

The background of the slide is a scenic photograph of a coastal town nestled in a valley, with a blue bay and mountains in the distance. A tall, white communication tower stands prominently on the right side of the image.

JTOWER

Financial Results for Q4 FY2023 ended March 31, 2024

May 9, 2024
JTOWER Inc.

**Infra-Sharing
Services
from Japan
Lead the World**

Infra-Sharing Services from Japan Lead the World

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

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

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

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

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

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

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

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

This is the vision of our company.



<Background photos for cover, outline and vision> Acquired tower from NTT DOCOMO (Nomo town, Nagasaki)

Outline

- 1 . FY2023 Financial Results
- 2 . Initiatives for Future Growth
- 3 . FY2024 Full Year Forecasts
- 4 . Q&A
- 5 . Appendix

**Infra-Sharing
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Consolidated revenue increased more than 2.2 times YoY to JPY11.5 billion

- Achieved annual revenue of over 10 billion yen for the first time since foundation
- Early transfer of towers and expansion of 4G IBS (replacement) exceeded forecasts (revised) by approx. 300 million yen.
- Domestic IBS and Tower businesses accounted for 42% and 49% of consolidated revenue.

Both EBITDA and operating profit exceeded forecasts

- Gross profit expanded due to increase of revenue.
- As for SG&A, since the development of 5G mmWave shared radio unit was decided to discontinue, R&D cost was lower than planned (-169M vs. forecast). On the other hand, due to the increase of size-based business tax (because of the capital increase after PO) (+90M vs. forecast) and the recording of tower transfer early termination fee*² (+58M vs. forecast), the decrease in total SG&A was limited.

Positive impact on profits due to the unusual fixed asset tax recognition during tower transfer period

- When the tower transfer was done during the financial period, the fixed asset tax will be generated from the beginning of the next fiscal year*³
- As a result, in FY2023, the increase in the number of towers and the increase in the fixed asset taxes were not linked, and SG&A expenses were held down, contributing to the positive impact on profits.

*1: Related information in P27 「Revision of Policy for Developing 5G mmWave Shared Radio Unit」

*2: Related information in P22 Progress of transfer of 6,002 DOCOMO large size towers

*3: Related information in P36 FY2024 Forecast (Reference: Trends in Earnings)- Impact of fixed asset tax

① FY2023 Highlights of Core Business (Tower)

JTOWER

(Number of towers)

Tower	Progress in FY2023			As of March, 2024	
	Result	Forecast	vs. forecast	Total	Tenancy ratio (x)
Existing carve-outs: DOCOMO large size towers	4,704	5,350	-638	5,461	1.0
Existing carve-outs: NTT EAST & WEST towers	8			86	
Additional carve-outs: DOCOMO middle size tower	212	0	+212	212	
New construction (rural) (revenue contribution basis)	106	109*1	-3	109	1.02

- ✓ The transfer of DOCOMO large size towers (6,002 towers) increased more than planned until Q3 and decreased in Q4 (QoQ basis) due to difficult cases, and **91%** were transferred as of the end of March 2024.
- ✓ In DOCOMO medium size towers (1,552 towers that were decided to be additionally acquired) **212 towers** were transferred in Q4.
- ✓ It takes time for NTT EAST and WEST towers to coordinate with related parties and most of the transfers were carried over the next fiscal year.
- ✓ Rural tower reached an agreement with some MNO regarding the generation of lease fees based on the planned start of usage, and recorded revenue for a total of **109 towers**.
(on a radio launch basis: 46 towers total)

*1: FY2023 forecasts for new construction towers (rural) were estimated on the radio launch basis.

① FY2023 Highlights of Core Business (Domestic IBS) JTOWER

(Number of installations)

Domestic IBS	Progress in FY2023			As of March, 2024	
	Result	Forecast	vs. forecast	Total	Tenancy ratio (x)
4G IBS (new installation)	53	55	-2	404	2.9
4G IBS (replacement)	31	25	+6	46	1.0
5G IBS	61	62	-1	124	1.5

- ✓ In FY2023 (12 months), **the number of installations** in 4G IBS increased 84 and 5G IBS increased 61 (145 total) and the total number of installations in Domestic IBS increased to **574**.
- ✓ Significant growth in 4G IBS (replacement) in Q3 and 5G IBS in Q4.
- ✓ Regarding **the tenancy ratio**, 4G IBS (new installation) was **2.9** and 5G IBS was **1.5**. 4G IBS (replacement) has been shortly after the service was launched, and the tenancy ratio is still for only anchor tenant.

① FY2023 Consolidated Results – P&L

JTOWER

- Both revenue and profits **exceeded forecasts**.
- Since the tower transfer decreased QoQ basis in Q4, the investment CF was -2.8 billion yen (vs. forecast). Profit attributable to non-controlling interests was -27 million yen (vs. forecast) due to the recording of the tower transfer early termination fee.

	FY2022	FY2023		
(JPY mn)	12 Months Results	12 Months Results	Change	
			Amount	%
Revenue	5,228	11,519	+6,290	+120.3%
EBITDA *1	1,688	5,478	+3,790	+224.5%
<i>EBITDA Margin</i>	32.3%	47.6%	+15.3pt	—
Operating Profit	117	868	+750	+641.5%
<i>Operating Profit Margin</i>	2.2%	7.5%	+5.3pt	—
Ordinary Profit	-1,238	-102	+1,136	—
Profit attributable to non-controlling interests*2	—	24	+24	—
Profit attributable to owners of parent	-1,602	-200	+1,401	—
Capital Expenditure*3 (Investment Cash Flow)	-12,728	-89,843	- 77,115	—

FY2023		
12 Months Revised Forecasts (Nov. 8, 2023)	Change	
	Amount	%
11,200	+319	+2.8%
5,210	+268	+5.1%
46.5%	+1.0pt	—
660	+208	+31.5%
5.9%	+1.6pt	—
-280	+178	—
51	- 27	-52.9%
-380	+180	—
-92,660	+2,817	-3.0%

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

*2: Accounting profit or loss attributable to preferred investors outside JTOWER.

*3: Figures for FY2022 is calculated by adjusting only the amount of consumption tax for obligations related to the acquisition of carve-out towers.
Figures for FY2023 results include the acquisition of property, plant and equipment and intangible assets.

① FY2023 Consolidated Results – BS (1/2)

JTOWER

- **Tangible Fixed Assets (buildings and structures) increased due to the transfer of towers. The equity ratio became 21% (adjusted: 38%) due to the implementation of a public offering.**

	FY2022	FY2023	
(JPY mn)	March 31, 2023	March 31, 2024	Change
Current Assets	25,762	33,909	+8,146
Cash and Cash Equivalents	24,247	30,685	+6,437
Accounts Receivable	529	644	+115
Non-current Assets	26,279	112,711	+86,432
Tangible Fixed Assets	25,428	110,385	+84,957
Buildings and structures	14,605	96,900	+82,295
Machinery, equipment and vehicles	8,140	10,116	+1,975
Goodwill	338	316	- 21
Total Assets	52,042	146,620	+94,578
Financial Indicators			
Debt	22,412	69,677	+47,264
Net Debt	-1,835	38,991	+40,826
Equity Ratio	24.8%	21.0%	- 3.8pt
Adjusted Equity Ratio* ¹	24.8%	37.8%	+ 13.0pt

*1: Calculated by including investment from non-controlling interests

① FY2023 Consolidated Results – BS (2/2)

JTOWER

- Increase in long-term borrowings due to tower transfer and non-controlling interests increased due to an increase in preferred investments.
- Capital and capital surplus increased due to the public offering.

	FY2022	FY2023	
(JPY mn)	March 31, 2023	March 31, 2024	Change
Current Liabilities	16,830	24,025	+7,195
Accounts payable - trade	277	720	+442
Short-term borrowings* ¹	930	2,456	+1,526
Accounts payable - other	7,451	8,992	+1,540
Contract liability	7,825	10,598	+2,772
Non-current Liabilities	22,318	68,137	+45,819
Long-term borrowings	21,146	66,295	+45,149
Total Liabilities	39,148	92,163	+53,014
Net Assets	12,893	54,457	+41,564
Share capital	7,994	16,584	+8,589
Capital surplus	6,156	15,371	+9,215
Non-controlling interests	0	23,632	+23,631
Total Liabilities and Net Assets	52,042	146,620	+94,578

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

① FY2023 Consolidated Results – CF

JTOWER

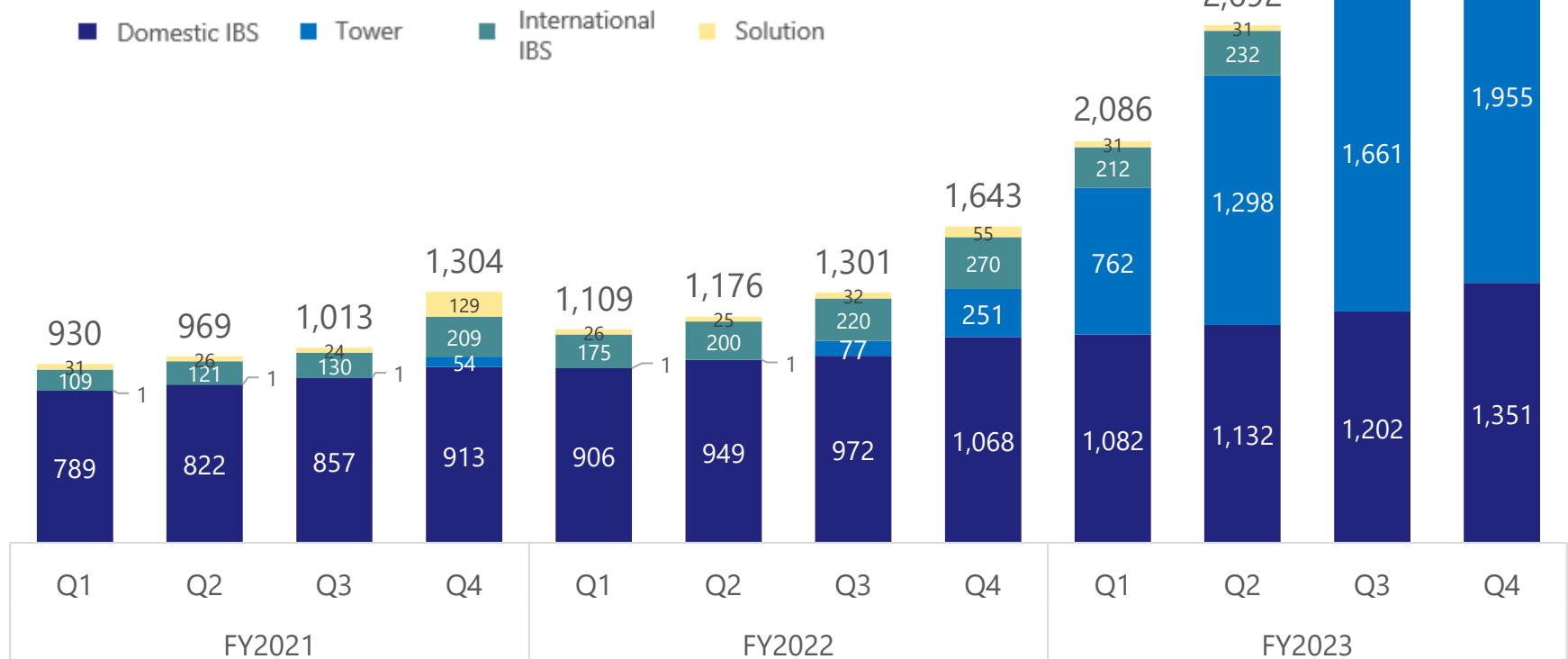
- Increase in expenditures for tower acquisition and borrowing through financing.
- In addition to payments from non-controlling interests due to preferred equity investments, proceeds from public offering were recorded.

