

FY03/2020 Q4

JTOWER

Financial Results for the FY2019 ended March 31, 2020

May 13, 2020

J T O W E R Inc.

Hello. I'm Atsushi Tanaka, Representative Director and President of JTOWER Inc. Due to the recent declaration of a state of emergency, we're conducting this financial results presentation over the Web.

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.

First and foremost, we would like to express our deepest sympathies for those who have been affected by COVID-19.

We would also like to express our sincere gratitude to the medical professionals and those who are working hard to treat patients and prevent the spread of the virus.

1	Overview
2	FY2019 Financial Results
3	Growth Strategy
4	FY2020 Forecast
5	Appendix

JTOWER became a public company in December 2019, and this is our first presentation of financial results.

First, I would like to explain our business briefly, then go over the full-year financial results in FY2019 and present our growth strategy going forward as well as our forecast for FY2020.

SHARING THE VALUE

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

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Our vision at JTOWER is to create and promote business with social impact that brings value to all stakeholders, including mobile network operators, real estate companies and our business partners as well as shareholders, through a scheme of “infrastructure sharing.”

1 Company Information

JTOWER

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

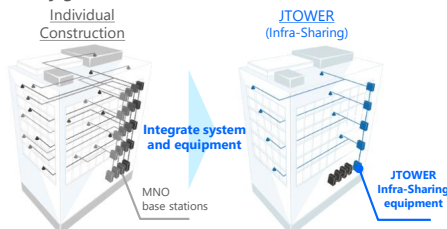
*1: Number of employees includes the average number of temporary workers (contract workers and workers from staffing agencies) in the past year, which is 27

To touch briefly upon our company overview, we were established in June 2012, so next month will mark our 9th year anniversary. We currently have 138 employees on a consolidated basis.

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%
- Overseas**
 - ✓ Expansion in emerging markets
 - Top player in Vietnam (Installation at 151 properties^{*2})
 - Expanding in Myanmar and Malaysia
 - ✓ Alliance with strong local partners

*1: IBS: In-Building Solution
*2: as of March 31, 2020

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



Our main businesses are IBS (In Building Solution) Business, Tower Business and Solution Business.

In IBS Business, we construct a mobile network system inside buildings, such as shopping malls and large-size office buildings on behalf of mobile network operators. This installed system can be connected to by mobile network operators and allows us to provide stable cellular signals throughout the building.

In Tower Business, we're in the process of developing several services, including a tower sharing service in rural areas and smart pole service in urban areas.

In Solution Business, we provide various solutions, such as Wi-Fi solution and a system to assist mobile network operators with their base station installation.

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Now, I would like to present our full-year financial results for FY2019.

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

- Full-year revenue for 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.

Our consolidated revenue for FY2019 increased 86% YoY to reach JPY2,558 million. In particular, Domestic IBS Business grew significantly and now accounts for 81% of the total revenue.

On the profit levels also, EBITDA increased steadily to JPY737 million, and we achieved profitability on the full-year operating profit level for the first time since the inception of our business.

As a result, our financial results in FY2019 surpassed the forecast at all levels.

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				Forecast (Announced on Feb. 5)		
	FY2018	FY2019	Change		FY2019	Change	
			Amount	%		Amount	%
Revenue	1,377	2,558	+1,180	+85.7%	2,439	+119	+4.9%
EBITDA ^{*1}	168	737	+569	+338.3%	600	+137	+22.9%
<i>EBITDA Margin</i>	12.2%	28.8%	+16.6pt		24.6%	+4.2pt	
Operating Profit	-169	69	+239	—	-65	+134	—
<i>Operating Profit Margin</i>	—	2.7%	—		—	—	
Ordinary Profit	-166	5	+172	—	-138	+143	—
Net Income	-214	-13	+201	—	-169	+155	—

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

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Here, the main items from the consolidated income statement are presented.

EBITDA margin has improved from 12.2% in FY2018 to 28.8% in FY2019.

While we made a slight loss on the net income level, you can see that we're getting very close to the break-even point.

2 FY2019 Consolidated Results – BS (1/2)

JTOWER

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

(JPY mn)	FY2018	FY2019	
	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%

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On the balance sheet, with the funds raised at the time of the initial public offering in December 2019, cash and cash equivalents increased significantly and ended at JPY7,188 million at the end of March 2020.

As a result, equity ratio also rose from 21.0% to 45.3%.

2 FY2019 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).

(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
Short-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

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Continuing on with the balance sheet, long-term unearned revenue increased from JPY2,042 million to JPY3,869 million.

This was due to the increased number of installations in Domestic IBS Business, and it will be reported as revenue in the future.

2 FY2019 Consolidated Results – Cash Flow

JTOWER

- 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

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On the cash flows, cash flows from operating activities showed a significant increase, surpassing the amount of cash flows spent on investing activities, and free cash flows turned positive.

As I said earlier, we have raised JPY5,725 million through the initial public offering in FY2019.

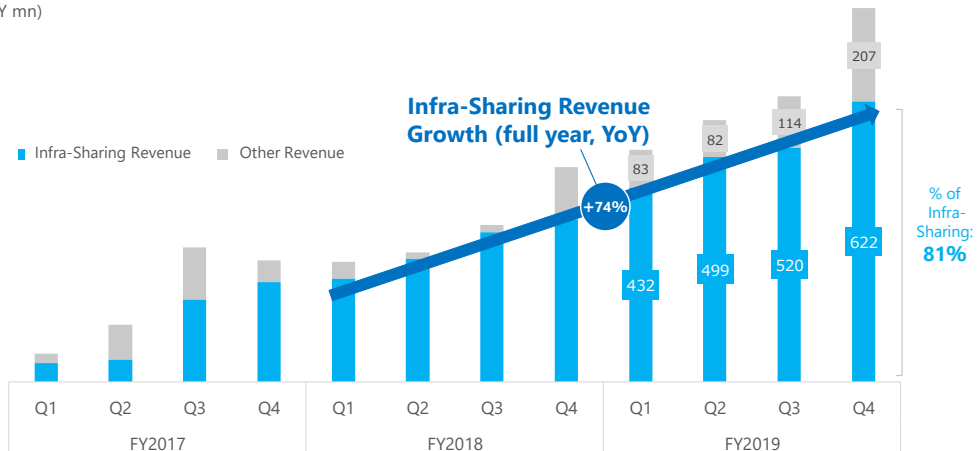
And as a result, the amount of cash and cash equivalents at the end of FY2019 increased by close to JPY5,000 million.

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.

