

JTOWER

Company & Business Information
(Our Business Plan and Growth Potential)

May 9, 2024
JTOWER Inc.

Infra-Sharing Services from Japan Lead the World

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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.

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Infra-Sharing Services from Japan Lead the World



Outline

1. Pioneer of Infra-Sharing in Japan
2. Infra-Sharing Market and Growth Potential in Japan
3. Infra-Sharing Business Model
4. Finance & Alliance
5. Appendix

＊Mid-to long-term financial strategies and sustainability, which were included in this material up to the previous version are disclosed in a separate file as "**Sustainability**" and "**Business Strategies for Achieving Medium-to Long-Term Financial Targets (Business Plan and Growth Potential)** ".

＊ The next disclosure is scheduled for May 2025.

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❶ Pioneer of Infra-Sharing in Japan

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Since the foundation of our company in 2012, JTOWER has been a pioneer of Infra-Sharing in Japan by providing services to four mobile network operators.

For the future, Infra-Sharing is expected to play an increasingly important role in the Japanese society where the early development of new telecommunications infrastructures including 5G is required.

As the pioneer of Infra-Sharing in Japan, we will contribute to the development of a more efficient network leveraging our know-how developed through our proven track record and will actively engage in technological development and new businesses.

We will continue to lead activities that contribute to the advancement and promotion of Infra-Sharing.

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❶ About Infra-Sharing

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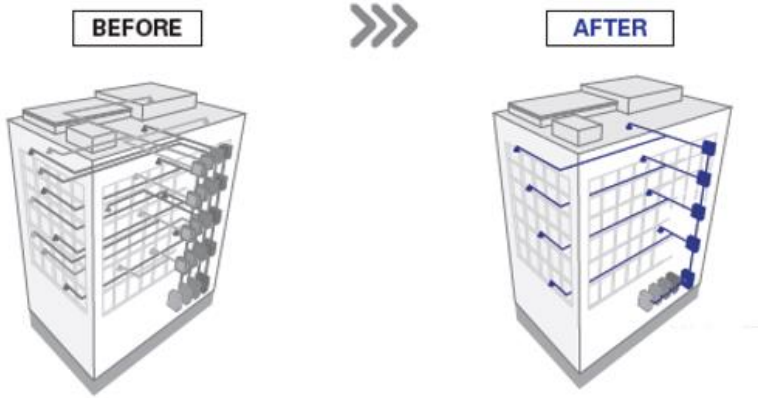
What is Infra-Sharing?

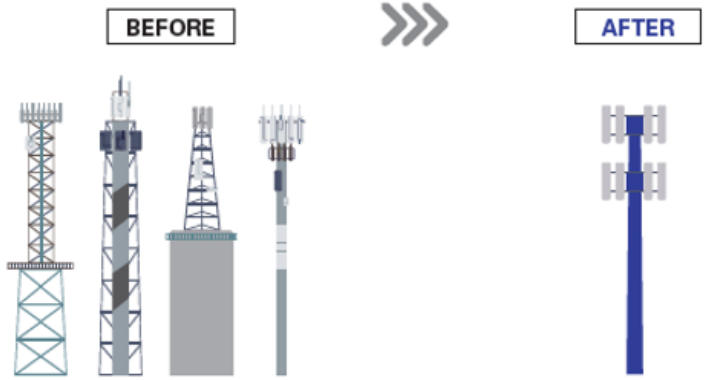
- Sharing the mobile networks that historically had been separately developed by mobile network operators.
- The cost of equipment, operation, and maintenance can be reduced compared with when mobile network operators develop network separately, thereby realizing more efficient network development.
- Reduction of power consumption, materials, and number of construction works is possible, leading to reduction of environmental impact

Indoor Infra-Sharing



Sharing of antenna, cable, repeater and other equipment necessary for the development of communications networks in buildings.

Outdoor Tower Sharing



Site sharing of towers and poles for the installation of base stations.

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❶ JTOWER's Infra-Sharing Business

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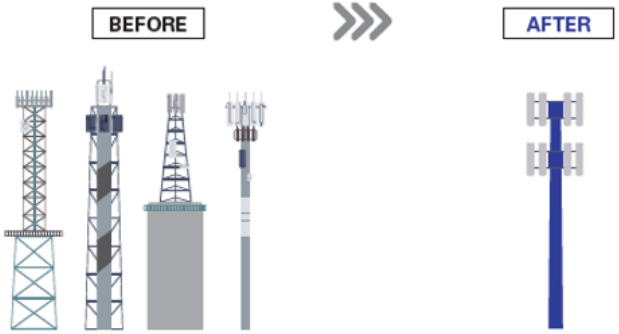
Outdoor tower sharing（Tower business）

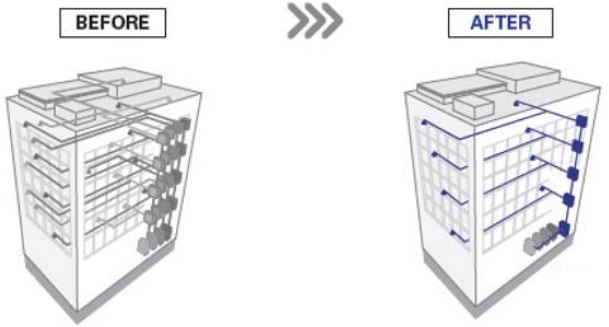


- ✓ Full-scale entry in FY2020
- ✓ Outdoor telecom infrastructure sharing among mobile network operators
- ✓ In addition to carve-out (acquisition of existing towers from telecom operators), promote new tower sharing in rural areas.

Total number of towers*2

More than 5,800

Indoor Infra-Sharing（IBS*1 business）



- ✓ Integrate mobile network operators' in-building infrastructure as a shared system
- ✓ Beneficial for real-estate firms, mobile users and mobile network operators
- ✓ In addition to 4G, developed 5G Infra-Sharing equipment and launched the commercial service
- ✓ Operating International IBS business in Vietnam

Total number of installations*2

Domestic IBS	International IBS
574 buildings	243 buildings

*1: IBS: In-Building-Solution
*2: As of March 31, 2024 (International IBS: As of December 31, 2023)

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❶ Our strengths in Infra-Sharing market