(JPY mn)	FY2022	FY2023	
	12 Months Ended March 31, 2023	12 Months Ended March 31, 2024	Change
Cash Flows from Operating Activities	1,445	7,731	+6,285
Change in Contract liability (Decrease "-")	350	2,772	+2,421
Depreciation	1,532	4,570	+3,038
Amortization of Goodwill	36	37	+1
Interest expenses	37	735	+698
Cash Flows from Investing Activities	-12,715	-89,507	- 76,792
Purchase of property, plant and equipment	-12,732	-88,448	- 75,716
Purchase of intangible assets	-3	-1,395	- 1,391
Free Cash Flow	-11,270	-81,776	- 70,506
Cash Flows from Financing Activities	20,445	87,973	+67,527
Proceeds from long-term borrowings	21,926	57,534	+35,608
Repayments of long-term borrowings	-60	-10,858	- 10,798
Commission expenses paid	-1,245	-442	+802
Proceeds from issuance of shares	11	17,742	+17,731
Proceeds from payments from noncontrolling interests	0	23,982	+23,982
Effect of exchange rate change on cash and cash	53	49	-3
Net Increase (Decrease "-") in Cash and Cash Equivalents	9,228	6,246	- 2,982
Cash and Cash Equivalents at Beginning of Period	14,375	23,603	+9,228
Cash and Cash Equivalents at End of Period (Q4)	23,603	29,850	+6,246

① Historical Revenue by Business

- In FY2023 revenue increased **JPY5.3 billion** in Tower and by **22%** in Domestic IBS YoY.
- Domestic IBS accounted for **42%**, Tower **49%**, International IBS **8%** and Solutions **1%** of consolidated revenue (12 months total basis).

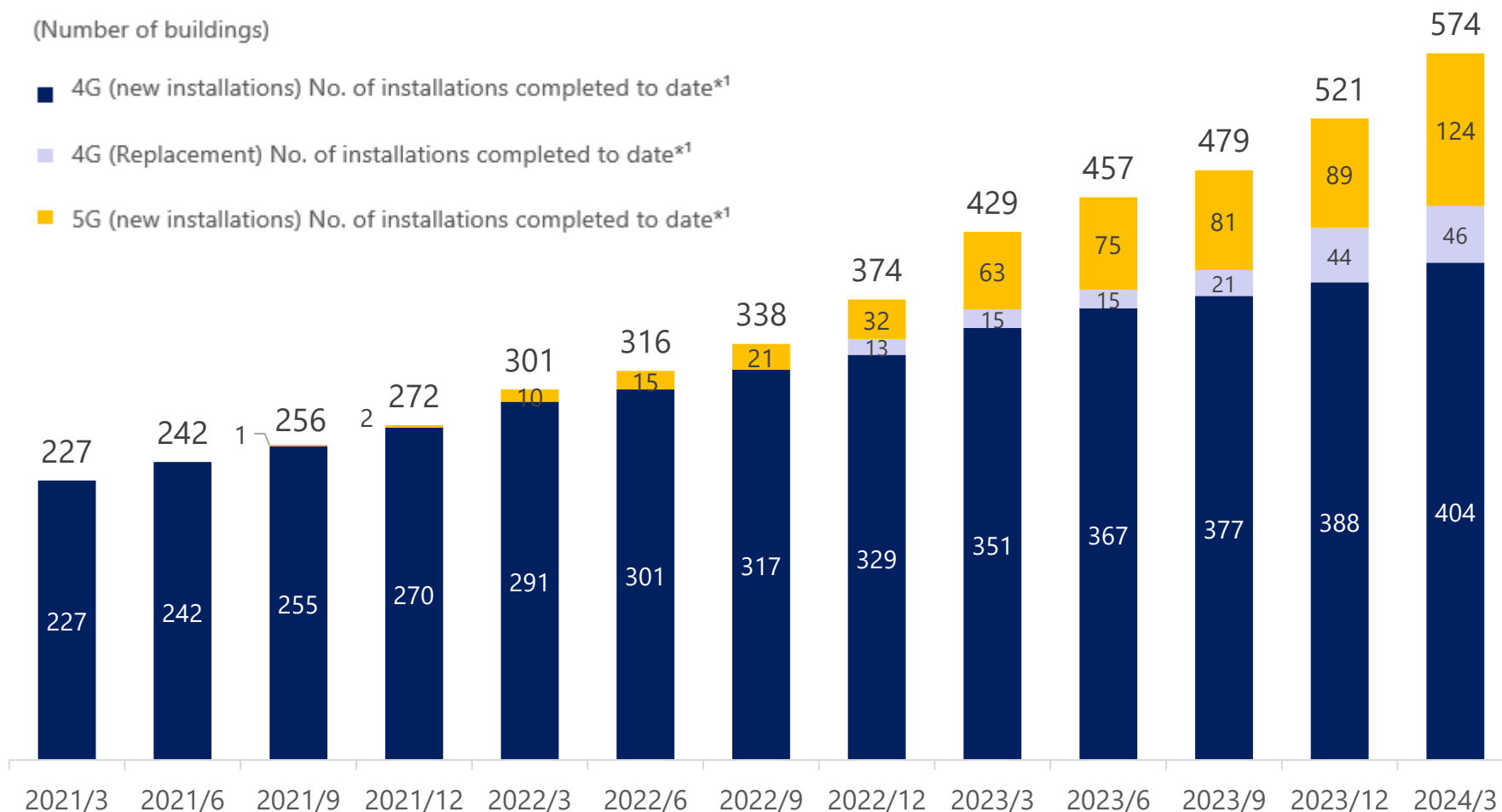
(JPY mn)



Note: Breakdown of quarterly revenue by business is unaudited.

① Historical Number of Installations (Domestic IBS) JTOWER

- In FY2023 (12 months), the number of installations increased **53** in 4G IBS (new installations), **31** in 4G IBS (replacement) and **61** in 5G IBS (total **145**).

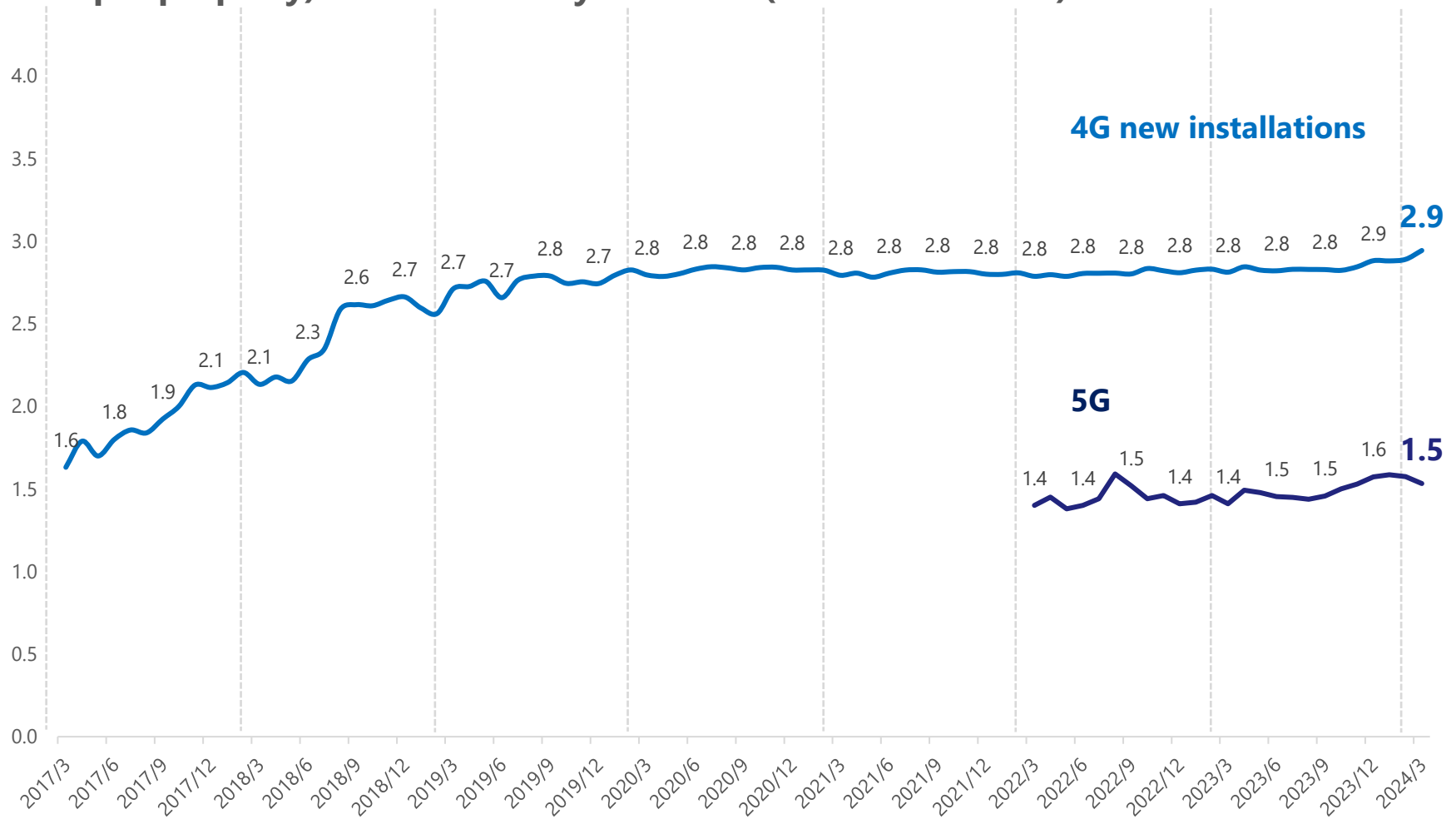


*1: Projects where radio waves have been emitted and revenues are recognized.