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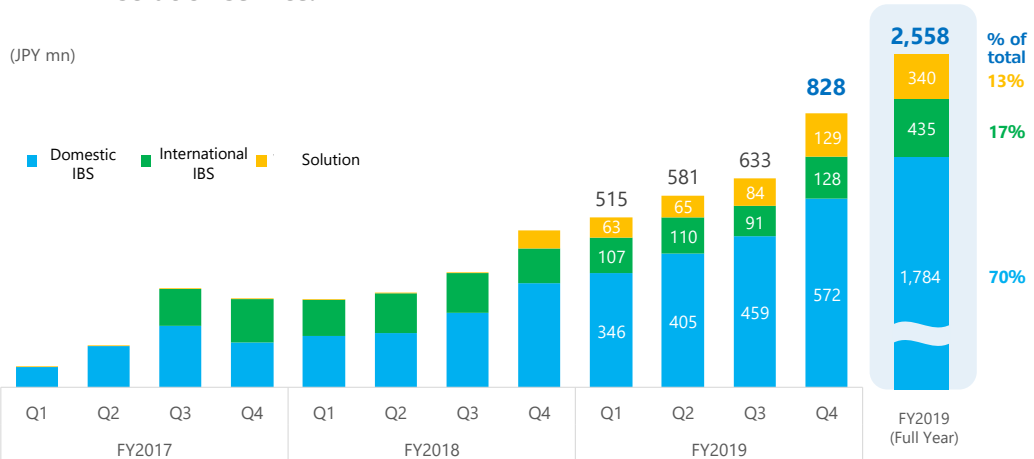
On the quarterly trend of consolidated revenue, Infra-Sharing revenue for the full FY2019 increased 74% YoY.

In fourth quarter, a significant increase can be seen in the gray portion of the graph. This was caused by an increase in contracted construction revenue resulted from the increased number of inspections (completion) of construction works related to IBS installation which we have done for mobile network operators.

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.



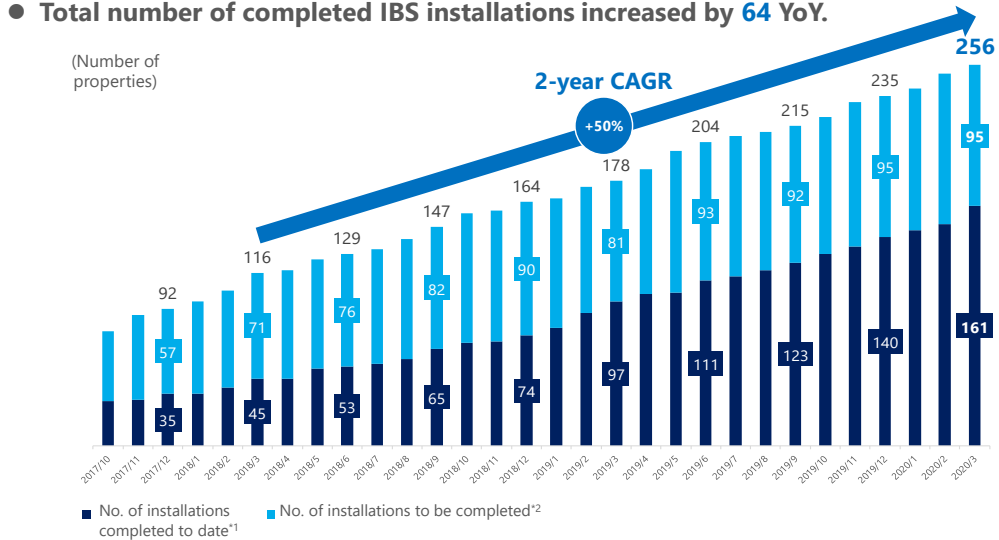
Note: Breakdown of quarterly revenue by business is unaudited.

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On revenue trend by business segment, all business segments are showing growth, but Domestic IBS Business has been growing at a particularly high rate and has now expanded to account for 70% of the total revenue.

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.

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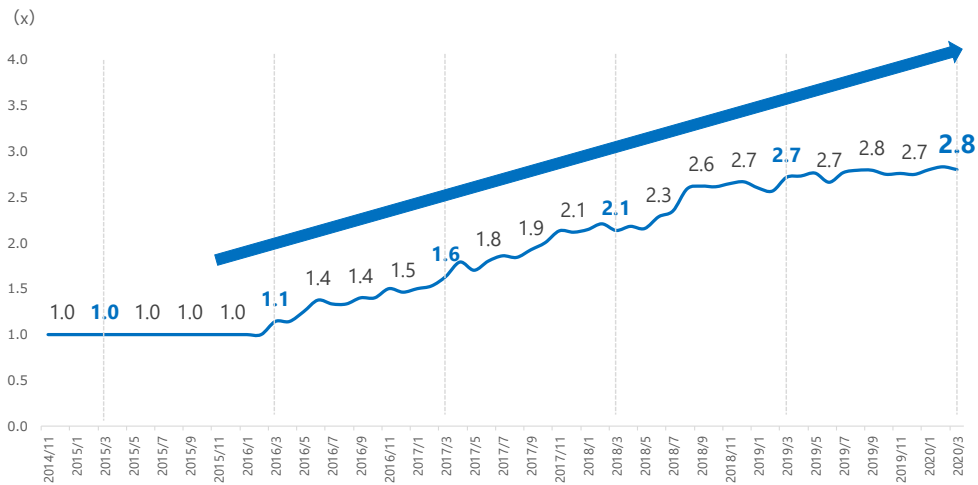
The number of IBS installations in Domestic IBS Business increased by 64 in FY2019, and the number of installations completed to date at the end of the period has reached 161.

Dark blue bar in the graph shows the number of installations completed to date, and light blue bar in the graph shows the number of projects where contract has been secured and the start of service is expected in the future.

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.



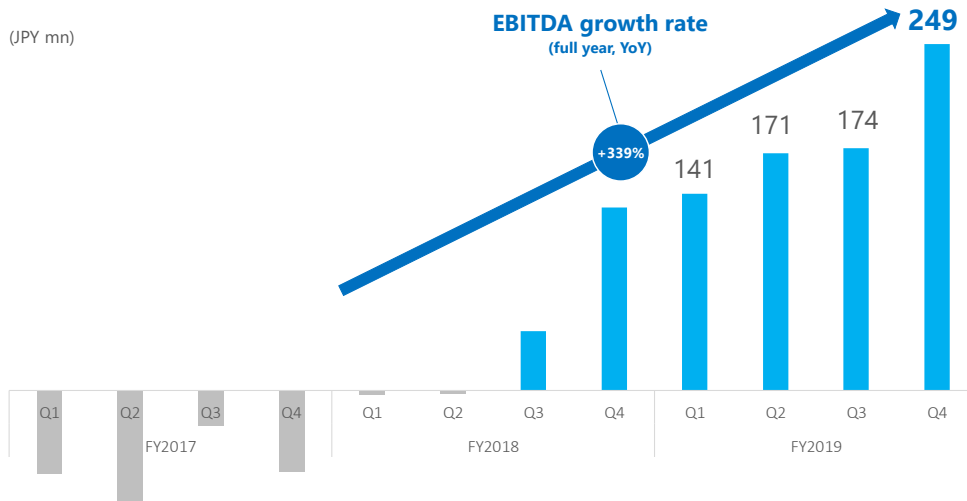
*1: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

Tenancy ratio refers to the number of participating mobile network operators per property, and it has generally been steady in the higher 2 point range.

2 Historical Consolidated EBITDA*1

JTOWER

- With an increased number of installations for 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.