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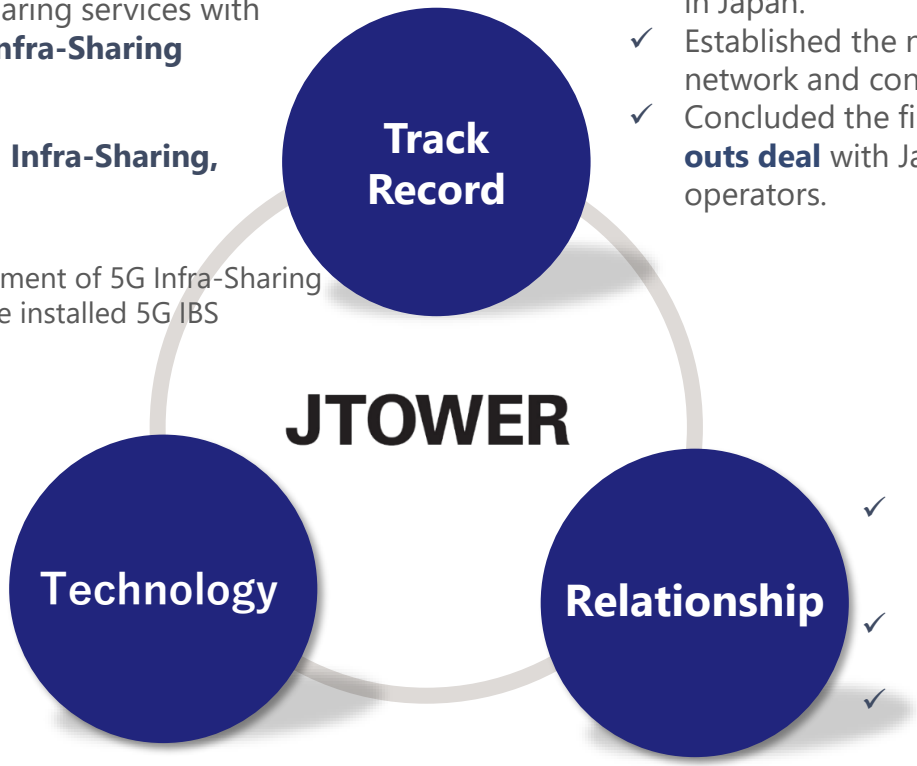
- **As a leading company of Infra-Sharing, JTOWER has established a solid position in the market with a high entry barrier.**

✓ Provide active Infra-Sharing services with **our own developed Infra-Sharing equipment.**

✓ Lead in **the high-level Infra-Sharing, such as 5G.**

- **Sub6**
  Completed development of 5G Infra-Sharing equipment and have installed 5G IBS



✓ Providing commercial services to **4 MNO.**
✓ Installations in more than **570 buildings** in Japan.
✓ Established the nationwide maintenance network and continue stable operations.
✓ Concluded the first **large-scale carve-outs deal** with Japanese telecom operators.

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

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❶ Our Sharing Domain and Long-Term Vision

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- **Regardless of the millimeter-wave, it aims to build more efficient networking by upgrading (vertical development) the sharing area to radio equipment and fronthaul based on the need for 5G including Sub6 frequency band which is expected to be in demand at an early stage, Beyond 5G and 6G.**

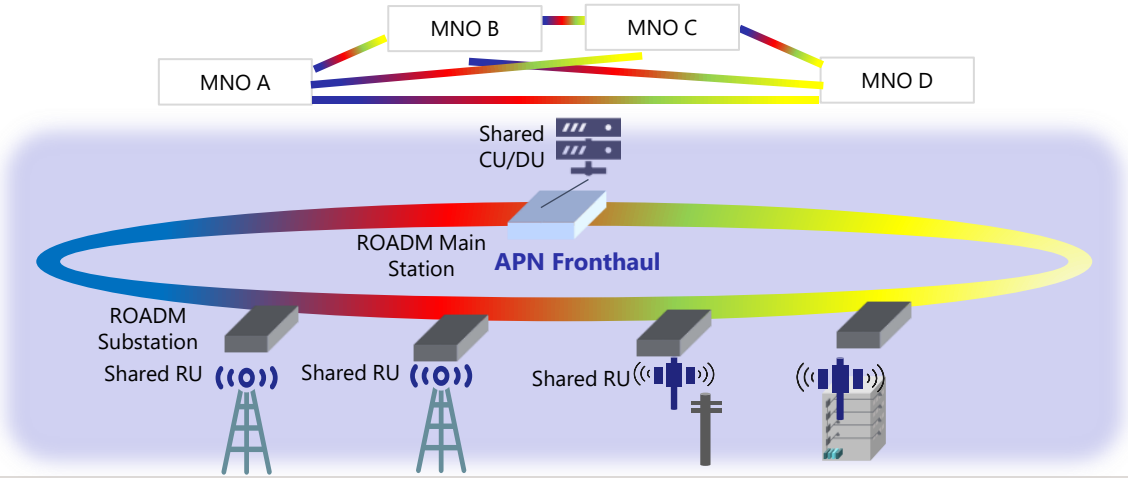
Expansion of the Sharing Area

Mobile Network Hierarchical Structure	Tower business (Curve Out)	Tower business (New)	IBS business	Vision
Core network	MNO	MNO	MNO	MNO
Transceiver(CU・DU)	MNO	MNO	MNO	Sharing
Fronthaul	MNO	MNO	MNO	
Radio Unit (RU)	MNO	MNO	MNO	
Distribution Unit	–	–	Sharing	
Antenna	MNO	Sharing		
Site	Sharing			

Cost Reduction Effect

Vision for Sharing Radio Units and Fronthaul

Sharing Domain



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Infra-Sharing Services from Japan Lead the World



Outline

1. Pioneer of Infra-Sharing in Japan
2. Infra-Sharing Market and Growth Potential in Japan
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❷ Market development and room for expansion for Infra-Sharing in Japan