① Historical Tenancy Ratio*¹ (Domestic IBS)

JTOWER

- (x) ● Tenancy Ratio (average number of participating mobile network operators per property) has been steady in 4G IBS (new installations) and 5G IBS.*²



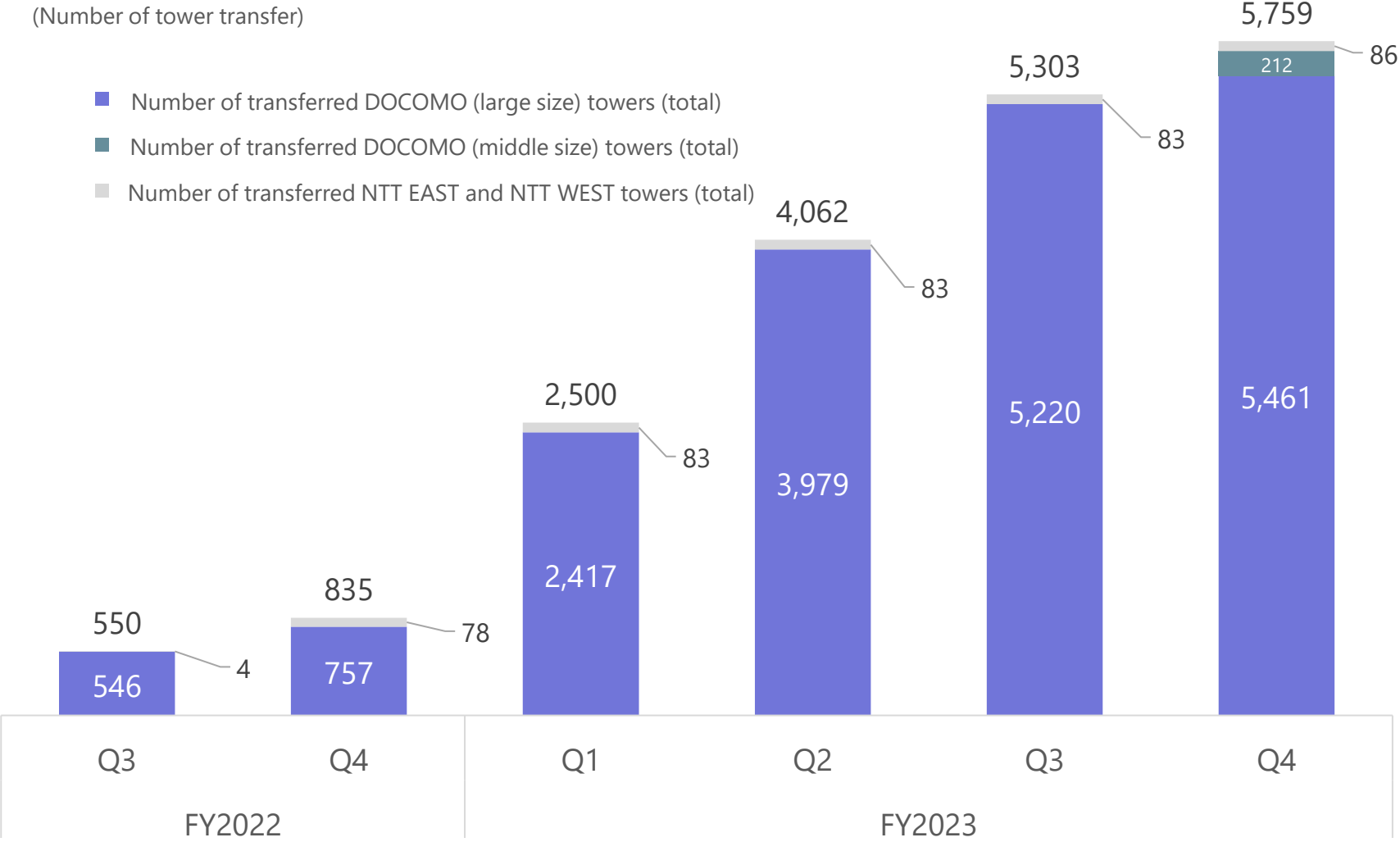
* 1: Average number of participating mobile carriers per property (at properties where IBS has been installed to date).

* 2: 4G IBS (replacement) has been shortly after the service was launched, and the tenancy ratio is still for only anchor tenant (1.0), for this reason it is not included in the current table.

① Historical Number of Tower Transfer

- In FY2023 (12 months), the total of **4,924** towers were transferred, and the total number of transferred towers increased to **5,759**.

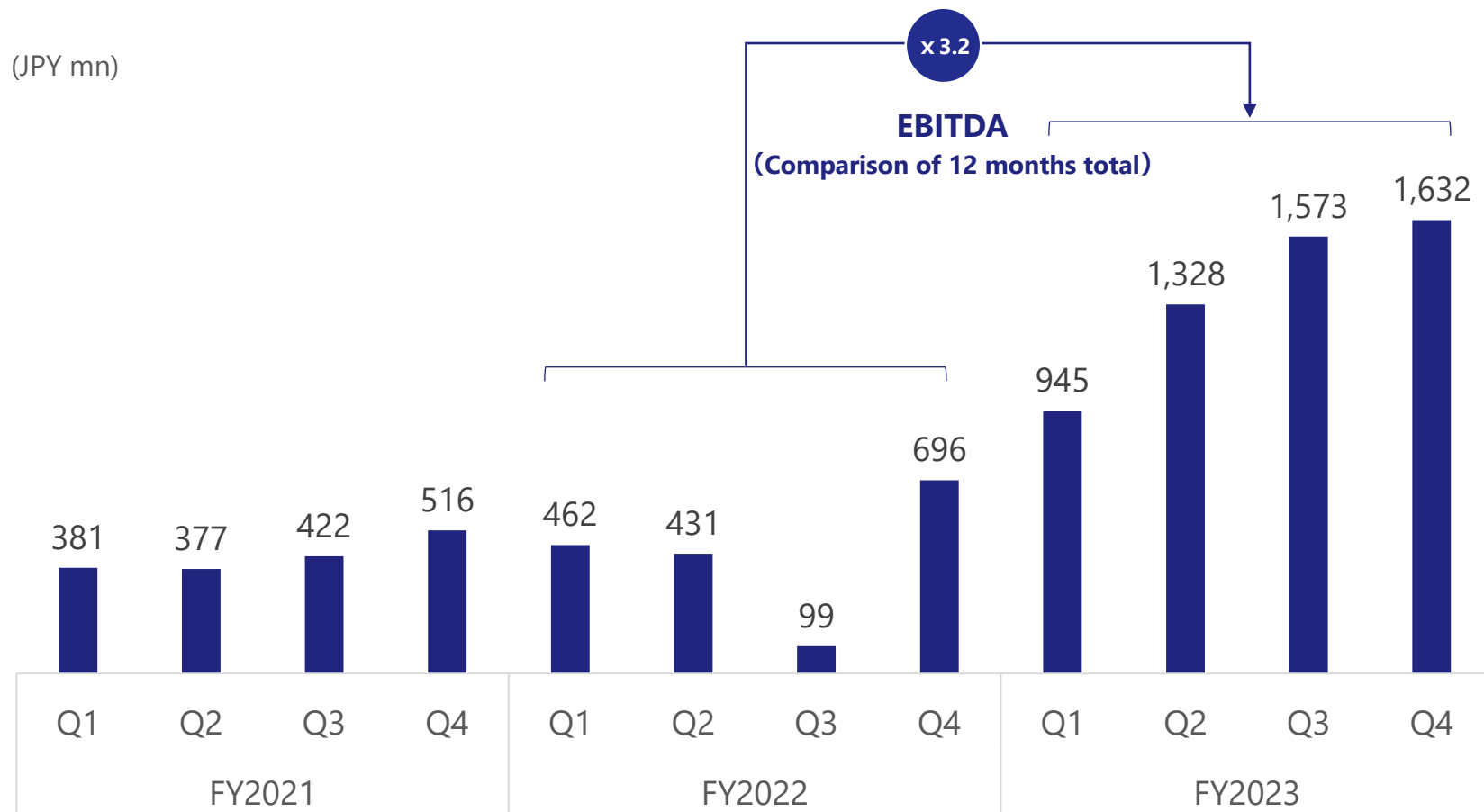
(Number of tower transfer)



① Historical Consolidated EBITDA*1

JTOWER

- Consolidated EBITDA grew by **3.2 times** YoY, due to the positive impact from the timing of recording fixed asset taxes and the one-time expenses were lower than forecast, in addition to revenue expansion.