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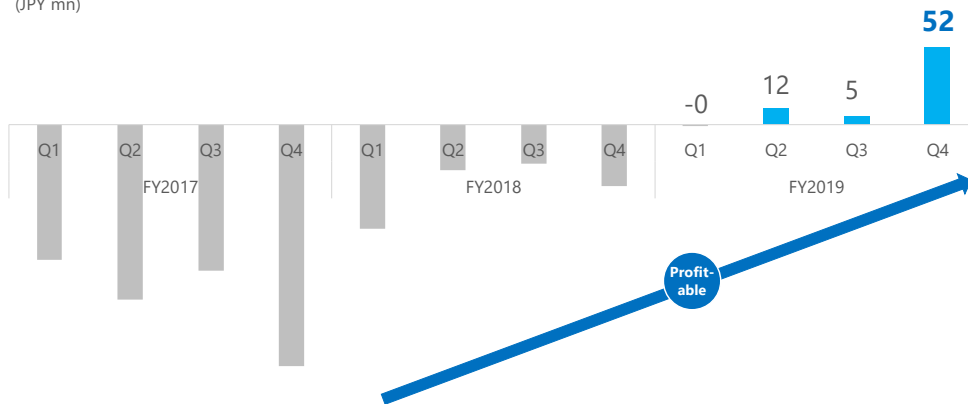
On the quarterly trend of EBITDA, it has been on a growth trend since the latter half of FY2018. In particular, in the fourth quarter of FY2019, EBITDA increased significantly, driven by an increased number of IBS installations and the subsequent increase in revenue.

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 Domestic IBS Business.

(JPY mn)



Note: Figures before FY2019 are unaudited.

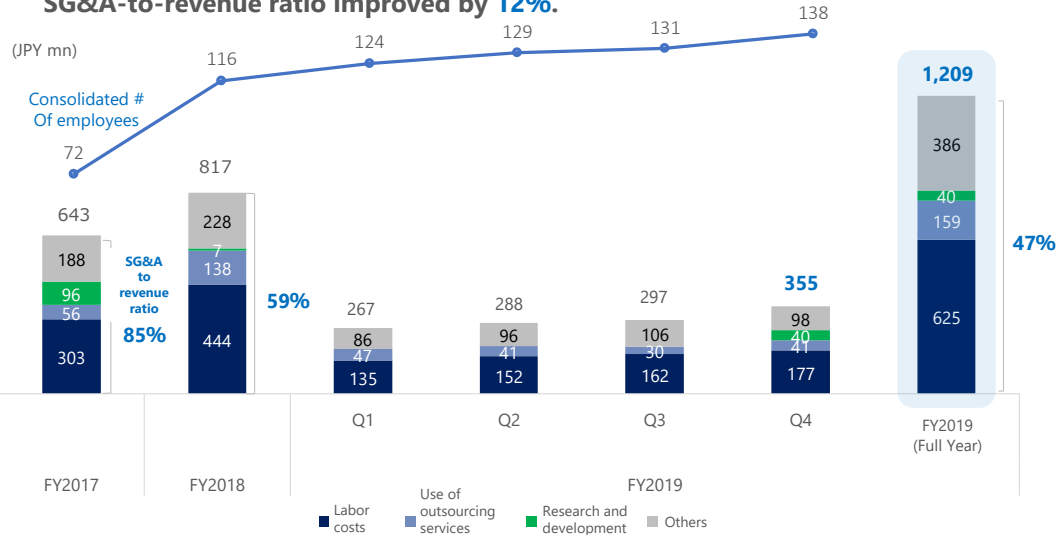
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On the quarterly trend of operating profit/loss, we achieved profitability in the second quarter of FY2019, and even with the increased cost in the fourth quarter relating to startup costs of Tower Business, we generated enough revenue to cover the cost increase, and operating profit increased.

2 Historical Consolidated SG&A Expenses

JTOWER

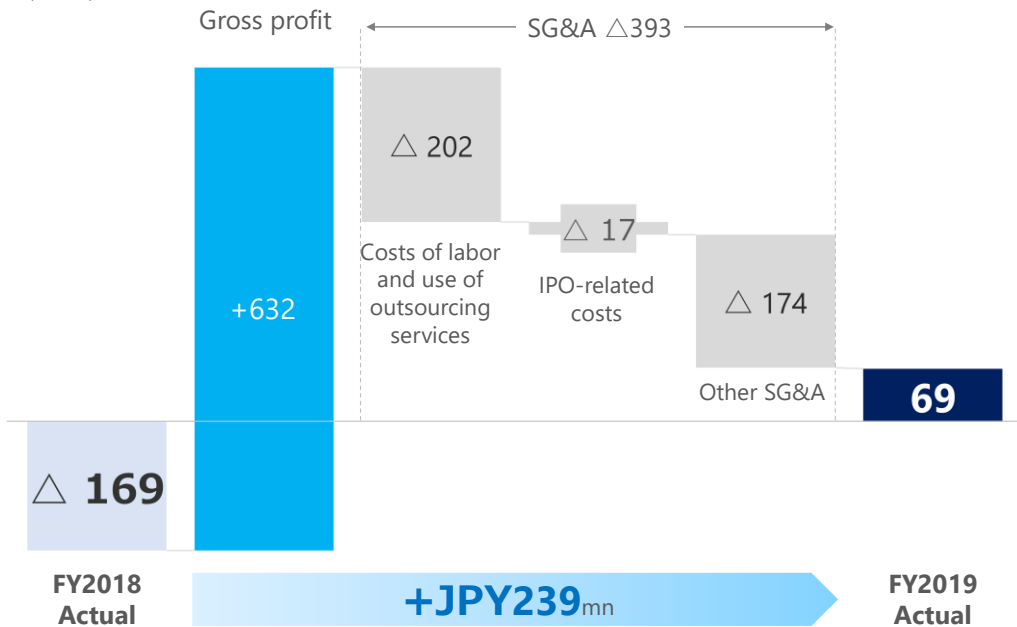
- SG&A expenses have increased mainly due to an increase in costs of labor and use of outsourcing services, and IPO-related costs reported in other expenses.
- Due to increased revenue and decrease in the relative weight of fixed costs, SG&A-to-revenue ratio improved by **12%**.



On the trend of SG&A expenses, as we were able to maintain the increases in expenses low relative to the increase in revenue, SG&A-to-revenue ratio improved by around 12% YoY.

2 FY2019 Actual - Change in Consolidated Operating Profit JTOWER

(JPY mn)



On the change in operating profit/loss from FY2018 to FY2019, while there were increases in costs such as costs of labor related to Tower Business and use of outsourcing services and IPO-related costs, the increases in Domestic IBS Business revenue and overall gross profit were significant enough to cover such increases in costs.

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I will now present our growth strategy going forward.

<div>3</div> <div>Growth Strategy</div> <div>JTOWER</div>	
Domestic IBS	<div>✓ Increase number of IBS installations</div> <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-realted services). <div>✓ Improve tenancy ratio</div> <ul style="list-style-type: none"> Upside potential with new entry of Rakuten Mobile. <div>✓ Development of 5G infra-sharing equipment</div>
Tower	<div>✓ Launch tower sharing in rural areas</div> <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. <div>✓ Launch tower sharing in urban areas</div> <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	<div>✓ Development of local 5G service</div> <ul style="list-style-type: none"> Invest in business development for commercialization of the service. .
Strengthen Related Businesses	<div>✓ Strengthen Overseas IBS and Solution Businesses</div>

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For Domestic IBS Business, we will continue to focus on increasing the number of installations and improving the tenancy ratio.