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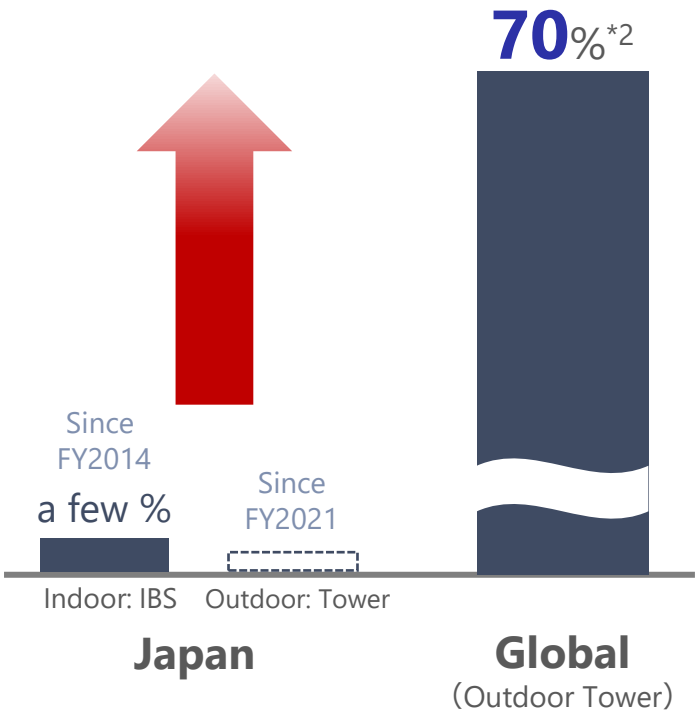
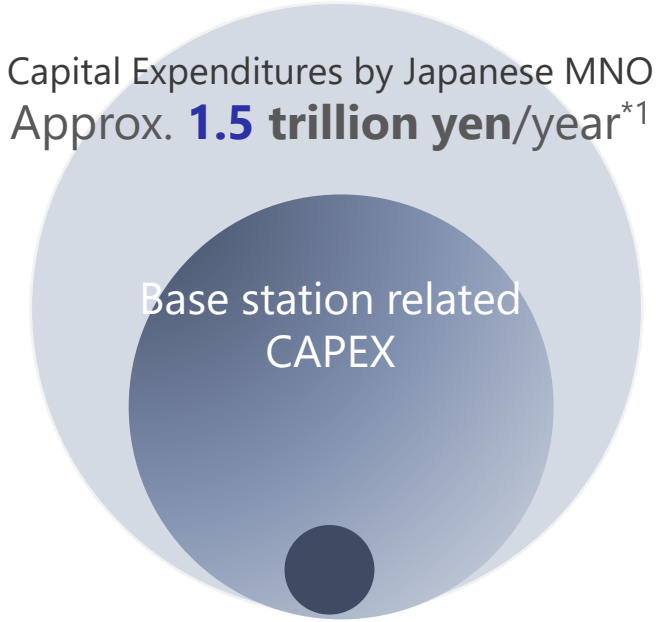
- **In Japan, JTOWER has been leading Infra-Sharing market as a pioneer.**
- **On the other hand, compared to the global market, Japanese Infra-Sharing market seems to be a market with considerable room for future expansion.**

Infra-Sharing Penetration



Investment in telecommunications infrastructure in Japan



Source:
*1: Based on FY2022 results of the Mobile Phone Base Station Market and Peripheral Materials Market (FY2023 Version) by MCA
*2: Based on TowerXchange

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❷ Changes in the business environment and potential for demand expansion in Japan (1)

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Changes in the business environment

	Up to now	Present to Future
Frequency	Mainly 4G	**Penetration of 5G and introduction of Beyond 5G**
Frequency allocation	Comparative examination system (comparison of business plan)	**Spectrum auction has been studied**
Number of mobile carriers	3 MNO	**4 MNO**
Competitive areas of MNO	Centered on infrastructure network competition	**Diversification of competitive areas due to the expansion of Ecosystem**

Initiatives based on changes in the business environment

MNO



Promotion of measures that **contribute to cost reduction and financial efficiency**

MIC



Promotion of **Infra-Sharing**
- Infra-Sharing Guideline
- Subsidy
- Review the condition to apply regulations

+

Consideration for the environment and landscape



Reducing environmental impact and issues for installation sites

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❷ Changes in the business environment and potential for demand expansion in Japan (2)

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Potential for outdoor tower sharing

- ✓ Carve-out of existing towers owned by telecommunications companies
- ✓ New tower sharing in rural areas

→ See for details,
P21-30 3. Infra-Sharing Business Model Outdoor tower sharing

Potential for indoor Infra-Sharing

- ✓ Installation of 4G and 5G IBS to new buildings
- ✓ Installation of 5G IBS to existing buildings
- ✓ Replacement of 4G networks at existing buildings

→ See for details,
P31-46 3. Infra-Sharing Business Model Indoor Infra-Sharing

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❷<Reference>
The start and development of Infra-Sharing in Japan

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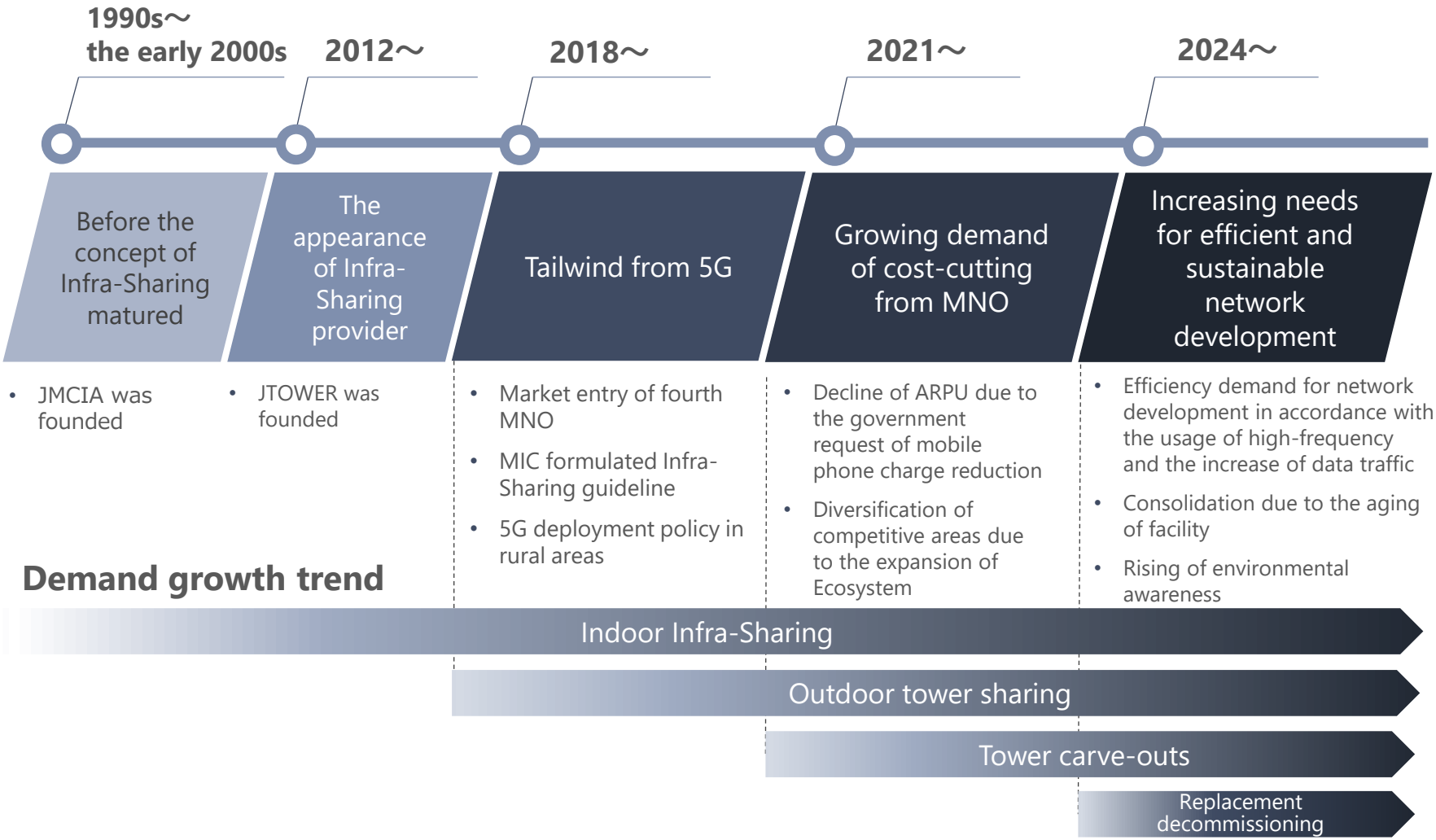
● Potential for further market expansion in line with rising demand for Infra-Sharing