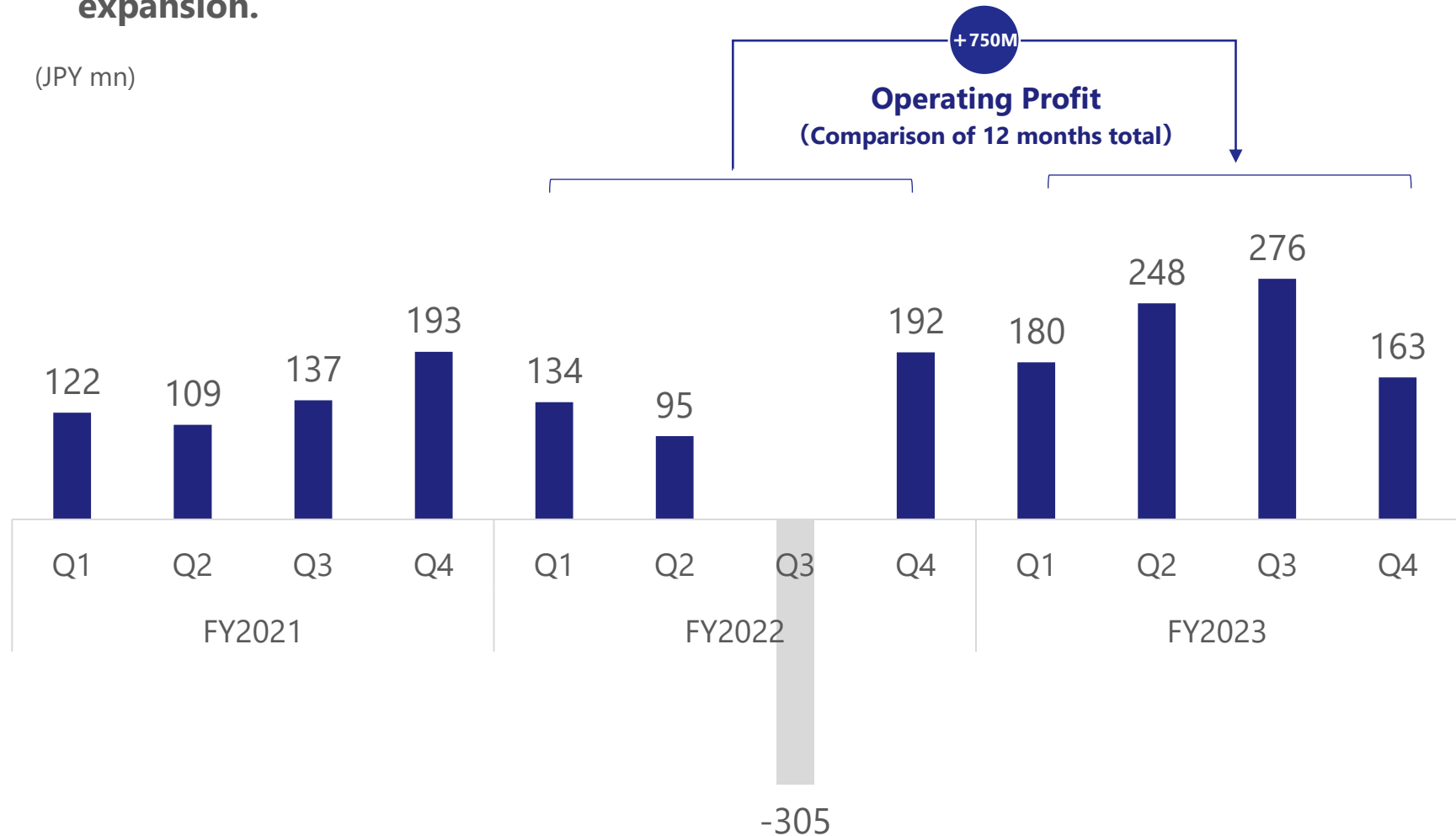


*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

① Historical Consolidated Operating Profit

JTOWER

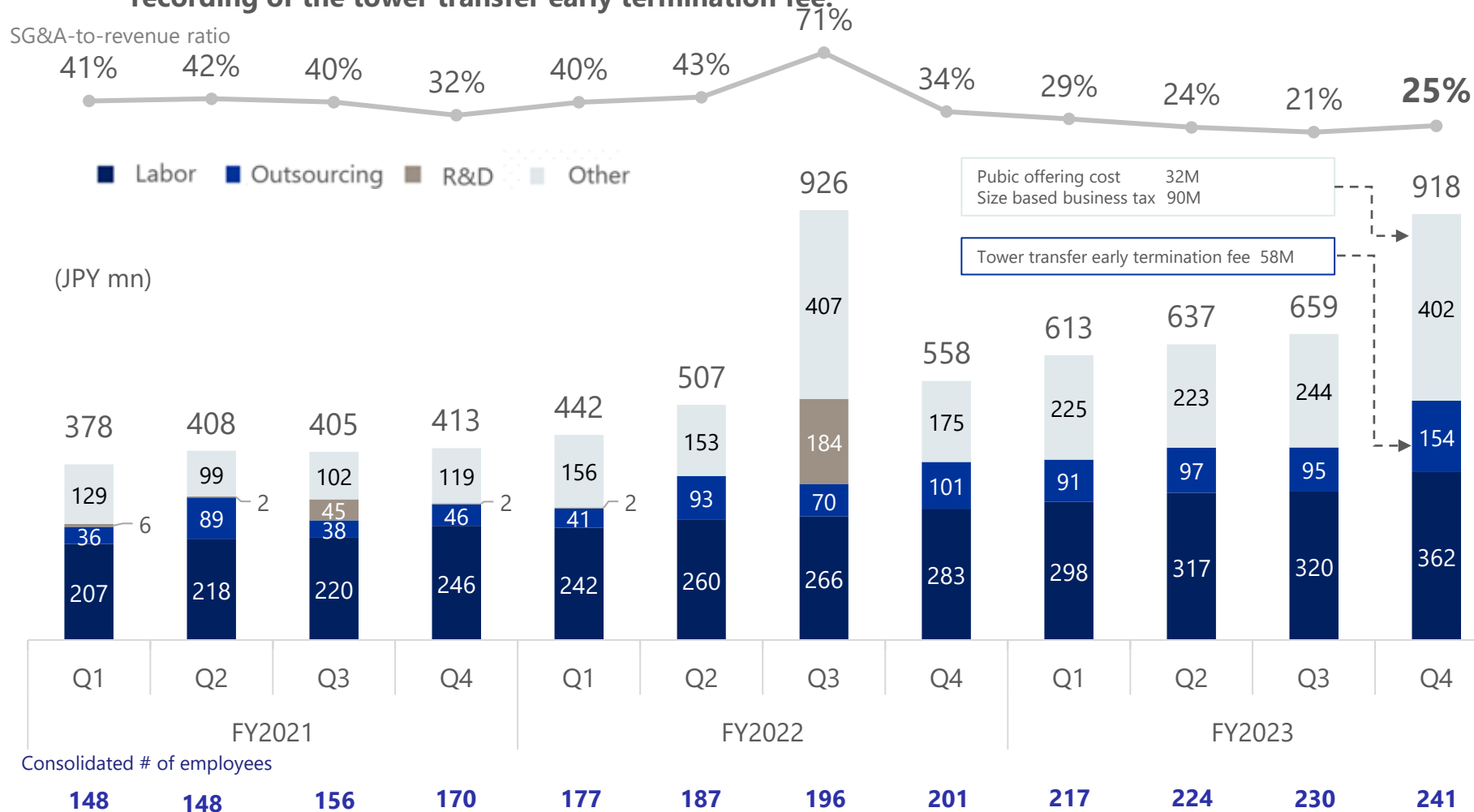
- Consolidated operating profit increased by **JPY750 million** YoY (and in the black until Q4) due to the positive impact from the timing of recording fixed asset taxes and the one-time expenses were lower than forecast, in addition to revenue expansion.



① Historical Consolidated SG&A Expenses

JTOWER

- The development cost of 5G mmWave shared radio unit, which was planned to be booked in Q4 was not recorded due to the cancellation of development.
- On the other hand, other cost increased in Q4 due to one-time expenses related to a public offering and the increase in size-based business tax. In addition, outsourcing cost increased due to the recording of the tower transfer early termination fee.



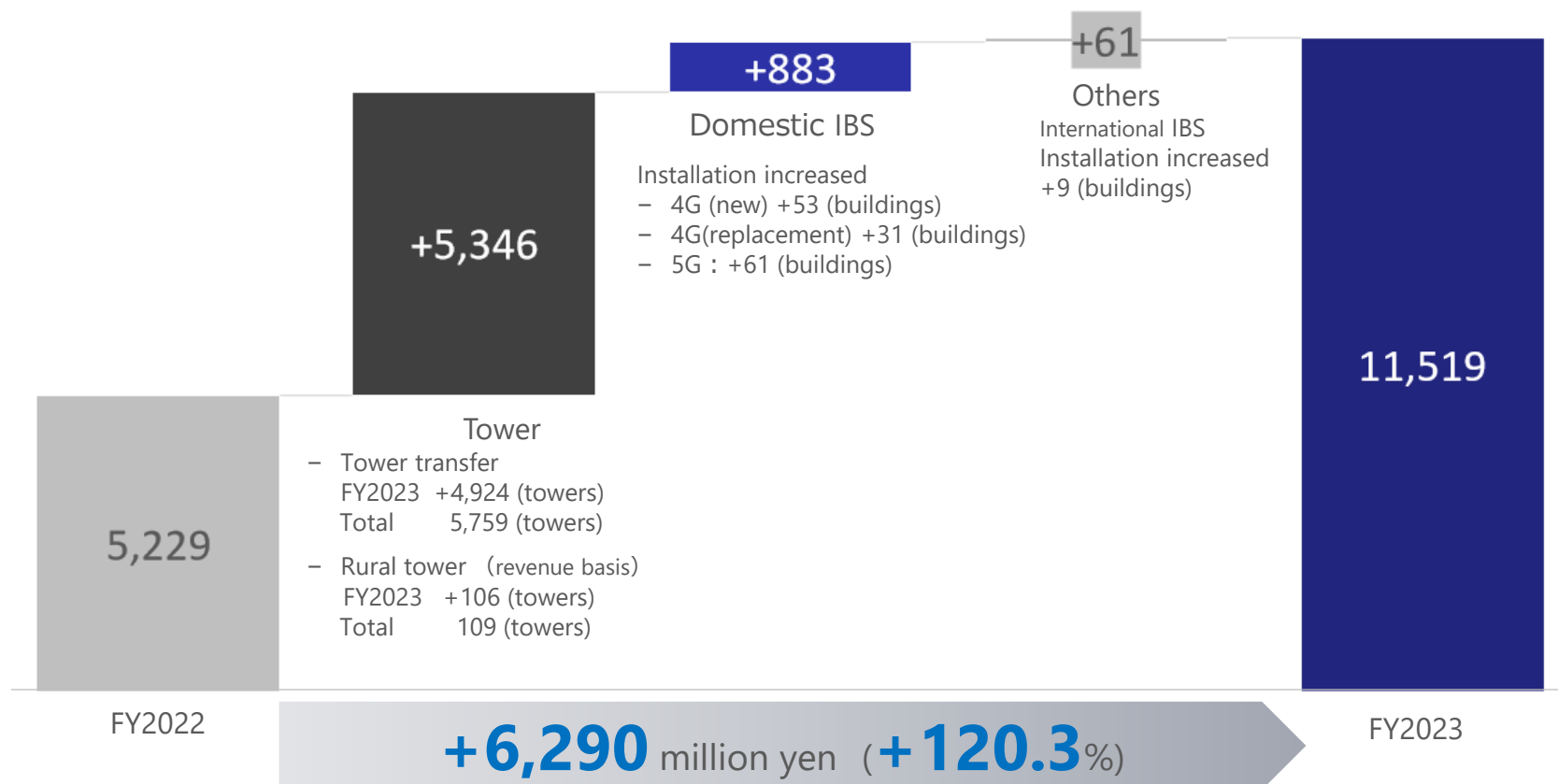
① <Reference>

Factors behind changes in consolidated revenue

JTOWER

- Revenue in tower business expanded due to the transfer of towers.
- In Domestic IBS, revenue increased due to progress in the installations of 5G IBS and 4G IBS (replacement).

(JPY mn)



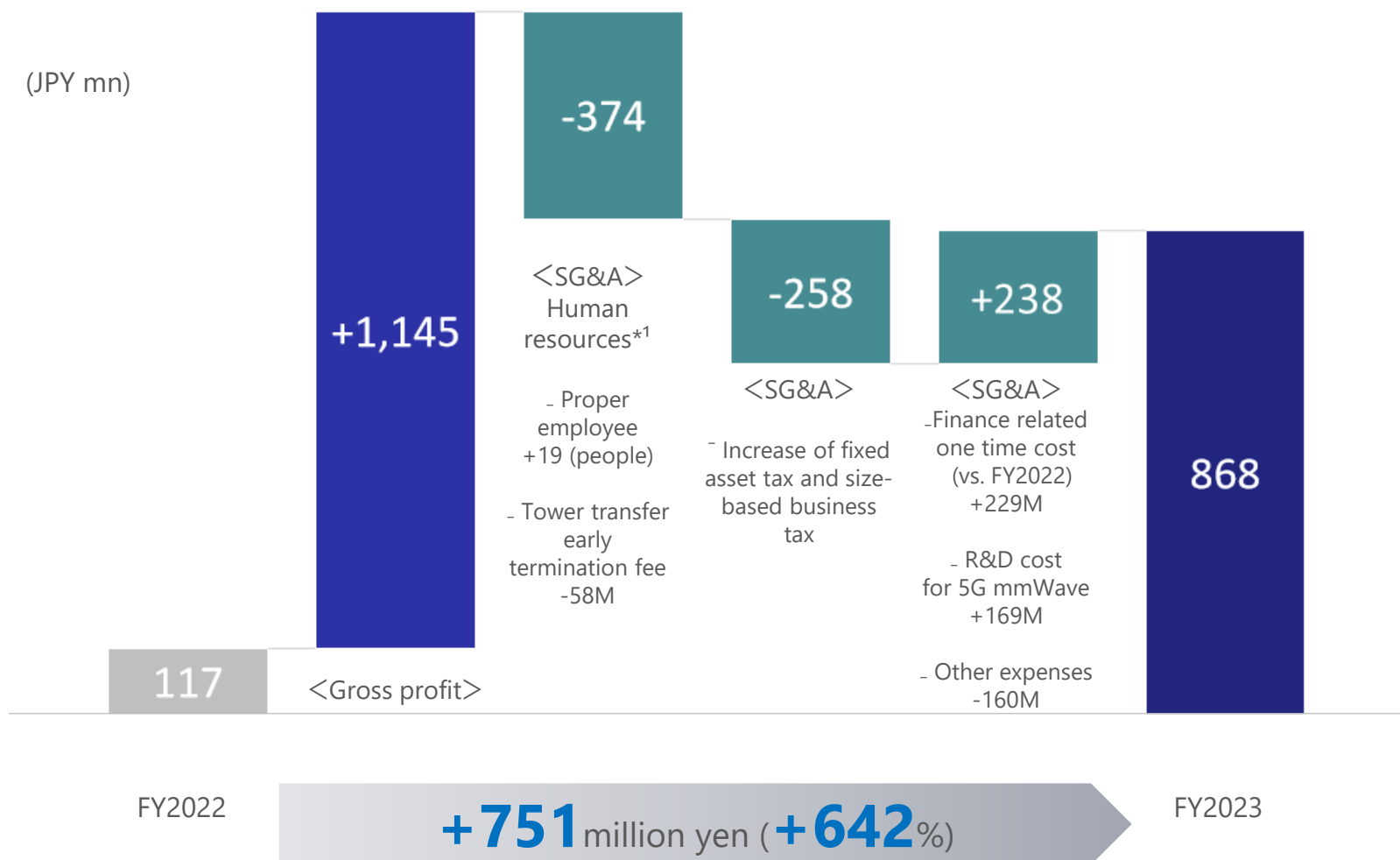
Note: Breakdown of quarterly revenue by business is unaudited.