As for the 5G infra-sharing equipment currently in development, we plan to complete the development in FY2020.

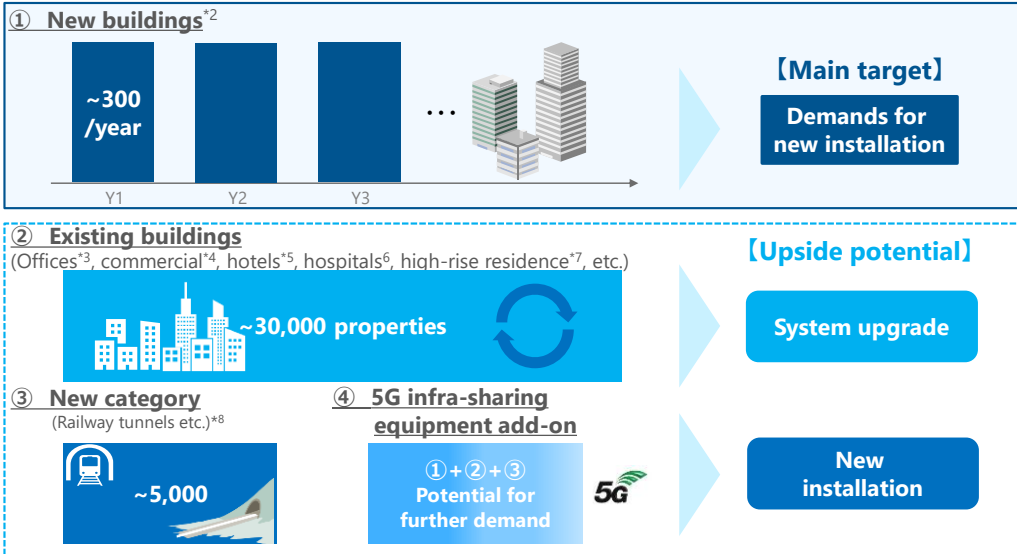
For Tower Business, we plan to launch tower sharing in rural areas and develop a smart pole service in urban areas.

For local 5G, we'll make investments for business development in FY2020 and work on service commercialization and building an operation platform.

Persistent Demand and Upside Potential - Domestic IBS Business

JTOWER

IBS installed by JTOWER in Japan*1: 161 installed and 95 to be installed*1



*1: As of March 31, 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).

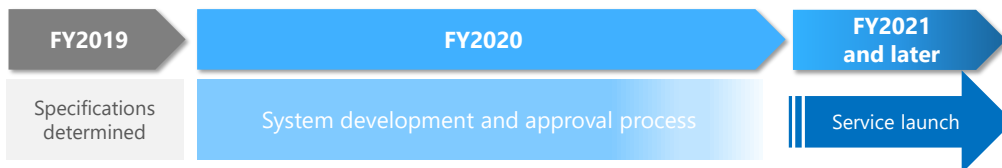
Source: "OFFICE RENT DATA 2017" by Sanko Estate Co., Ltd., Japan Council of Shopping Centers Website, TOKYO KANTEI Co., Ltd. and the Ministry of Land, Infrastructure, Transport and Tourism (Annual Railway Statistics)

For Domestic IBS Business, we will continue to market our infra-sharing service for new buildings.

Furthermore, while the number is still small, there has been development in new opportunities with existing buildings, so we will work on expanding our reach to market our solutions to such projects as well.

- 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 currently developing our 5G infra-sharing equipment, which we plan to complete by the end of this fiscal year.

We plan to provide this new equipment as an add-on service to our existing 4G infra-sharing equipment.

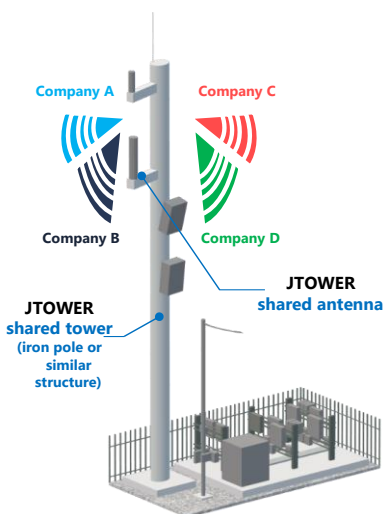
We expect that this new 5G infra-sharing equipment will create new opportunities with existing buildings where we have not installed our system in.

Sharing of New Towers in Rural Areas - Tower Business

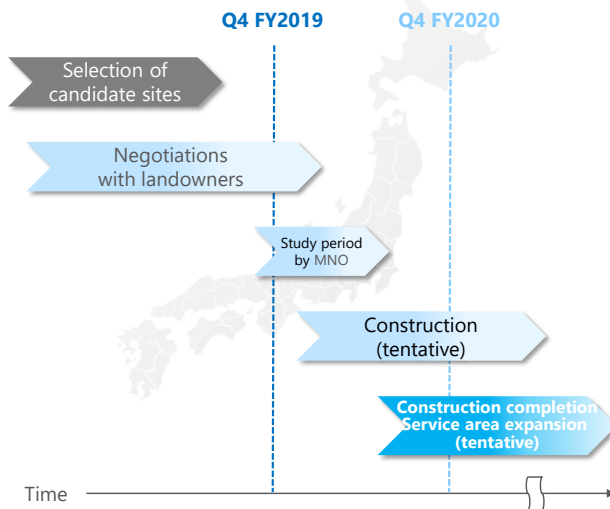
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- We're making progress in negotiations with landowners for tower construction and plan to complete constructions in some areas by the latter half of FY2020 and to expand sites in FY2021 onwards with the expansion of the general 5G service.

Tower sharing in rural areas



Roadmap for tower sharing in rural areas



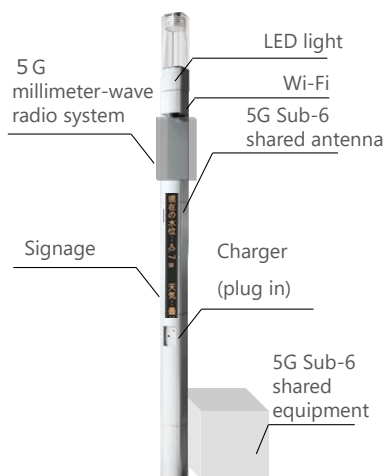
25

For Tower Business, we are working on developing a tower sharing service in rural areas. As of the current status, we have completed negotiations for tower construction with most of the landowners, and mobile network operators are studying the use of our towers.

It will depend on the result of their studies, but once we can confirm the decision of mobile network operators to use our towers, we will begin construction in the latter half of FY2020.

- 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

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As a solution for urban areas, we're in the process of developing a smart pole service.

We were selected as one of the smart pole providers by the Tokyo Metropolitan Government in April and are currently preparing to start the installation of smart poles, which we developed, in Nishi-Shinjuku.

Starting with this project, we hope to establish a business model based around smart poles and expand our business in other areas where demand exists.