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❷ [Reference] Tower Sharing Market Trends (Global)

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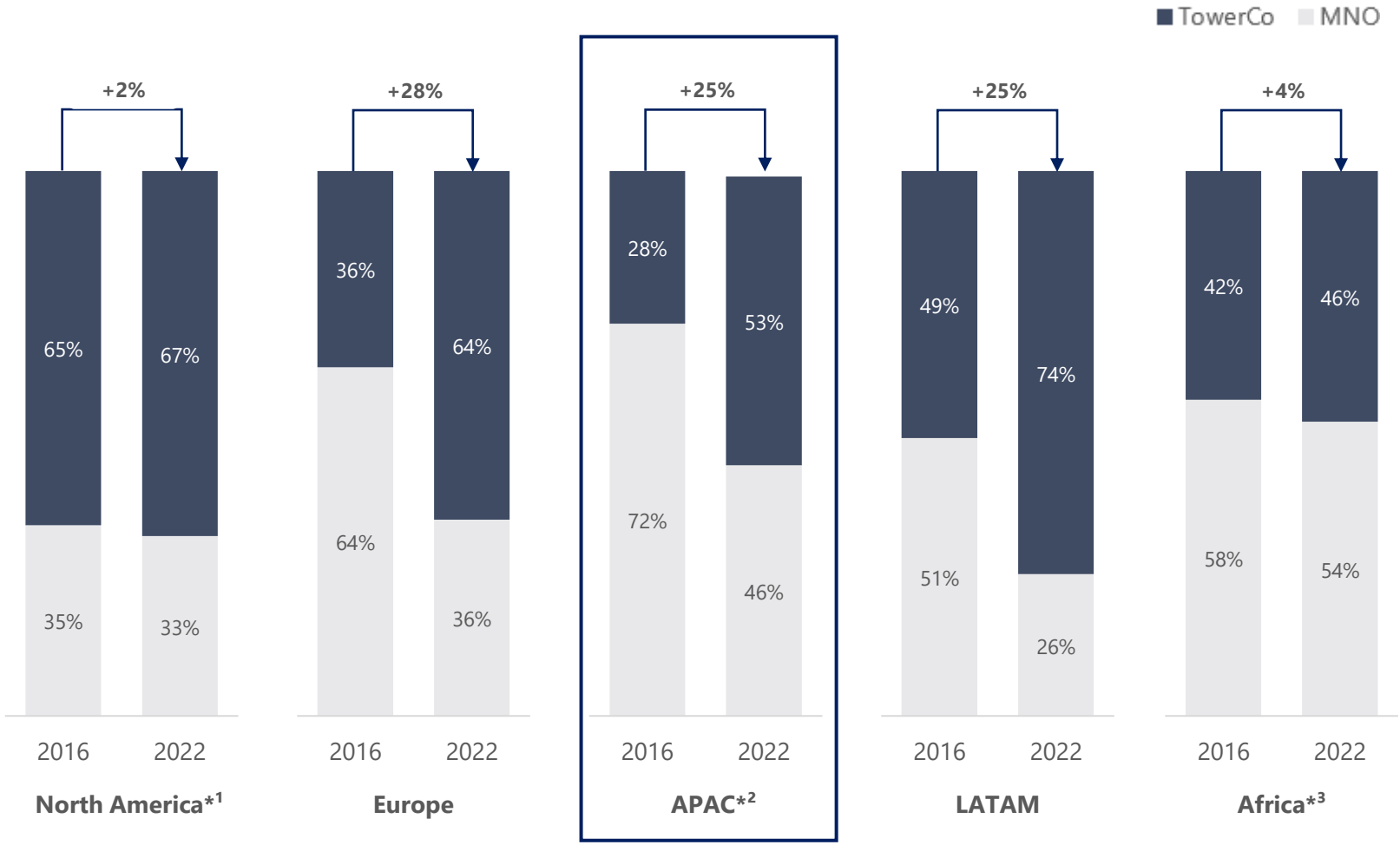
- **Ownership of telecommunications towers in the global market (MNO/TowerCo)**



Sources: Tower Xchange, Altman Solon
*1: Data shown for North America is USA, Canada and Mexico
*2: Data shown for APEC is a subset and excludes China; largest driver of mix shift is Brookfield's acquisition of Jio's towers
*3: Data shown for Africa is Sub-Saharan Africa

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❷ [Reference] Tower Sharing Market Trends (APAC)