① <Reference>

Factors behind changes in consolidated operating profit

JTOWER

- Gross profit increased due to expansion of Domestic IBS and Tower business.
- In SG&A, while human resource costs, fixed asset tax and size based business tax increased, one-time expenses such as R&D and financing costs decreased.



*1: Labor cost (total amount) and part of outsourcing cost.



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② FY2024 forecast of KPI for core business

(Number of towers)

Tower	Progress in FY2024		As of March, 2025		
	FY2023 Result	FY2024 Forecast	Total	Tenancy ratio forecast (x)	
Existing carve-outs: DOCOMO large size towers	5,461	229	5,690	1.04	1.07
Existing carve-outs: NTT EAST & WEST towers	86	74	160		
Additional carve-outs: DOCOMO middle size tower	212	1,235	1,447		
New construction (rural) (revenue contribution basis)	109	31	140	2.89	
	5,868	1,569	7,437		

(Number of installations)

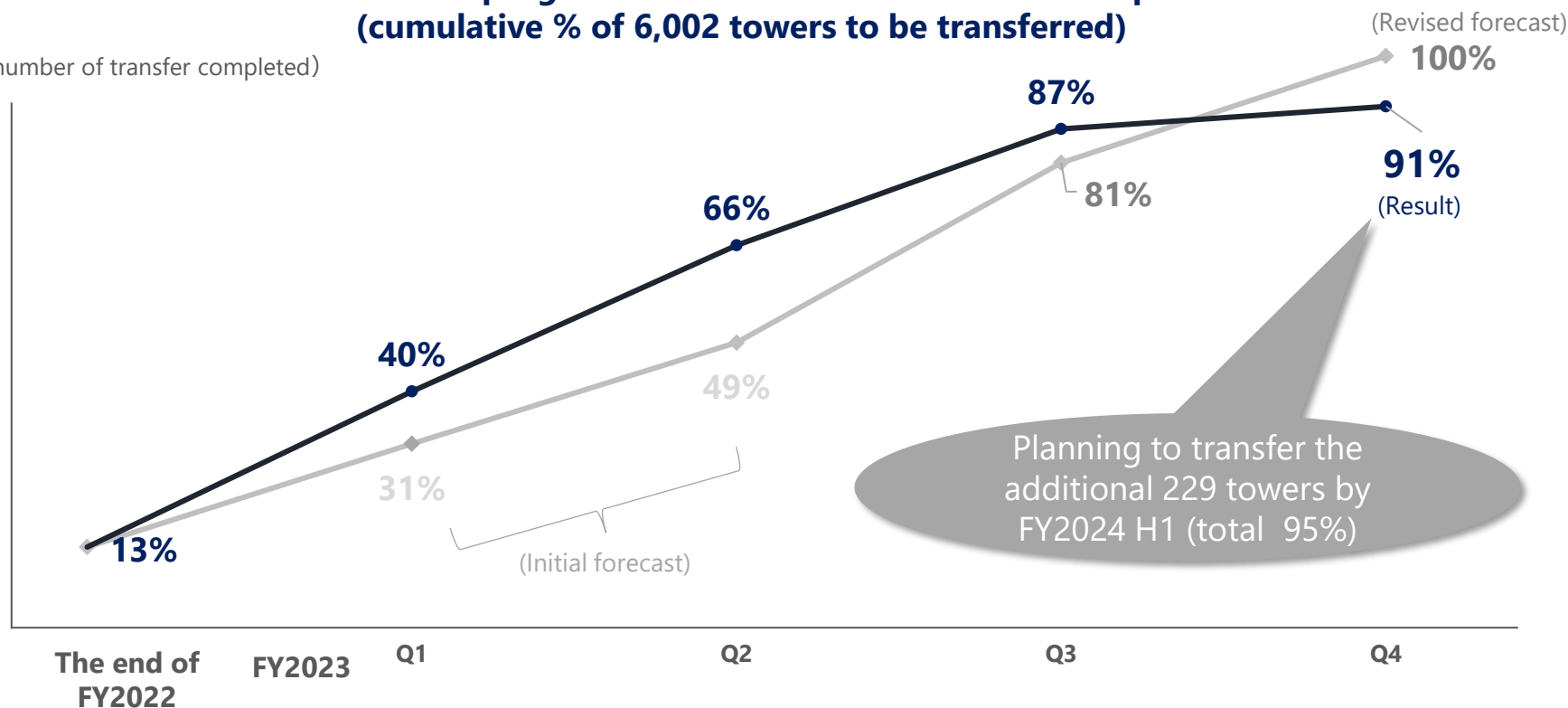
Domestic IBS	Progress in FY2024		As of March, 2025	
	FY2023 Result	FY2024 Forecast	Total	Tenancy ratio forecast (x)
4G IBS (new installation)	404	53	457	3.0
4G IBS (replacement)	46	54	100	1.1
5G IBS	124	30	154	1.7
	574	137	711	

② Tower - Progress of transfer of DOCOMO large size towers (6,002 towers) JTOWER

- In Q4 FY2023, the majority of transfers were difficult cases and the % of transfer by the end of fiscal year became **91%**.
- We have decided to discontinue the transfer of towers where negotiations are expected to be prolonged and recorded tower transfer early termination fee (payment for contractors).
- The entire transfer process will be completed in FY2024 H1 and the final number of transferred towers is expected to be **95%** (5,690 towers).

**Tower transfer progress & forecast as of the end of the quarter
(cumulative % of 6,002 towers to be transferred)**

(% : number of transfer completed)



Carve-outs

Transfer of DOCOMO middle size towers (1,552 towers)

- ✓ In FY2024, we expect to complete the transfer of **74%** of total in H1 and **93%** of total by the end of fiscal year.
- ✓ **7%** is expected to be the difficult cases and will be transferred from the next fiscal year onward.

Transfer of NTT EAST and NTT WEST towers

- ✓ In FY2024, the transfer is expected to progress mainly in H2 and **77%** of total is expected to be completed by the end of fiscal year.

New construction (rural)

- ✓ Following on from FY2023, the lease fee generation based on the planned start of usage will be expanded, based on the agreement with MNO.
- ✓ In parallel with the above, the arrangement of schedule is underway for service launch.

② Tower – Improvement of tenancy ratio

- Further promotion of ongoing discussions with operators and improvement of tenancy ratio is expected from FY2024 H2.

<Strategy>

Towers acquired from DOCOMO

■ Progress in FY2023

- Concluded the master lease agreements with several MNO.
- Progress in various processes toward trial at multiple towers in rural areas.

■ Plan for FY2024

- Based on the conclusion of the master lease agreement, we will further accelerate the trial discussions and lead to the full-scale usage.
- Specifically, we are in discussions with MNO regarding their demand such as the new area coverage in rural areas and the relocation of existing towers with high OPEX.

Other towers

NTT EAST & WEST towers

A certain number of towers have already been used by multi-tenants. ⇒ **Accelerate transfer**

Rural towers

2 or more tenants have participated since the start of the service. ⇒ **Expand operations**

Demand outside MNO


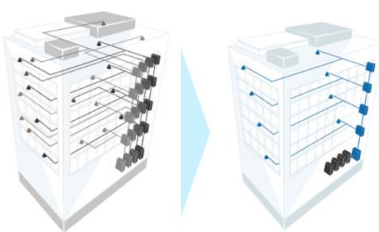


Capturing new demand other than MNO.

METRO WEATHER

Metro Weather uses towers to install equipment to measure wind conditions in anticipation of the drone society.

② Domestic IBS - Plan and business trend in FY2024

JTOWER

	4G IBS (new installation)	4G IBS (replacement)	5G IBS
Installation Image	 <p>Newly constructed 4G networks in buildings by using Infra-Sharing</p>	 <p>Replacement of 4G networks built separately by each MNO with Infra-Sharing</p>	<div> <div>4G&5G</div>  </div> <div> <div>Only 5G</div>  </div> <p>Newly constructed 5G networks in buildings by using Infra-Sharing</p>
(FY2024) Installation plan	53 buildings	54 buildings	30 buildings
Tenancy ratio	3.0x	1.1x	1.7x
Topic	<ul style="list-style-type: none"> Tenancy ratio increased to 3.0x Stable growth in the number of installations 	<ul style="list-style-type: none"> Agreement for replacement expanded to several MNO and pipelines increased Potential for increasing tenancy ratio at the buildings (where replacement has already been completed or will be conducted). 	<ul style="list-style-type: none"> The use of 5G new spectrum is still lacking momentum, and capex cutbacks have affected, resulting in weakening installation forecast. However, demand is expected to recover due to the increase of data traffic and the expansion of the deployment of new 5G spectrum.

② Domestic IBS – Potential of 4G IBS (replacement)

JTOWER

- 4G IBS (replacement) is a large-scale project similar to 4G IBS (new installation) and has a significant impact on expansion.
- Going forward, we will monetize our pipeline and expand it as a new earning base.

Potential of 4G IBS (replacement)

Increase in the number of buildings for replacement

In addition to the existing pipeline of more than 100 building, we expect to acquire **a new pipeline of more than 300 buildings** (service is expected to be launched in the next few years).

- Achieve **early acquisition of pipelines** to achieve medium-to long-term financial targets, and aim to **launch services** within FY2024 in the additional pipelines.



Improve tenancy ratios at the buildings where replacement (has already been completed or will be conducted).

Replacement demand is assumed to occur at **a close timing** in multiple MNO.

- **Promote attraction of MNO for co-tenancy** in conjunction with expansion of replacement.
- Although we have already **received the intention for co-tenancy** from some MNO for the existing 100 pipelines we will also focus on attracting tenants to the additional pipelines.



② Revision of Policy for Developing 5G mmWave Shared Radio Unit **JTOWER**

- We decided to stop developing 5G mmWave Shared Radio Unit in light of the situation where delay of the development plan has not been resolved and the demand for millimeter-wave radio.
- In the medium term, we will focus on developing 5G Sub6 frequency band technologies that are expected to be in demand at an early stage. In the medium-to long-term, one of the Company's key strategies will be to upgrade sharing (vertical development). Based on market trends and demand from mobile carriers, the Company will consider development that will contribute to its growth.

Summary of the Procedures for Developing 5G mmWave Shared Radio Unit

- As a pioneering effort, we concluded a contract with Foxconn to develop a common-use radio for the millimeter-wave (28GHz band) of 5G with the aim of commercialization in the latter half of FY2022, and has been developing this new radio with the company for about two years.
- Based on the fact that the status of the delay in the development plan has not been resolved and that it has been taking longer than initially expected to start up the millimeter-wave demand, it was decided to discontinue the development of 5G mmWave Shared Radio Unit and revise the development policy (May 9, 2024).