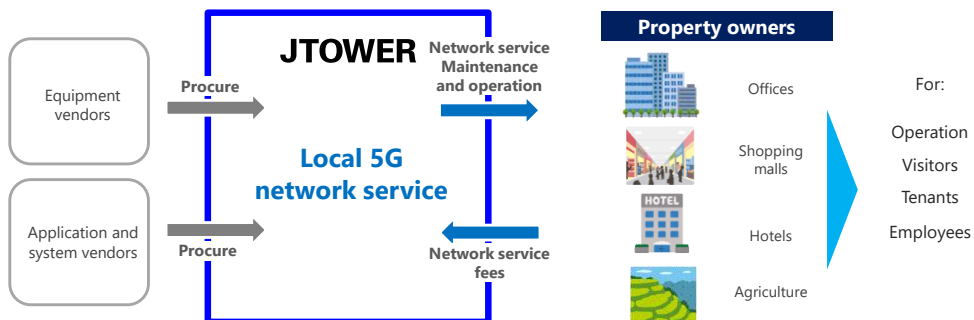
3 Development of Local 5G Service

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



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We will utilize our relationships with property owners of varied category buildings and nationwide operation and maintenance platform, which we have established through Domestic IBS Business, to start developing a local 5G service.

As I will talk about later in the presentation, we have included verification process cost and other startup costs in the FY2020 forecast.

There are projects which we're currently in active talks and hoping to announce in detail by the end of FY2020.

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.

For International IBS Business, our main focus will be to seek opportunities in acquisitions of local competitors and existing assets in Vietnam.

We also plan to expand Solution Business, such as our Wi-Fi solution, through various marketing initiatives including upselling of our solutions to properties where we provide our IBS service.

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Now, I would like to present our forecast for FY2020.

4 Impact of COVID-19 on Business

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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.

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First, I would like to talk about the impact of COVID-19 on our business.

Overall, the impact was limited before a state of emergency was declared, but after the declaration, the number of construction halts by major general construction companies increased.

Wherever there is a halt to building construction, we are unable to proceed with our construction for the IBS installation for the duration of the halt, which leads to delay in connection by mobile network operators to our system.

This subsequently leads to delay in start of service and revenue recognition.

On the sales front, there hasn't been much impact with properties where the start of service is expected in FY2020. However, going forward, we may start to see delays in acquisition of contracts for properties where the start of service is expected in FY2021 onwards.

As for the equipment and material procurement, and maintenance and repair, we have not seen much impact as of now.

**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**.

I will explain here how we incorporated the impact of COVID-19 in our forecast for FY2020.

For Domestic IBS Business, we have made an assumption that a state of emergency period will extend until the end of June 2020 and that there will be delays in start of service for up to 6 months at properties where the start of service is expected in FY2020.

For International IBS Business also, we have made similar assumptions.

For Solution Business, while the percentage of its revenue to the total revenue is small, we have also assumed delays in acquisition of new contracts.

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 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.

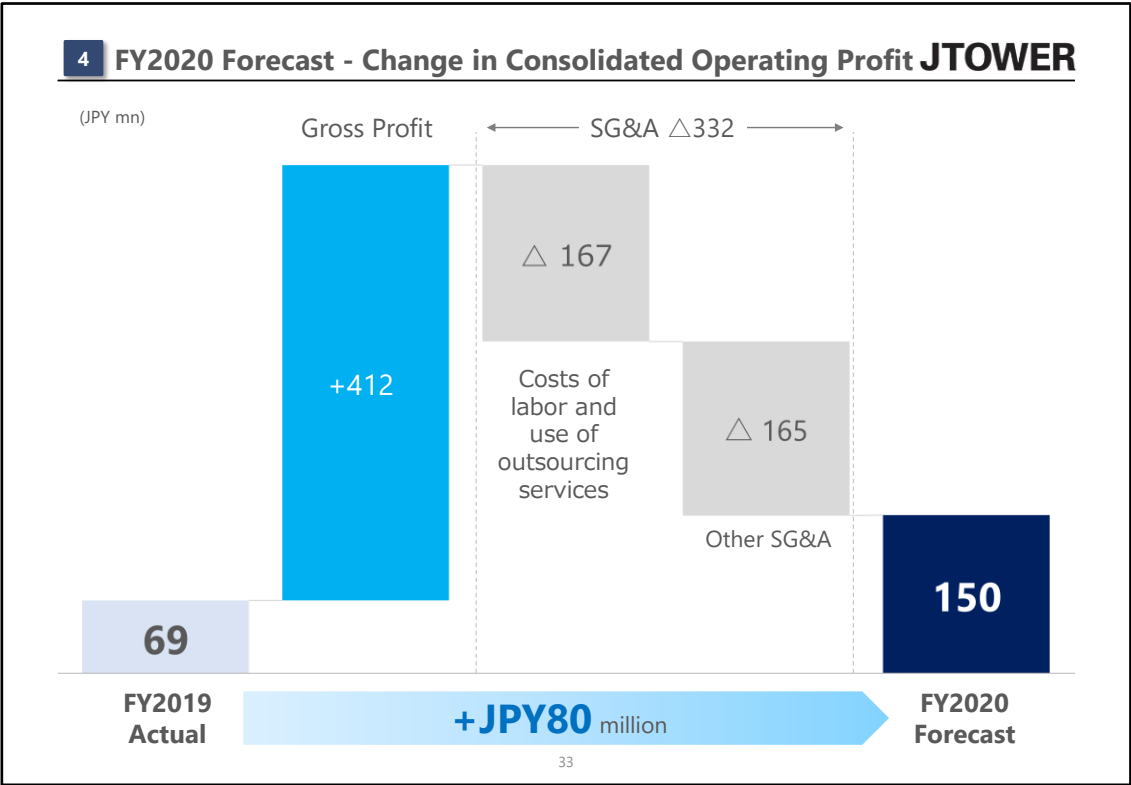
(JPY mn)	FY2019	FY3/2020		
	12 Months	12 Months	Change (Amount)	% Change YoY
Revenue	2,558	3,381	+822	+32.1%
EBITDA* ¹	737	1,128	+390	+52.9%
<i>EBITDA margin</i>	28.8%	33.4%	+4.5pt	—
Operating Profit	69	150	+80	+115.4%
<i>Operating Profit Margin</i>	2.7%	4.4%	+1.7pt	—
Ordinary Profit	5	107	+101	+1,796.4%
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

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For the full-year FY2020 forecast, in addition to the impact of COVID-19, we have included assumptions to make investments for new business development, including the development cost of 5G infra-sharing equipment, costs of building a platform for Tower Business and local 5G verification process costs.

In FY2020, we forecast revenue of JPY3,381 million, EBITDA of JPY1,128 million, operating profit of JPY150 million and capital expenditure of JPY3,468 million.



The forecasted change in operating profit from FY2019 actual to FY2020 forecast is as shown in the diagram here.

- 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 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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To conclude this presentation, I would like to highlight the following:

We ended FY2019 strongly with financial results outperforming the forecast.

On the capital front, in addition to JPY5.7 billion raised through the initial public offering, we have achieved positive free cash flows and are fully funded to grow our business going forward.

In the FY2020 forecast, we have included the impact which we can foresee from the declaration of a state of emergency at the present time.