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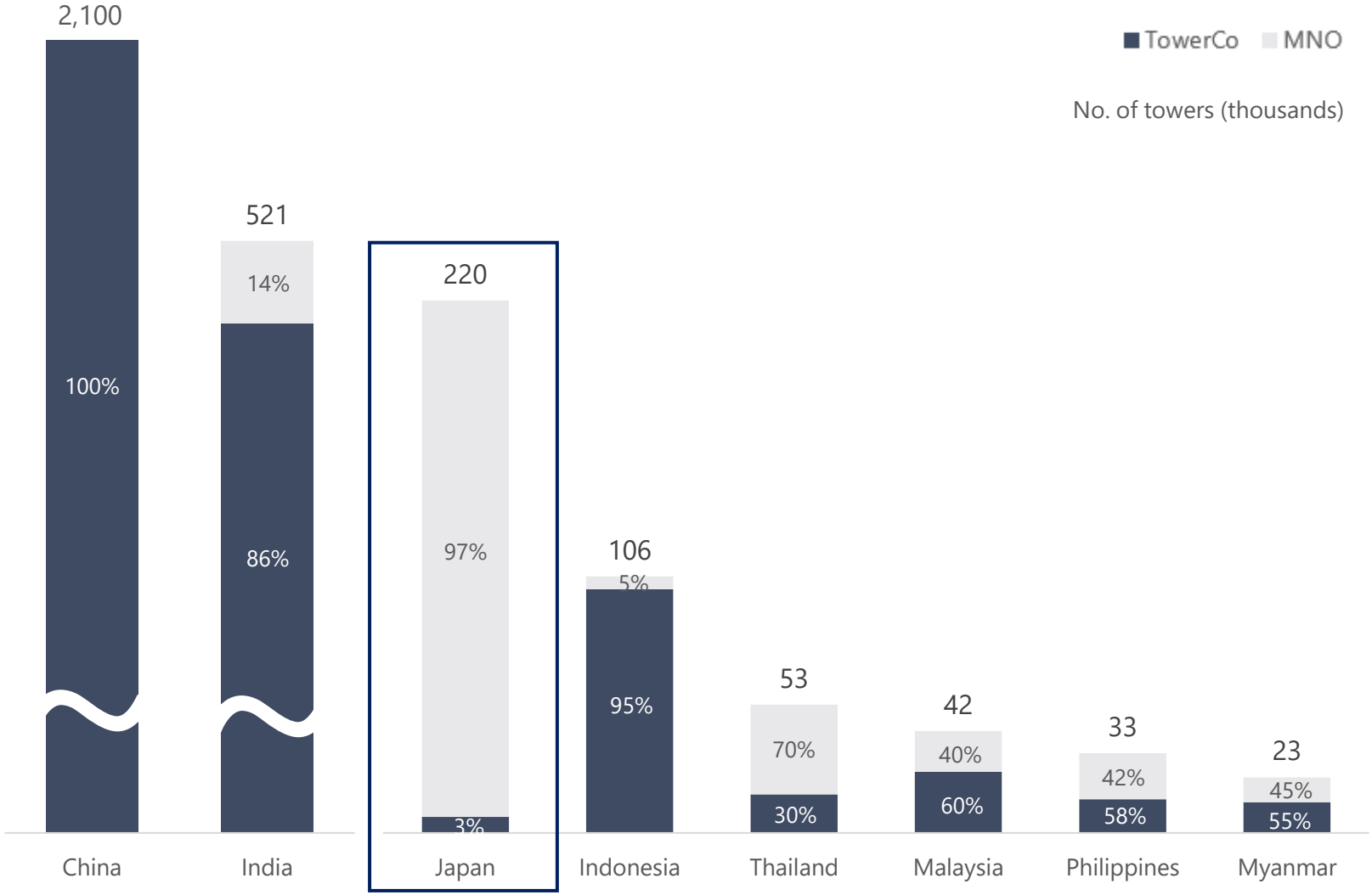
- **Ownership of telecommunications towers in the APAC market (MNO/TowerCo)**



Sources: Tower Xchange, Roland Berger, edotco
*1: Upon completion of PLDT and Globe sale and leaseback transactions and includes towers to be built by TowerCos as part of BTS commitments provided by MNO
*2: Includes TowerCos in which MNOs have an interest

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❷ Operating Areas of Global Tower Companies

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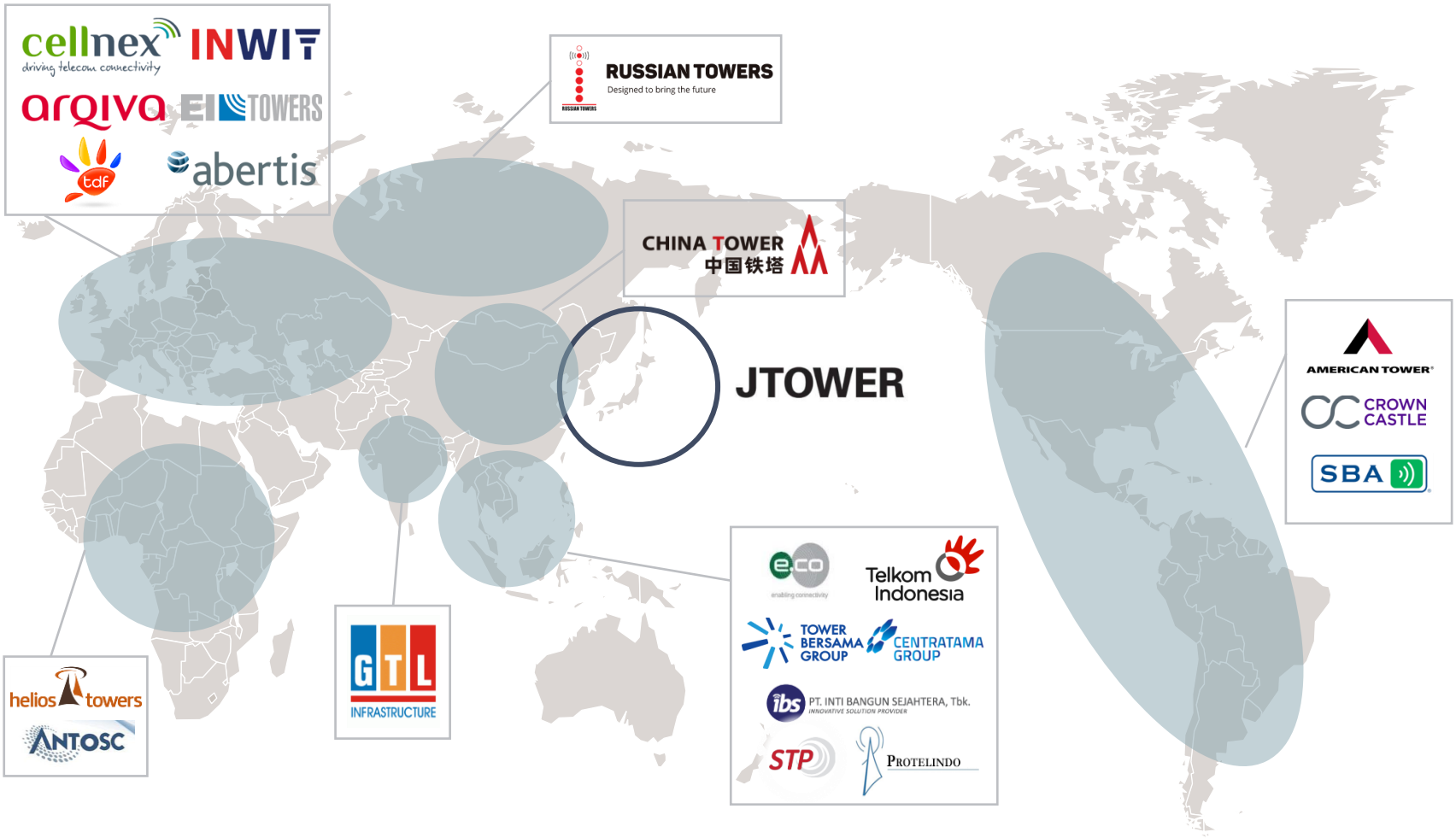
- **In contrast to Japan, tower companies are dominating in the global market, and Infra-Sharing market has already matured.**