Future Development Strategy

Medium term

Focus on technology development in the **5G Sub6 band**, where demand is expected to grow faster.

Medium-to long-term

Regardless of the millimeter-wave, one of the key areas will be advances in sharing (vertical development), such as RU and fronthaul sharing, based on the needs for 5G including Sub6 frequency band which is expected to be in demand at an early stage, Beyond 5G and 6G. Based on market trends and the demand for mobile carriers, we will consider developing products that will contribute to our business growth.

② Updated ESG disclosures

ESG disclosures have been updated mainly in the following contents.

*For more detailed information, please refer to "Sustainability".

*The corporate site is scheduled to be updated at a later date.

Category	Content
Promotion of Sustainability	Sustainability Promotion System/ Sustainability Committee
Environment	Positive impact of Infra-Sharing (GHG reduction impacts)
Social	Compliance Policy / Training programs
	Risk Compliance Committee
	(Expansion of disclosure) Corruption prevention initiatives
	(Expansion of disclosure) Protection of whistleblowers
	(Expansion of disclosure) Safety Conferences
Human Capital	Progress of initiatives
Governance * Officially decided at the Annual General Meeting of Shareholders	(Update) Corporate Governance System
	Change in terms of directors (2 years → 1 year)
	1/3 or more independent outside directors
	Nomination and Compensation Committee

Hideki Inanobe

2013

Graduated from Waseda University Faculty of Commerce.

2013 - 2016 Ernst & Young ShinNihon LLC

Engaged in accounting audits of listed companies and foreign-affiliated Japanese subsidiaries.

2016 - 2017 Frontier Management Inc.

In the management consulting division, mainly engaged in formulating medium-to long-term growth strategies for BtoB companies and providing implementation support.

2017 - JTOWER Inc.

- Promote listing on the TSE Mothers market (currently Growth Market) in December 2019, various types of financing before and after listing, equity and business alliances, and the establishment of a management control system including investor relations.
- Appointed executive officer in June 2020
- Through 2022, led the negotiation to realize Japan's first tower carve-outs deal and finance, starting from the establishment of schemes.
- Promote tower carve-out business from 2022 to March 2024
- Appointed executive officer and CFO in April 2024

*1: With regard to the predecessor CFO, Managing Director Ryosuke Nakamura, he will continue to serve as the Director/ Vice President. (resolved at the General Meeting of Shareholders).



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Additional tower carve-outs

With regard to additional tower carve-outs, actively pursue negotiations toward 10,000 tower of midterm target, **while considering profitability**.

4G IBS (replacement)

In addition to **the start of early installation** on newly acquired pipelines, promote the improvement of tenancy ratios at the buildings where replacement (has already been completed or will be conducted).

These upside potential have not been factored into the initial forecast for FY 2024. However, this fiscal year is positioned as the year for promoting the growth strategy toward the latter half of the medium-to long-term growth targets and we aim for **further business expansion by realizing the upside potential at an early stage.**

③ FY2024 Full Year Forecasts

- **Revenue:** Increased due to an increase in the number of towers and an increase in the number of installations in Domestic IBS.
- **Operating profit:** Fixed asset taxes increased significantly (irregularly) in FY2024*³
- **Ordinary profit:** Interest payment increased due to an increase in debt associated with tower transfer.
- **CAPEX (Investment CF):** Transfer of DOCOMO large size towers was almost completed.

(JPY mn)	FY2023	FY2024		
	12 Months Results	(1)12 Months Forecasts	Change	
			Amount	%
Revenue	11,519	15,700	+4,181	+36.3%
EBITDA *¹	5,478	7,000	+1,522	+27.7%
<i>EBITDA Margin</i>	47.6%	44.6%	- 3.0pt	—
Operating Profit	868	450	- 418	-48.3%
<i>Operating Profit Margin</i>	7.5%	2.9%	- 4.7pt	—
Ordinary Profit	-102	-1,000	- 898	—
Profit attributable to non-controlling interests*²	24	-600	- 624	—
Profit attributable to owners of parent	-200	-500	- 300	—
Capital Expenditure (Investment Cash Flow)	-89,843	-29,800	+60,043	—

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

*2: Loss on Profit attributable to non-controlling interests shown as (-).

*3: Related information in P36 FY2024 Forecast (Reference: Trends in Earnings)- Impact of fixed asset tax

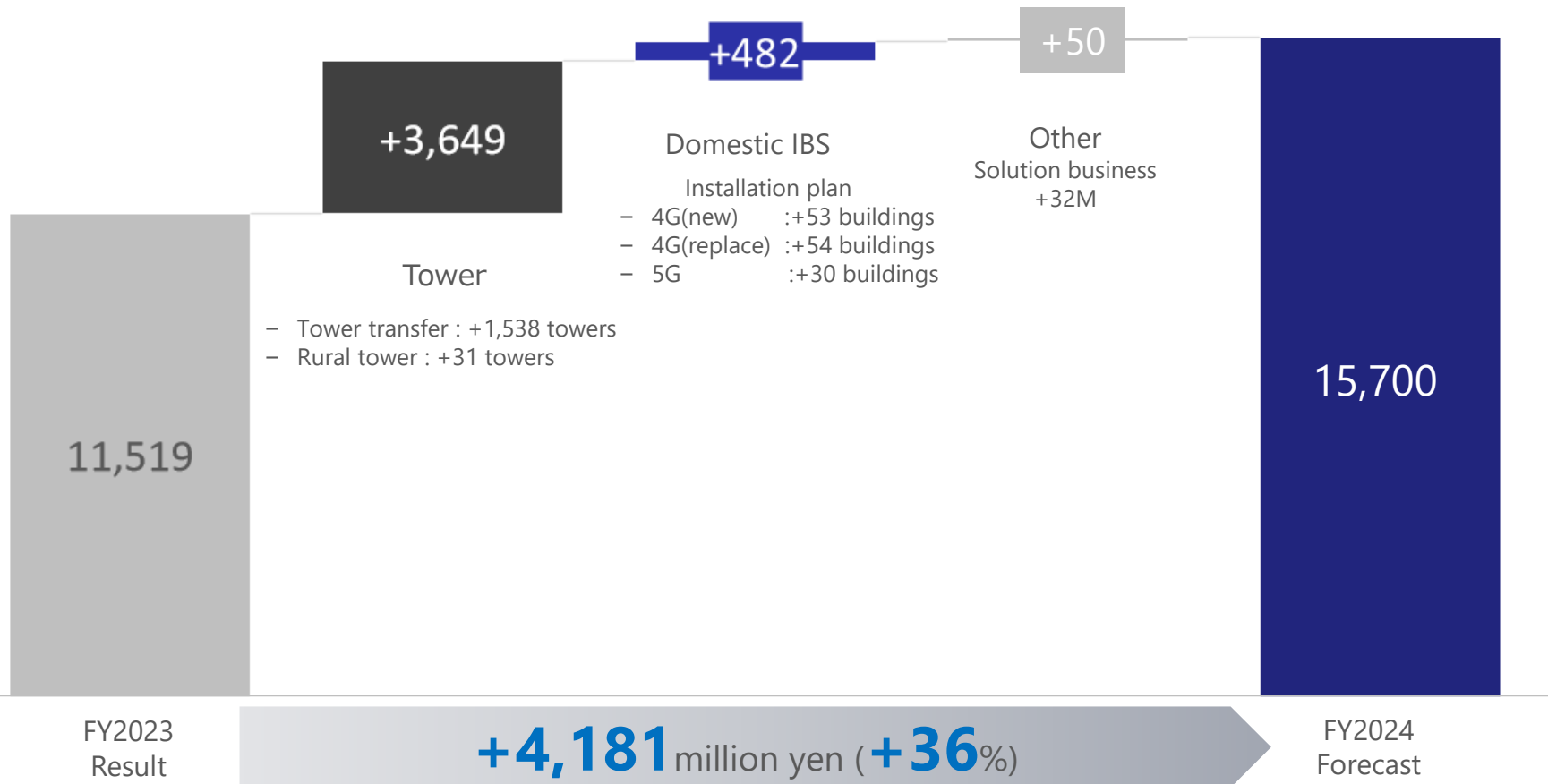
③ FY2024 Forecast

Factors behind Changes in Consolidated Revenue

JTOWER

- Tower : Revenue increase due to an increase in the number of towers
- Domestic IBS : Revenue increase due to an increase in the number of installations centered on 4G IBS (replacement).

(JPY mn)

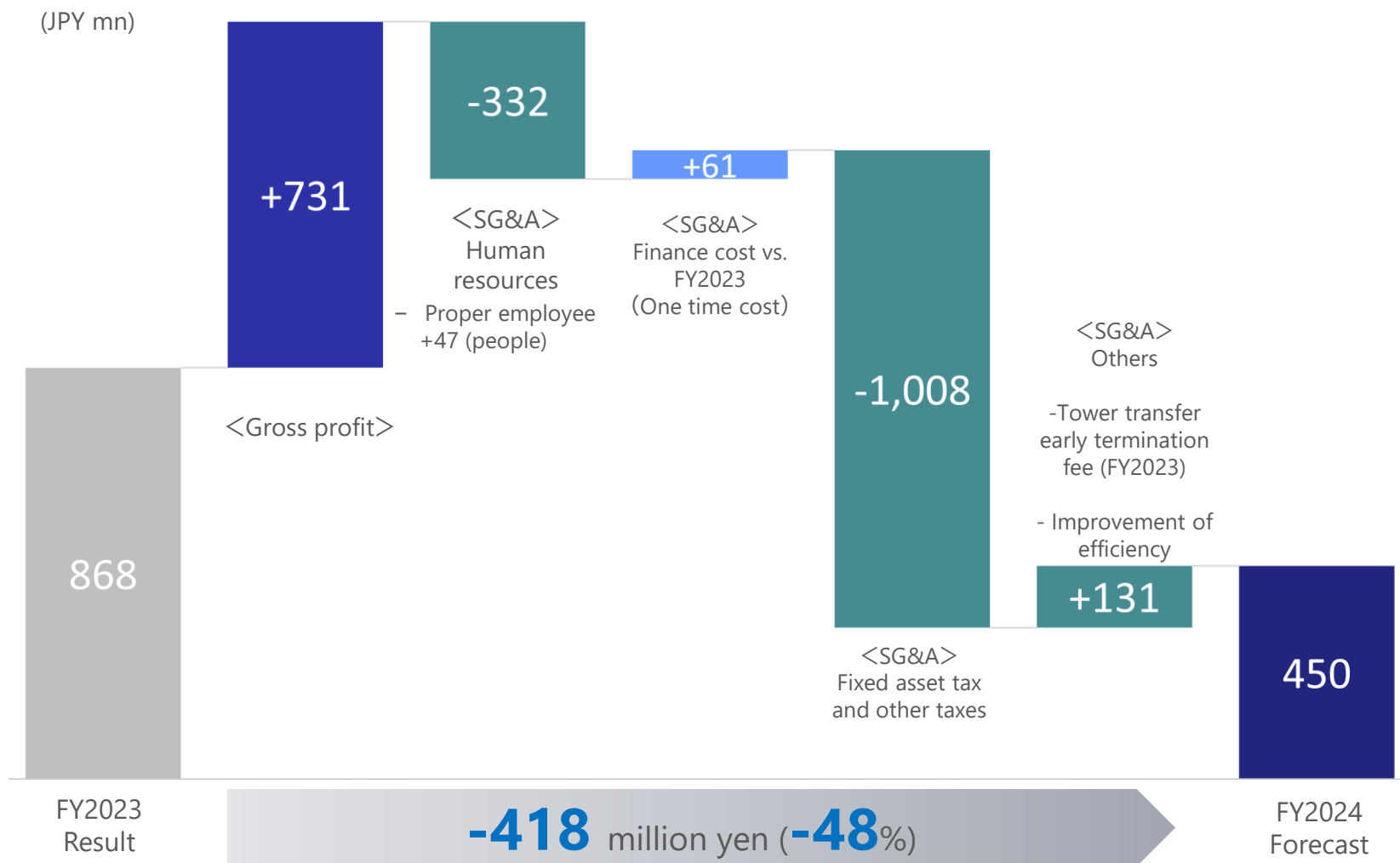


③ FY2024 Forecast

Factors behind Changes in Consolidated Operating Profit

JTOWER

- SG&A is expected to increase due to the strengthening of the organizational structure centered on Domestic IBS business and Tower business, and the increase in fixed asset taxes, despite the decrease in one-time finance cost incurred in FY2023.