Under the current circumstances, there are uncertainties not just for our business but for the overall economy, but we made the best effort to incorporate what we can foresee at this point of time into the forecast.

In FY2020, we will continue to grow our business around Domestic IBS Business and beyond, while making investments for future growth, such as the development of 5G infra-sharing equipment, launch of Tower Business and commercialization of a new local 5G service.

Outline	JTOWER
1	Overview
2	FY2019 Financial Results
3	Growth Strategy
4	FY2020 Forecast
5	Appendix

5 Consolidated Profit and Loss Statement

JTOWER

(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
Revenue Growth	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
Operating Profit Margin	-	-	2.7%
EBITDA*1	▲225	168	737
EBITDA Margin	-	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.

5 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

5 Consolidated Cash Flow Statement

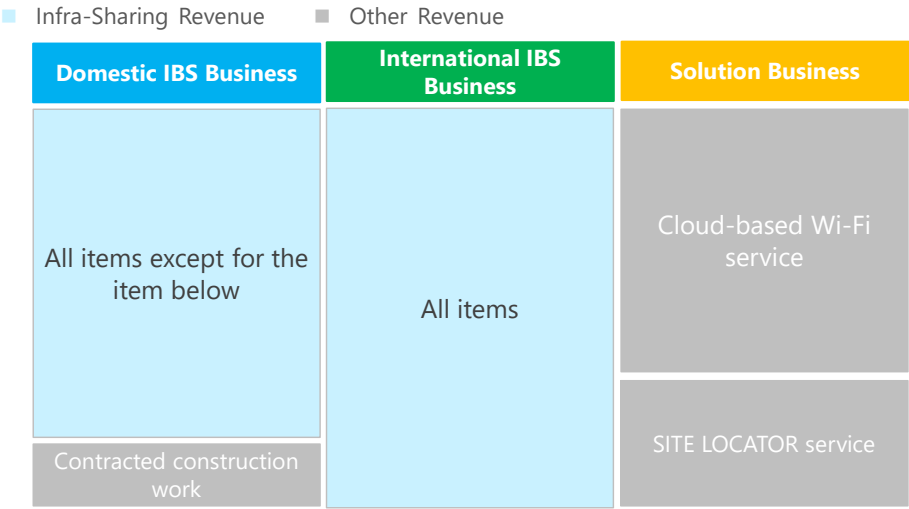
JTOWER

(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



^{*1}: Breakdown as of March end 2020

5 Management with Telecom Expertise

JTOWER



Representative Director

Atsushi Tanaka



Senior Managing Director

Yusuke Kiriya



Managing Director CFO

Ryosuke Nakamura



Director

Nobuo Nezu



Outside Director

Naoki Ota



Outside Director

Hiroyuki Mitoma



Advisor

Eiji Hagiwara

Years of Telecom Industry Experience

23

17

12

52

21

25

46

Previous 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 Kyusyu group)

NTT(Holding Company)

(Director of technical planning div.)

NTT DOCOMO

(Director)

Panasonic Mobile Communications

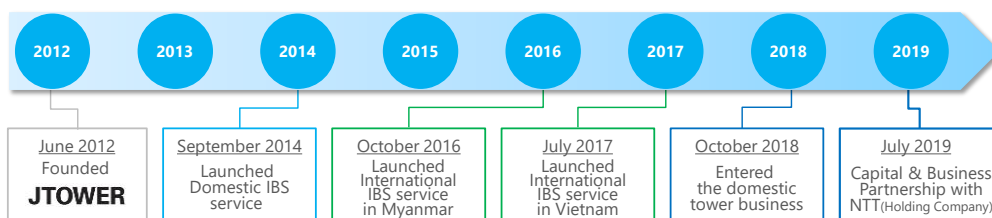
(Senior Managing Director)

SAMJI ELECTRONICS

(Advisor)

5 Footsteps as a Pioneer

JTOWER

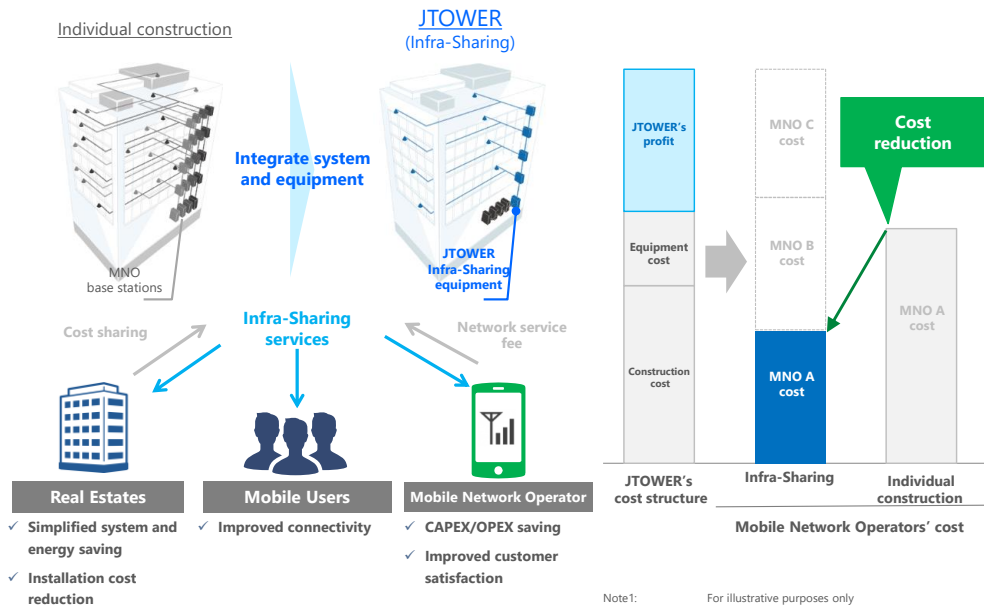


- ✓ **Established a solid position in the market with a high entry barrier**
Certified from mobile network operators
- ✓ **First-mover advantage**
Pioneer of the service with high switching cost and low churn rate
- ✓ **Strong relationships**
Established network with mobile network operators and major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