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

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❷ [Reference] Major transactions of tower carve-outs from telecom companies in the global tower market

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Date	Telecom companies (Seller)	Tower companies (Buyer)	# of sites	Deal value ($ billion)
2012/9	T-Mobile (US)	Crown Castle (US)	**7,200**	**2.4**
2013/10	AT&T (US)	Crown Castle (US)	**9,700**	**4.9**
2015/2	Verizon (US)	American Tower (US)	**11,324**	**5.1**
2018/6	Vodafone india Idea Cellular (India)	American Tower (US)	**20,000**	**1.4**
2019/7	Arqiva Group (UK)	Cellnex (ES)	**7,400**	**2.5**
2020/11	CK Hutchison (6 European countries)	Cellnex (ES)	**24,600**	**8.5**
2021/1	Telefonica (ES、DE、Latin America)	American Tower (US)	**30,722**	**9.4**
2021/2	Altice (FR)	Cellnex (ES)	**10,500**	**6.3**
2022/4	PLDT (PH)	edotco Group (MY)	**2,973**	**0.8**
2022/12	Globe (PH)	Frontier Tower Associates (PH)	**3,539**	**0.8**

Source: TowerXchange, press search

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❸ 3 indicators of Infra-Sharing revenue

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1 Number of installations / towers

- The number of buildings for IBS installation
- Then number of towers for tower sharing



×

2 Tenancy ratio

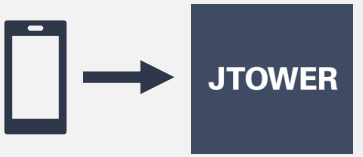
- Average number of participating tenants per building or tower



×

3 Unit price per tenant

- Fees per tenant for one building or a tower



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❸ Characteristics of Infra-Sharing revenue growth

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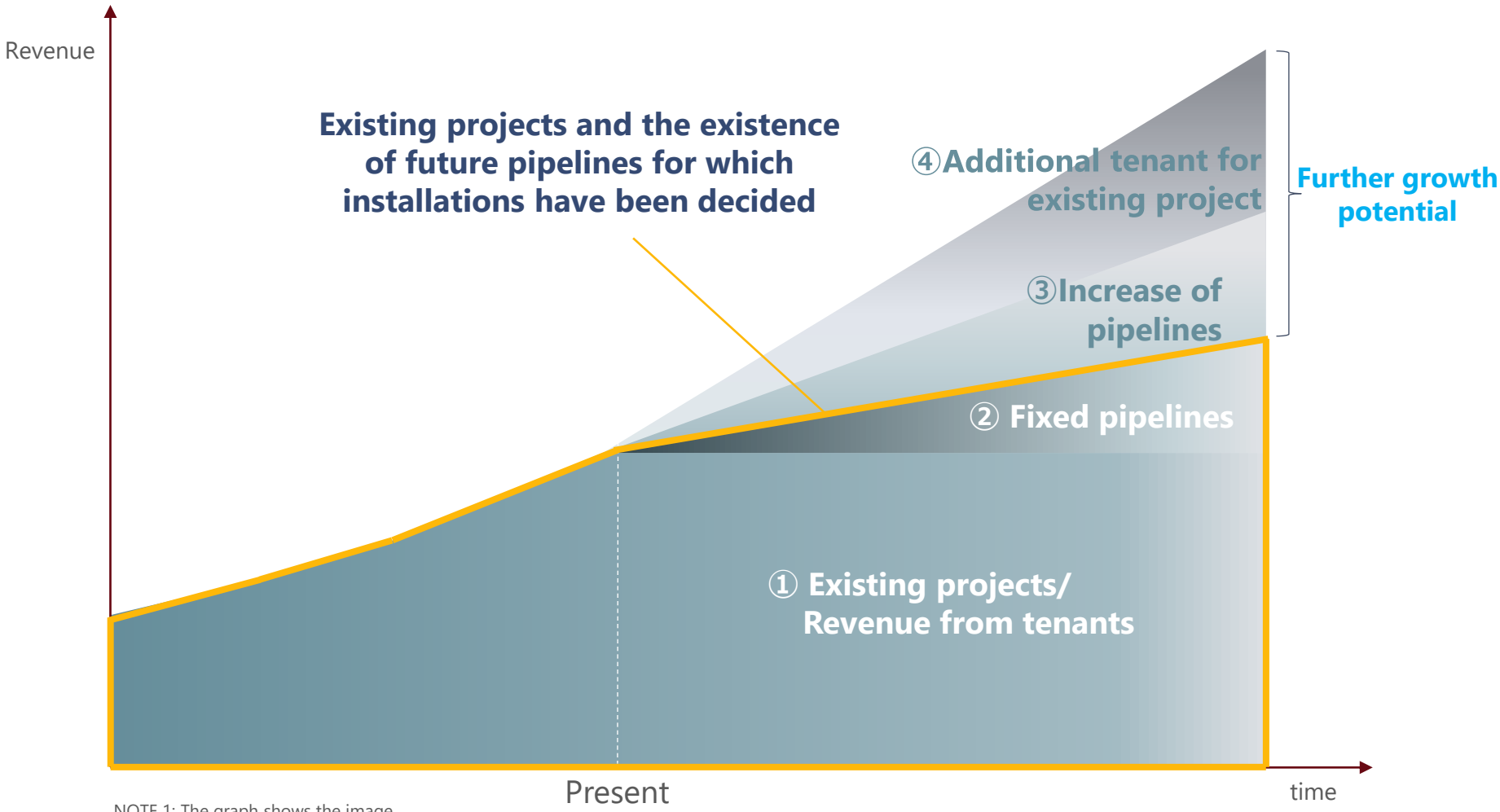
High revenue growth due to stability based on long-term contracts and the existence of future pipelines

(Growth image)



NOTE 1: The graph shows the image.
NOTE 2: This is a business model that requires capital investment when recording Infra-Sharing revenue (at the time of service launch). Such capital expenditures are distributed and expensed over the depreciation period.

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Business model of outdoor tower sharing



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❸ Business model of tower sharing

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Revenue Sources

- Multiple tenants lease space on the tower for their communications equipment.
- The lease fee is determined by the scale of CAPEX and other factors.
- Normally, long-term lease contracts with tenants.
- Conducted discussions with tenants when large price fluctuations occurred.

Main cost

- Depreciation
- Ground rent
- Maintenance and management expenses
- Fixed assets tax

Stable OPEX

- Ground rent and electricity charges (when incurred) are pass-through.
- Accommodating additional tenants typically requires minimal additional operating costs.