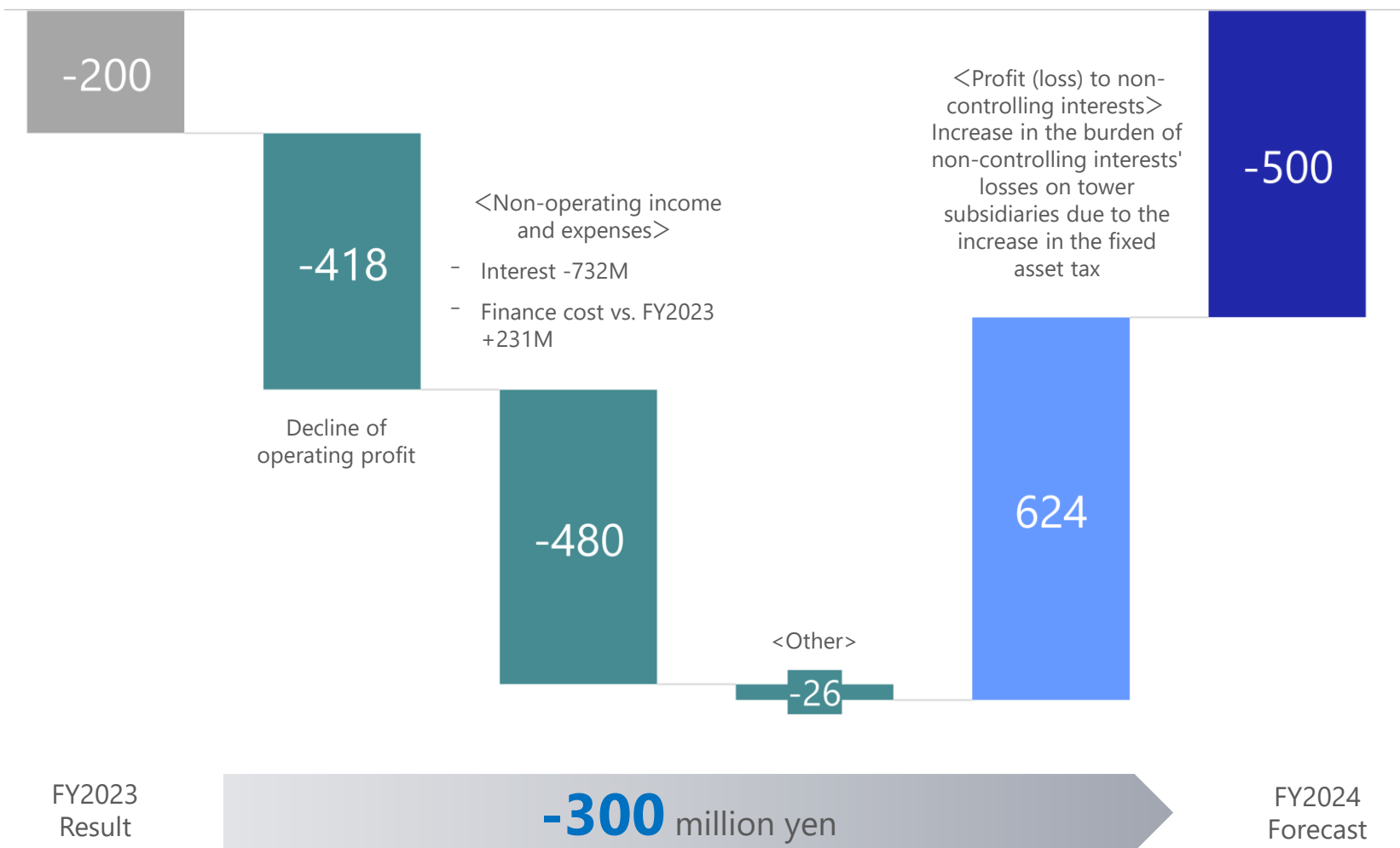
③ FY2024 Forecast

Factors behind Changes in Consolidated Net Income

JTOWER

- Net income is expected to decrease by JPY300 million YoY due to an increase in non-operating loss from an increase in interest expense due to an increase in tower transfer, and an increase in the burden of non-controlling shareholder loss of tower subsidiaries due to an increase in fixed asset tax.

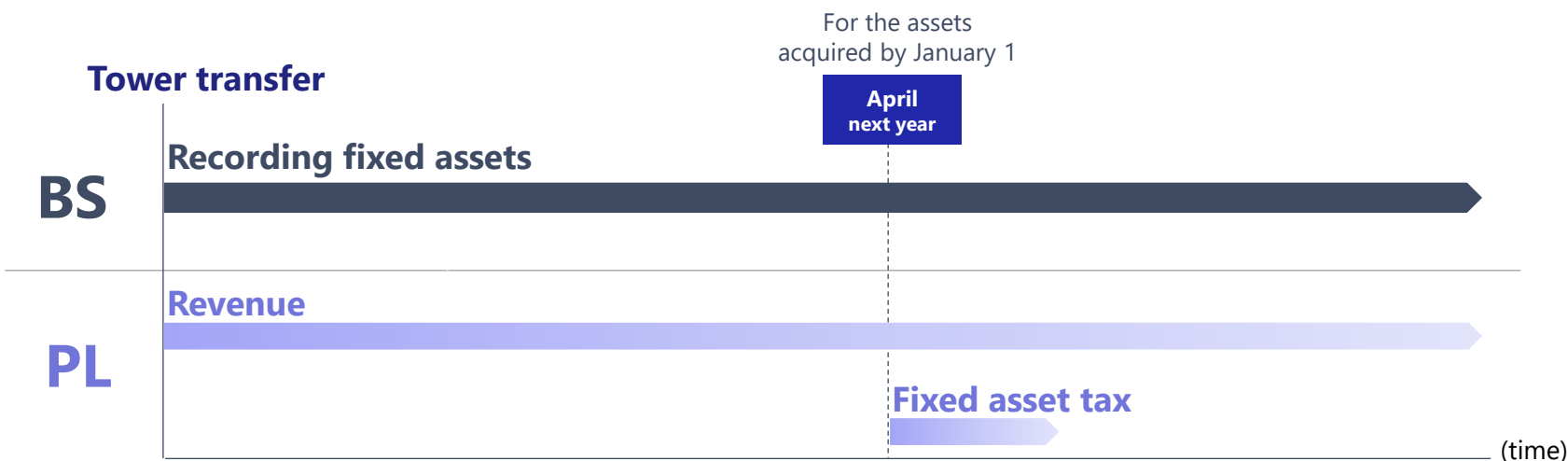
(JPY mn)



③ FY2024 Forecast (Reference: Trends in Earnings)- Impact of fixed asset tax

- For P/L, fixed asset tax is recorded in a delay from the recording of revenue (see figure below). Especially in FY2023, there were many tower transfer during the period, so in FY2024, fixed asset taxes increased significantly on an irregular basis.
- In order to ensure comparability with the profit level, adjusted operating profit excluding the impact of fixed asset taxes (adding back the amount of fixed asset taxes) is shown in the table below. (fixed asset taxes are expected to decrease as depreciation).

(JPY mn)	FY2023	FY2024		
	12 months result	12 months forecast	change	
			amount	%
Operating profit (1)	868	450	- 418	-48.3%
Fixed asset tax (2)	228	1,333	+1,105	+484.5%
(1) + (2)	1,096	1,783	+687	+62.6%





Outline

- 1 . FY2023 Financial Results
- 2 . Initiatives for Future Growth
- 3 . FY2024 Full Year Forecasts
- 4 . Q&A
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Category	Q	A
Tower	What is the tower transfer early termination fee specifically?	Decided to cancel the transfer work and settled outsourcing expenses for previous work.
Tower	In future carve-out deals, is there a possibility that there will be a tower that cannot be transferred and the book of the tower transfer early termination fee?	In future carve-out deals, as a certain number of difficult cases are anticipated and there is a possibility that towers that cannot be transferred and related settlement expenses will be incurred.
Tower	What are the assumptions of the timing and TAM of the demand for new area coverage and the relocation of high OPEX towers?	Each demand is expected to occur in about half-and-half from this fiscal year. As of FY2026, we assume that the demand for new areas coverage will slightly exceed the demand for relocation of high OPEX towers, but over the long term, it is assumed that these demand will become the same volume.
Forecasts	What is % of interest expense for the FY2024 forecast?	Weighted average assumption is just under 2% during the period.
Medium-to long-term	What is the reason for the decision not to change the medium-to long-term financial targets? Regarding the progress that will be made in FY2024, there is still a sense of gap.	In the remaining 3 years including FY2024, Domestic IBS has been able to acquire pipelines for replacement, and we have an outlook on achieving the target. Tower business still need to improve tenancy ratio, but by executing strategies we assume catch-up is possible. In the current fiscal year, we will first show the progress of sharing.