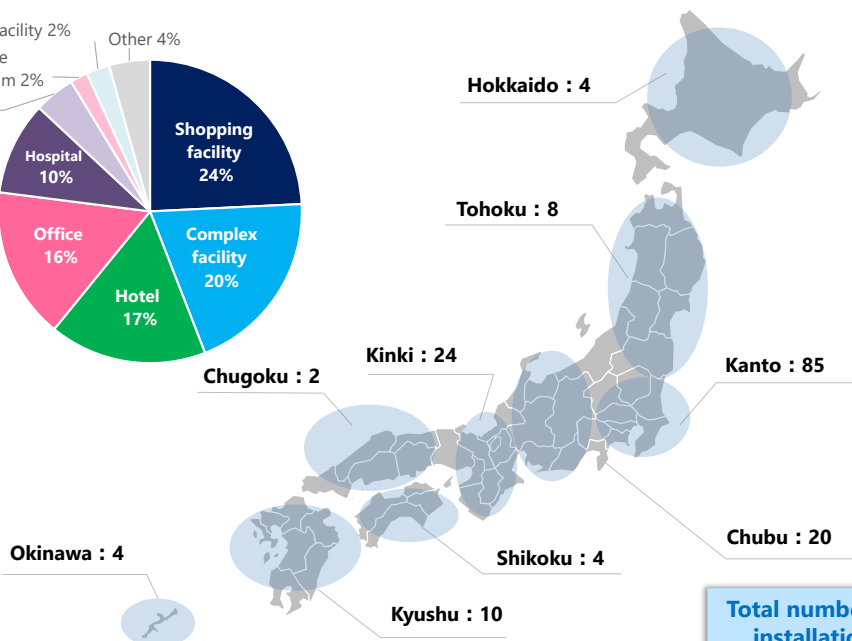
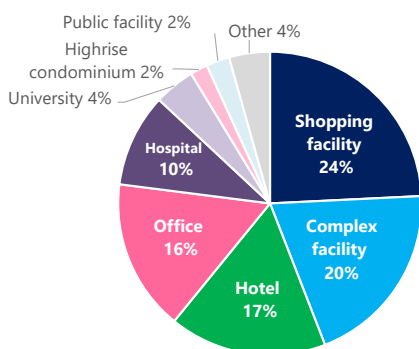


Domestic IBS

5

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

JTOWER

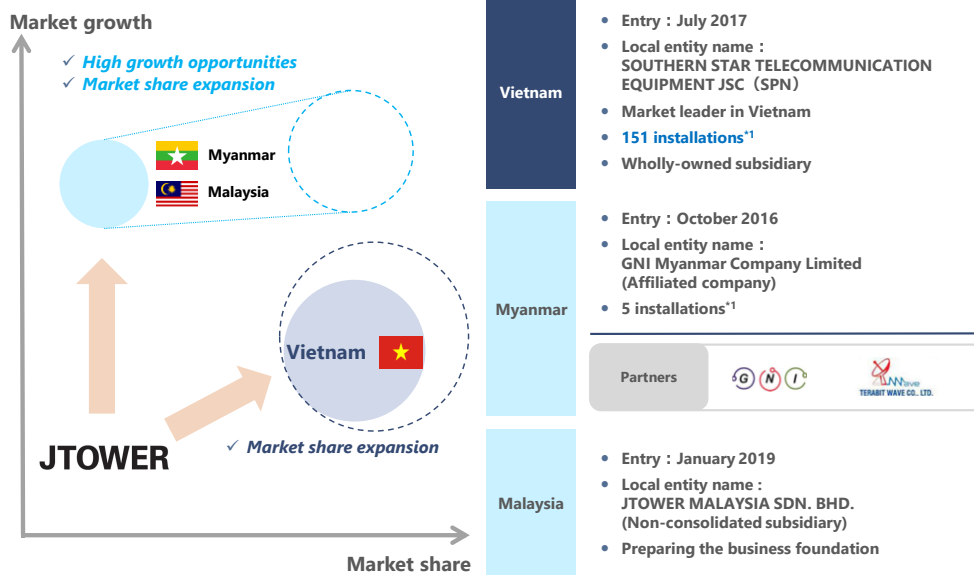


Total number of installation
161^{*1}

*1: As of March 31, 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 March 31, 2020

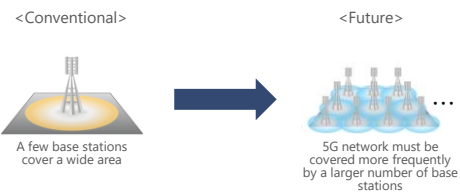
5 Tower – Potential Demand Driven by 5G

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



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

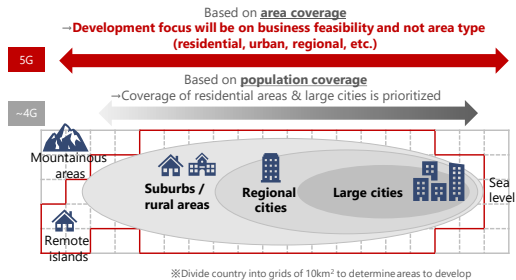
携帯電話等の移動通信サービスの提供においては、広範な地域に相当多数の基地局を設置することが必要となる。

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、ビル屋上やローラー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

Source: Ministry of Internal Affairs and Communications

5G Base Stations Deployment Policy



5 Tower – Create New Market by Full-scale Investments

JTOWER

Entry Background into Tower Business

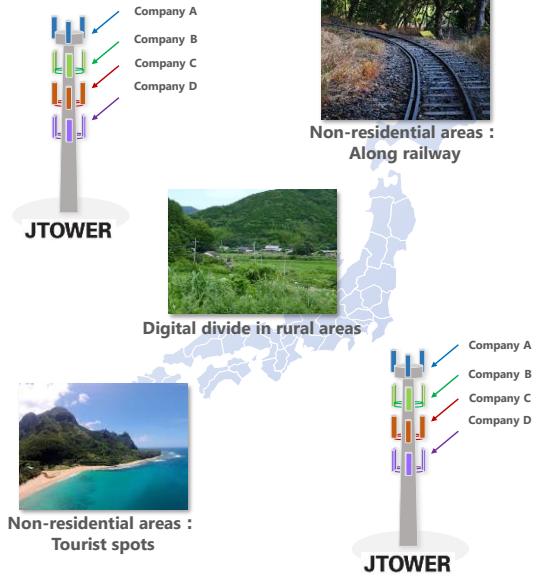
- ✓ Growing demand for **5G network rollout**
- ✓ Entry of a **new mobile network operator**
- ✓ **Infra-Sharing Guideline** by MIC*¹ (December 2018)

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

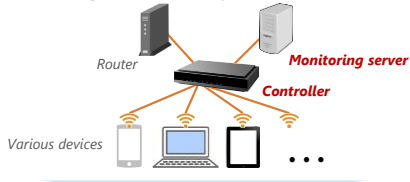
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Provide indoor Cloud-managed Wi-Fi solution and SITE LOCATOR service which match the needs for monetization of idle space of real estates and BTS installation of mobile network operator

Cloud-managed Wi-Fi Solution

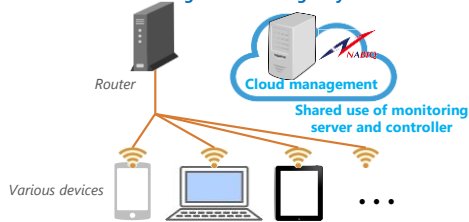
Conventional Wi-Fi

Requires much equipment and long lead time for system construction

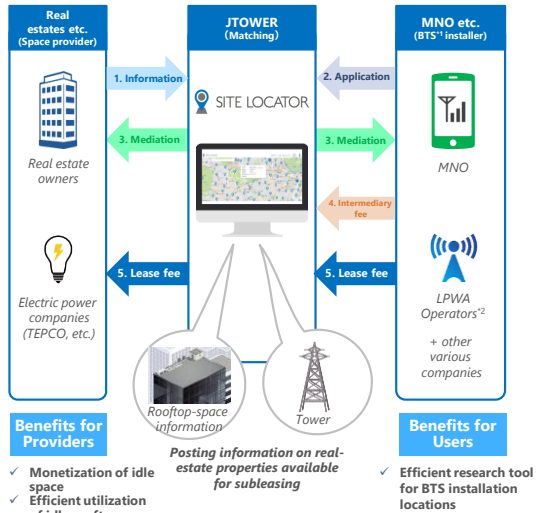


JTOWER Wi-Fi

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



Overview of SITE LOCATOR Service



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*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