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❸ Unit Economics (Sample Image) - Tower Business

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- **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
(Sample Image of Curve Out Tower)

(JPY mn)

	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.

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❸ Tower - Expand business through carve-out & new construction

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Carve-out



- ✓ Acquire existing towers owned by telecommunications companies and utilized for tower sharing.
- ✓ Realize the first large-scale carve-outs deal with Japanese telecom operators.

More than 20m-80m high towers located in local and suburban areas throughout Japan

New tower sharing in rural areas



- ✓ We construct new towers in rural areas to promote tower sharing.

Around 15m high tower located in rural areas

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❸ Outdoor tower sharing facility configuration (carve-out tower)

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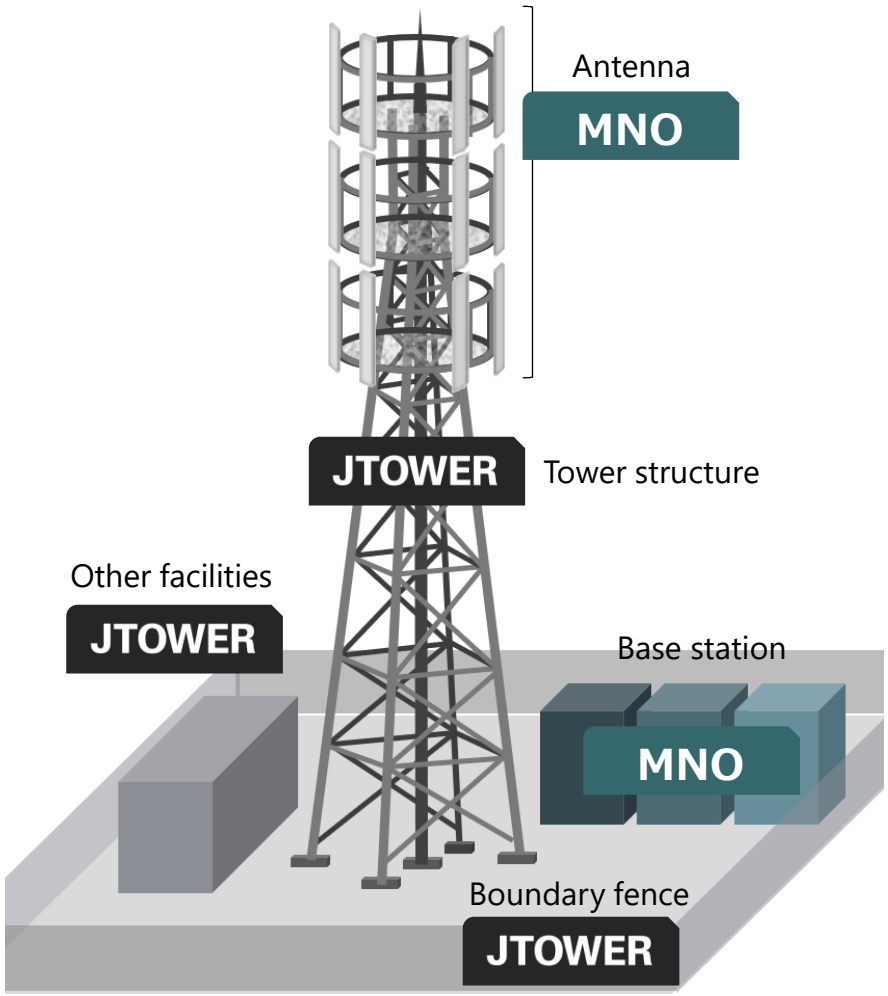

JTOWER Operated by JTOWER (sharing)

- Tower structure
- Boundary fence
- Other facilities

MNO*1 Operated by MNO

- Base station
- Antenna
- Feeder
- Other facilities

5G network layer	Site Sharing	Antenna Sharing	DAS Sharing	Radio Unit Sharing
Core Network	MNO	MNO	MNO	MNO
CU・DU	MNO	MNO	MNO	MNO
Radio Unit	MNO	MNO	MNO	JTOWER
Distribution unit	–	–	JTOWER	
Antenna	MNO	JTOWER		
Site	JTOWER			

*1: MNO: Mobile Network Operator

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❸ Outdoor tower sharing facility configuration
(new tower sharing in rural areas)

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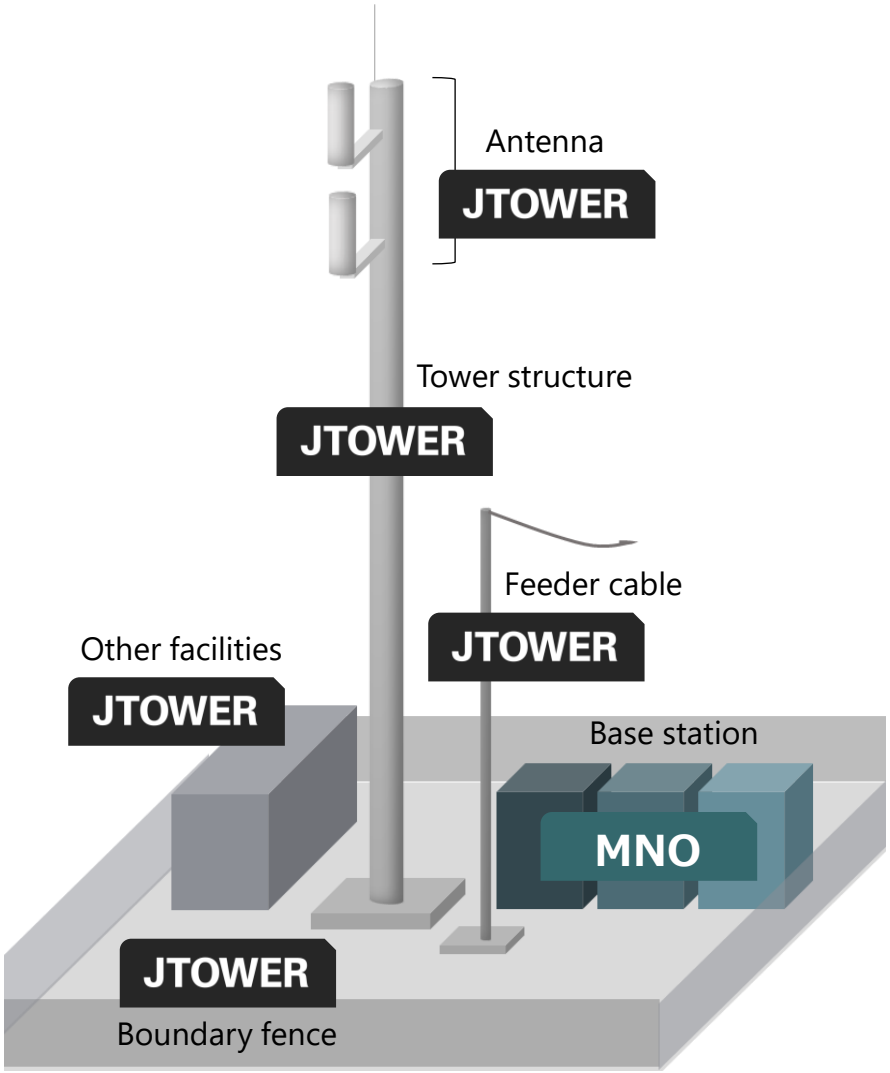

