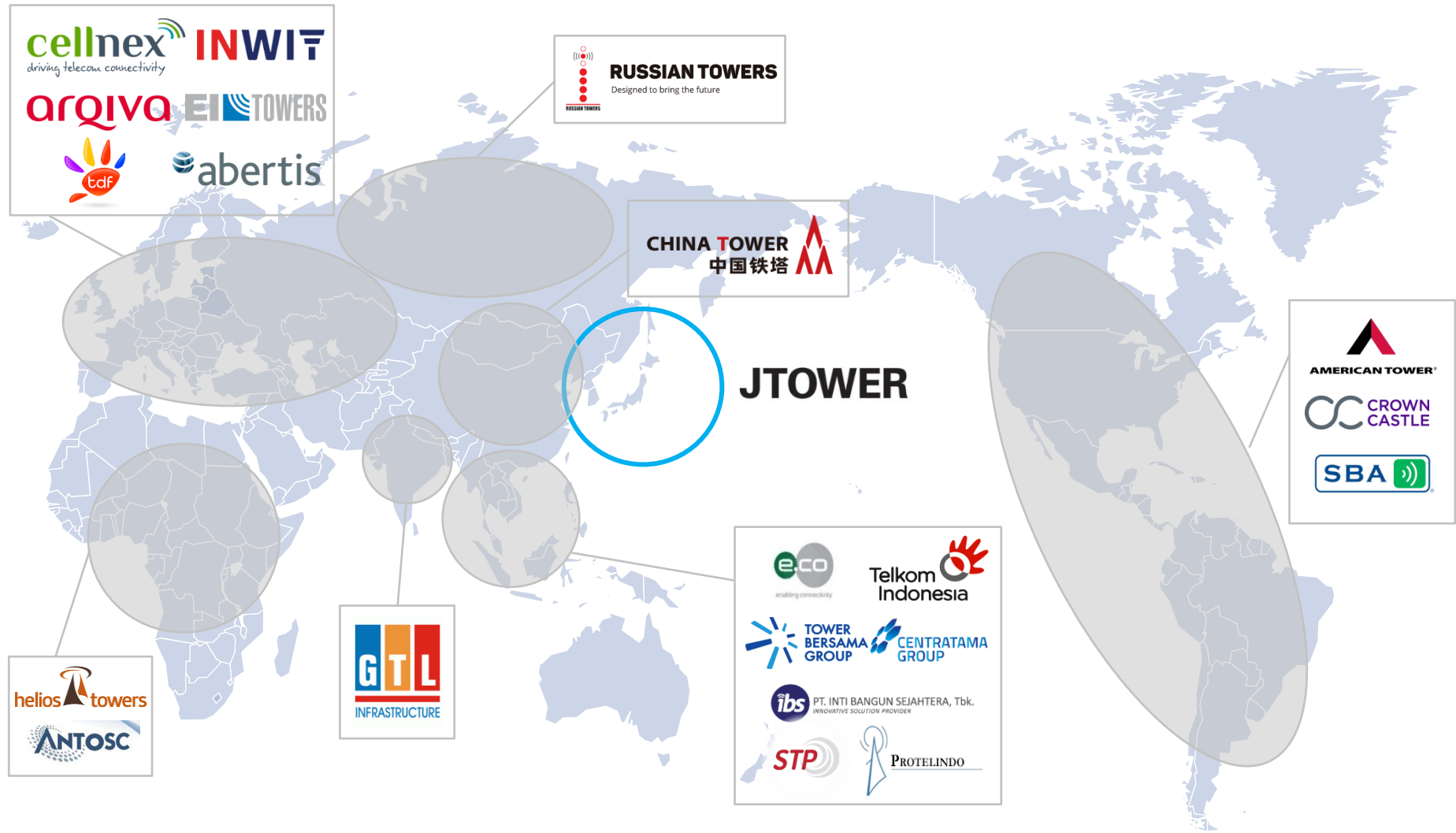


- ✓ Increase in the entry of mobile network operators such as further participation on existing properties

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

 $> 10 \text{ Gbps}^{*2}$

Baud rate will be more than 100 times faster

0.01 sec

 Strong
reliability/
low latency

 $\leq 0.001 \text{ sec}$

Delay time will be shortened by up to one tenth

 10,000
devices/km²

 Massive
connectivity

 1 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

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The financial results for the 1st Quarter of FY2020 are scheduled to be released at 15:00 or later on August 7, 2020.

JTOWER

SHARING THE VALUE

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