Outline

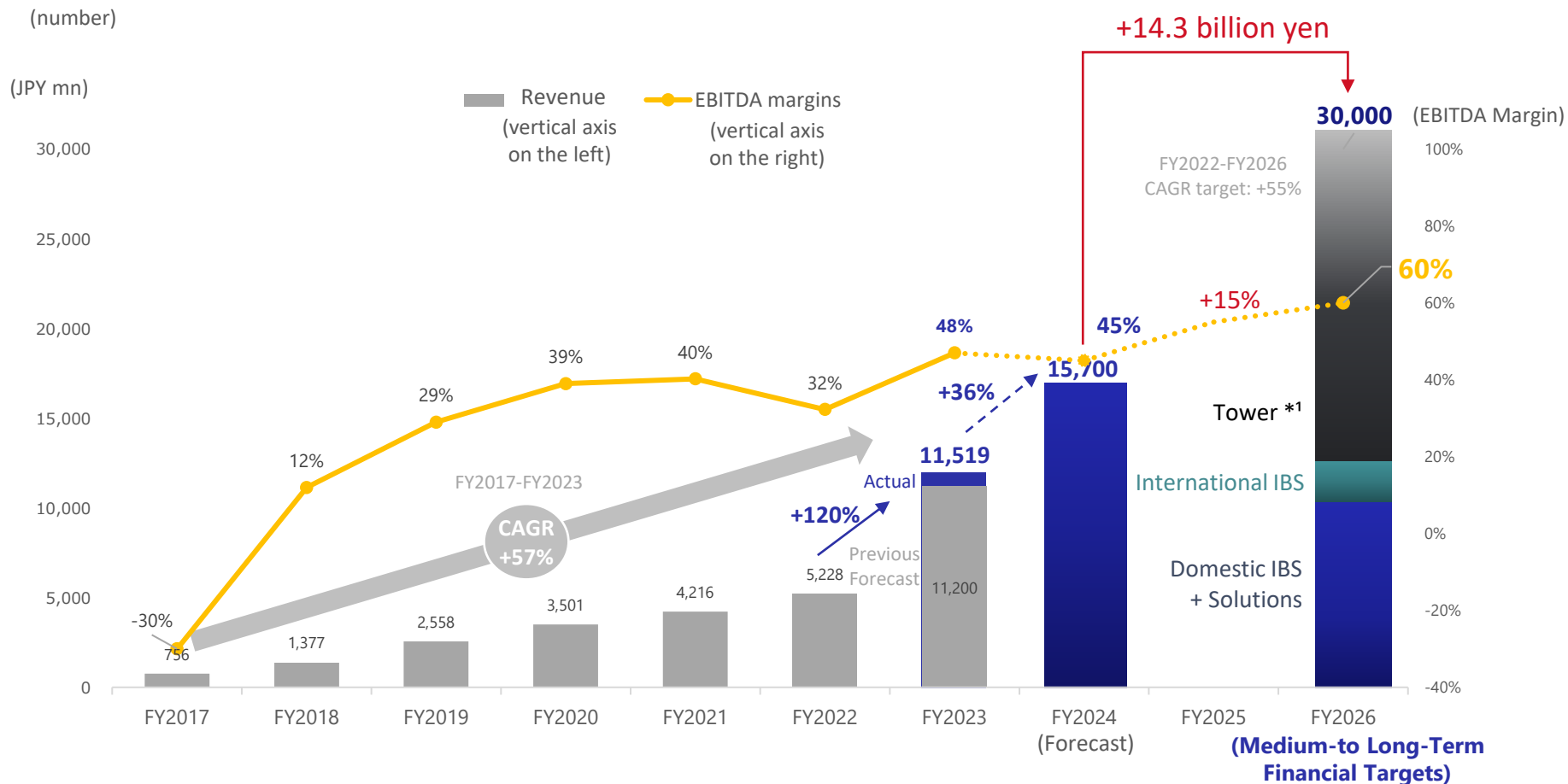
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⑤ Progress of Revenue and EBITDA

- Steady growth compared to medium-to long-term financial targets of revenue 30 billion yen and EBITDA margins of 60%.

From FY2024 forecasts to the medium-to long-term financial targets for FY2026, we are promoting the revenue growth of +14.3 billion yen and EBITDA margins improvement +15%.



⑤ Progress of KPIs

- **Tower business:** Approx. 80% is expected to be achieved with the number of towers agreed on the master transaction agreement. We will focus on acquisition of the remaining 20% of towers and improvement of the tenancy ratio.
- **Domestic IBS business:** Although 5G IBS is slower than initially expected, in terms of 4G IBS, replacement demand for existing properties other than those acquired, is becoming apparent, and the pipeline is expanding toward achieving the number of projects. The tenancy ratio is on track to achieve the initial target.

	Tower business		Domestic IBS business			
	Total (towers)	Tenancy ratio	Total 4G IBS (projects) ^{*2}	4G IBS Tenancy ratio ^{*3}	Total 5G IBS (projects)	5G IBS Tenancy ratio
End of FY2023 Actual	5,868	1.0 x	450	2.9 x	124	1.5 x
End of FY2024 Forecast(A)	7,437 (Approx. 7,900) ^{*1}	1.07 x	557	3.0 x	154	1.7 x
Medium-to long-term Financial target(B)	10,000	1.8 x	1,000	3.0 x	450	2.0 x
Numerical values required to achieve (B-A)	+ 2,563	+ 0.73 x	+ 443	FY2024 To be achieved	+ 296	+ 0.3 x

*1: The number is the total number agreed upon in the master transaction agreement with NTT docomo, NTT East, and NTT West, in addition the total number of rural towers planned to be built

*2: Total of new 4G and existing replacements

*3: Existing 4G replacement is not included.

⑤ Unit Economics (Sample Image) - Tower Business

JTOWER

- A stock-type model in which profitability improves with each increase in the number of tenants with stable running income. (There is almost no additional cost when the number of tenants increases.)

Unit economics

(JPY mn) (Sample Image of Curve Out Tower)

	1 MNO Use	2 MNOs Use
CAPEX	16	
Depreciation period	25 years	
Revenue/year (running)	1.3	1.8
GM ^{*1} (running)	0 to a few %	24%
EBITDA Margin ^{*2} (Running)	47%	62%
ROI ^{*3}	4%	7%

<When OPEX is streamlined by 20%>

GM ^{*1} (running)	20%	39%
EBITDA Margin ^{*2} (Running)	68%	77%
ROI ^{*3}	6%	9%

Profitability further improve
+ **when 3 MNOs are using**

In addition to **improving the tenancy ratio**, we will work to **improve profitability** through **promoting the measures of cost reduction** even when 1 MNO is using

*1: Abbreviation for Gross Margin. The main costs deducted from revenues are depreciation, operation and maintenance, land rent, and property taxes directly incurred on towers.

*2: Calculated by adding back depreciation cost to GM as EBITDA.

*3: Abbreviation for Return on Investment. Calculated by EBITDA÷CAPEX.

⑤ Unit Economics (Sample Image) - IBS Business

- Composed of "Hybrid model" that combines initial and running revenues, and "Running model" with only running revenues. (There is almost no additional cost when the number of tenants increases.)
- In the future, the composition ratio of the Running model is expected to be increasing.

Hybrid model

(JPY mn) (Adopted in about 70% of installed properties)

	2 MNOs Use	3 MNOs Use	4 MNOs Use
Contract period	From 5 years		
CAPEX*1	30		
Depreciation period	9-10 years		
Revenue (Initial) *2	38	57	76
Revenue/Year (Running) *3	0.9	1.35	1.8
GM*4-1 (Initial)	21%	47%	61%

Running model

(JPY mn) (Adopted in about 30% of installed properties)

	2 MNOs Use *7	3 MNOs Use	4 MNOs Use
Contract period	From 10 years		
CAPEX*1	30		
Depreciation period	10 years		
Revenue/Year (Running) *3	4.6	5.5	6.3
GM*4-2 (running)	21%	33%	42%
EBITDA margin*5 (running)	86%	88%	90%
ROI*6	13%	16%	19%

From the viewpoint of the need to reduce capital investment by mobile carriers and long-term and stable profitability, **the composition ratio of the Running model is expected to be increasing**

*1: Numerical value of the sample image assumed to be a whole building countermeasure. For 5G partial measures, the size is assumed to be about 1/3.

*2: In PL, sales are booked on a pro rata basis over a five to ten-year period.

*3: If the user continues to use the service after the contract period, running fees continue to be generated.

*4-1: Abbreviation for Gross Margin. The cost deducted from the hybrid-model revenues is calculated using CAPEX only. The main costs deducted from the income of the running model are depreciation, operation and maintenance, property taxes, etc. directly incurred on the property.

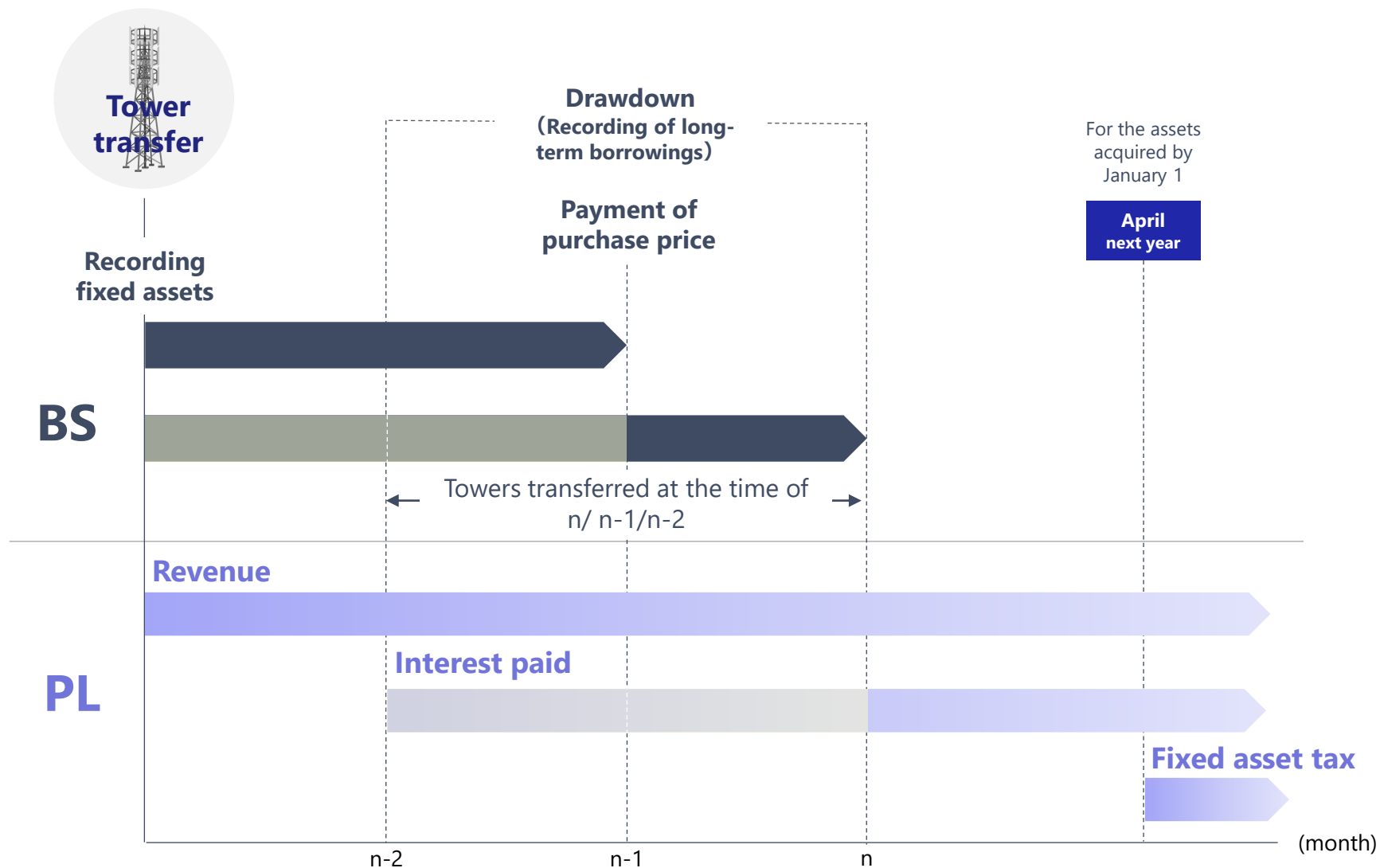
*5: Calculated by adding back depreciation cost to GM as EBITDA.

*6: Abbreviation for Return on Investment. Calculated using GM÷CAPEX prior to depreciation.

*7: As for the running model, we also provide charges for using 1 MNO. However, because economics is at a level close to that of using 2MNOs, the description of economics when using 1MNO is omitted.

⑤ <Reference> Image of Accounting at the Time of Tower Transfer

- ✓ The image of the accounting process including the timing of recording to BS, PL at the time of tower transfer is as follows.



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