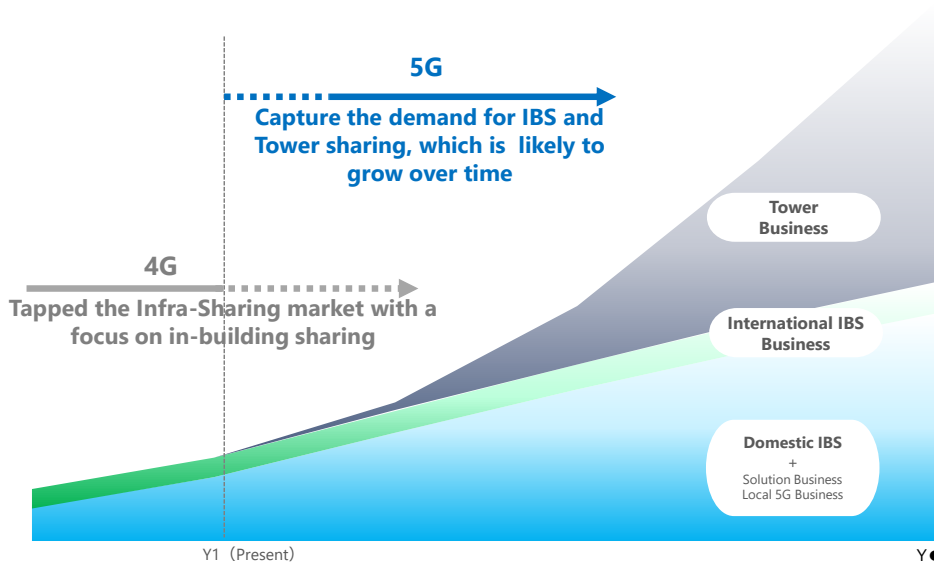
Assurance of installation sites
for base stations

**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

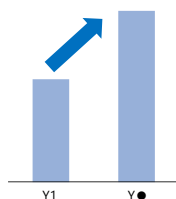
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Aiming to expand the domestic IBS business and the tower business supported by the increasing 5G demands for the efficient capital investments in telecom infrastructure area



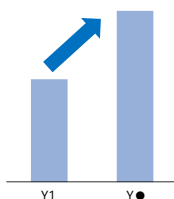
Note: For illustrative purposes only

Number of Properties Installed



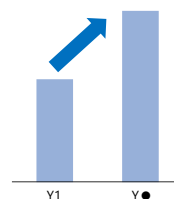
- ✓ Development demand for Tokyo Olympics and Osaka-Kansai Japan Expo etc.
- ✓ Strengthen the business foundation by Capital & Business Partnership with NTT (Holding Company)

Tenancy Ratio



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

Unit Price

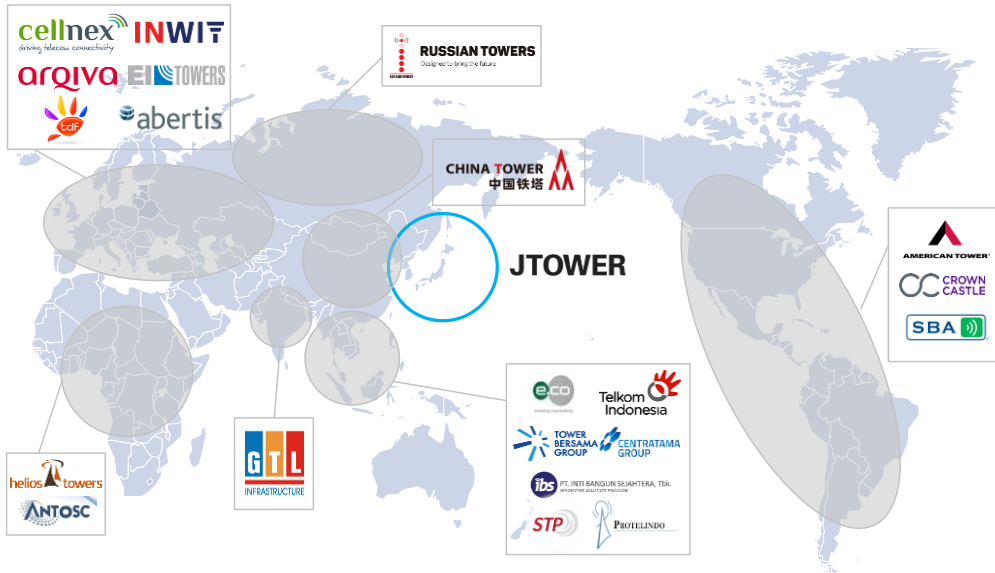


- ✓ Introduction of shared equipment for 5G to the existing and new properties
- ✓ Additional value for IBS Business
 - Provide Wi-Fi solutions
- ✓ Provide local 5G-related solutions

Note: Graphs are for illustrative purposes only

5 Operating Areas of Global Tower Companies

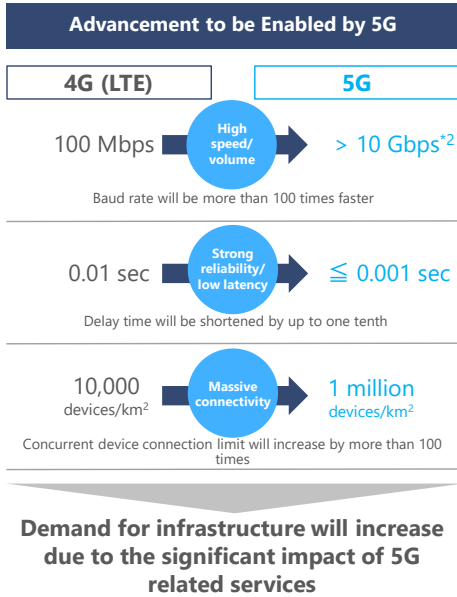
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Notes: Based on the announcement regarding main business operating area by each global tower company
Source: Company Materials

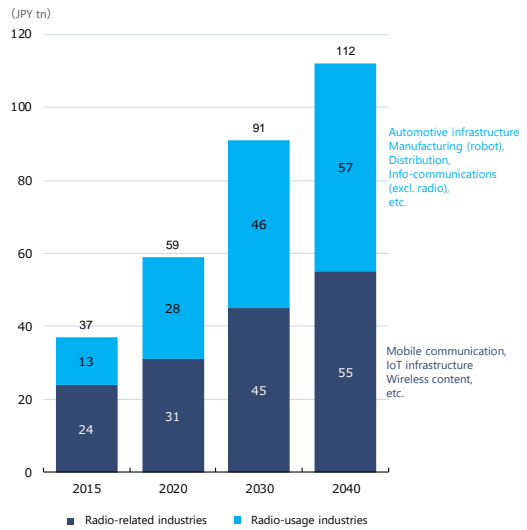
5 Potential Infrastructure Demand Driven by 5G

JTOWER



*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

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



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

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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