JTOWER Operated by JTOWER (sharing)

- Tower structure
- Antenna
- Feeder cable
- Boundary fence
- Other facilities

MNO*1 Operated by MNO

- Base station
- Other facilities

5G network layer	Site Sharing	Antenna Sharing	DAS Sharing	Radio Unit Sharing
Core Network	MNO	MNO	MNO	MNO
CU・DU	MNO	MNO	MNO	MNO
Radio Unit	MNO	MNO	MNO	JTOWER
Distribution unit	–	–	JTOWER	
Antenna	MNO	JTOWER		
Site	JTOWER			

*1: MNO: Mobile Network Operator

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❸ [Reference] Image of Tower Sharing

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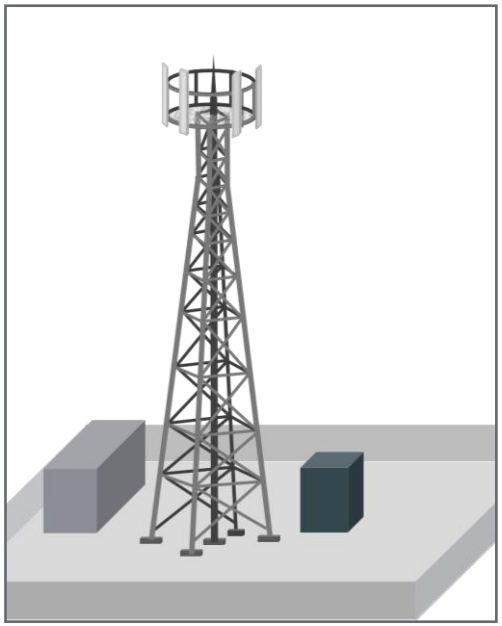
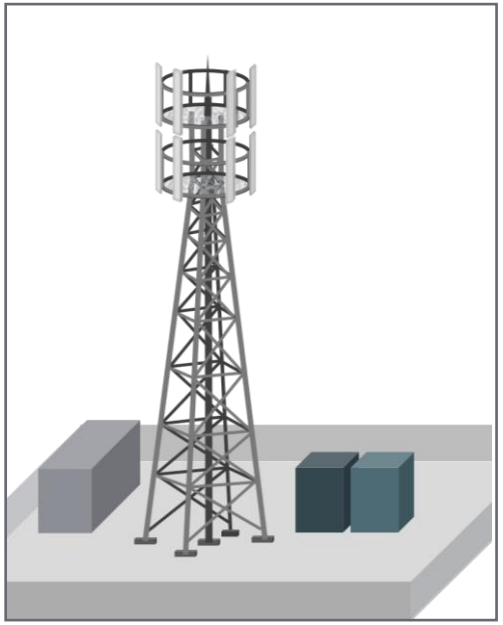
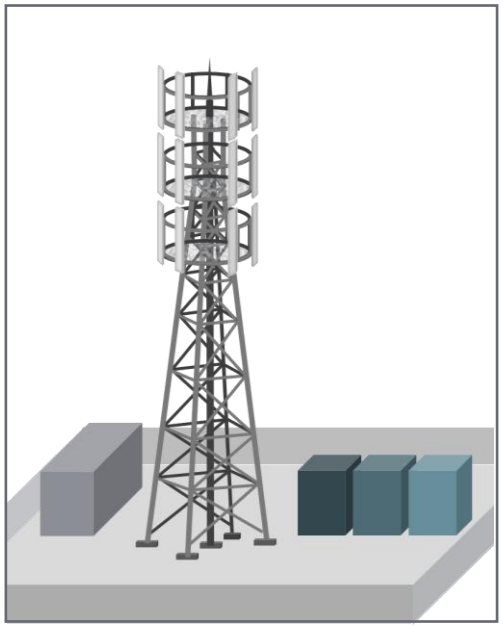
- **The usage fees per tower increases adding additional tenants, while costs remain relatively flat.**

1 Tenant	2 Tenants	3 Tenants
		

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❸ [Reference] Patterns of tower sharing

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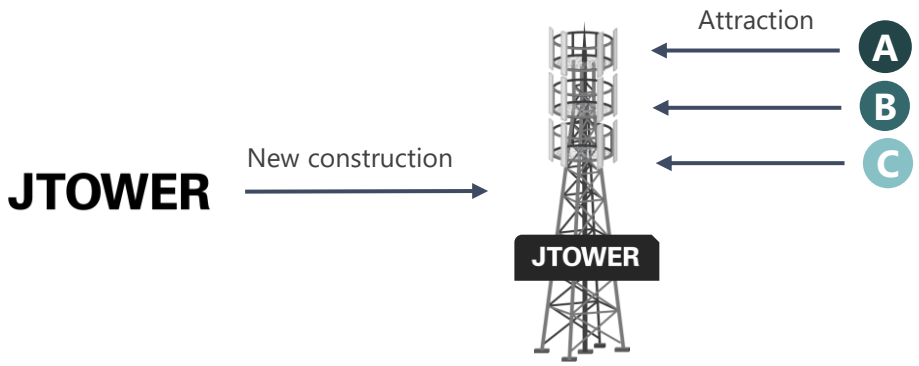
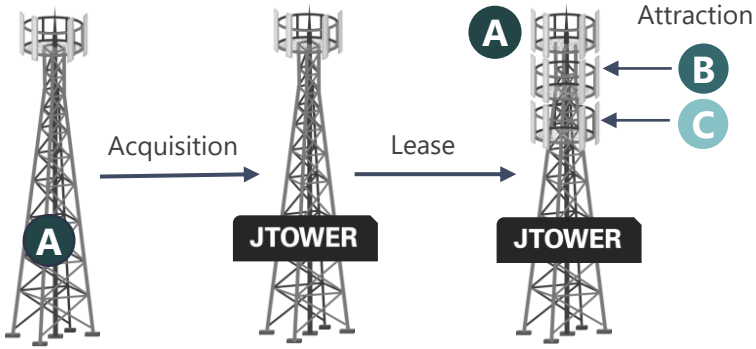
New construction

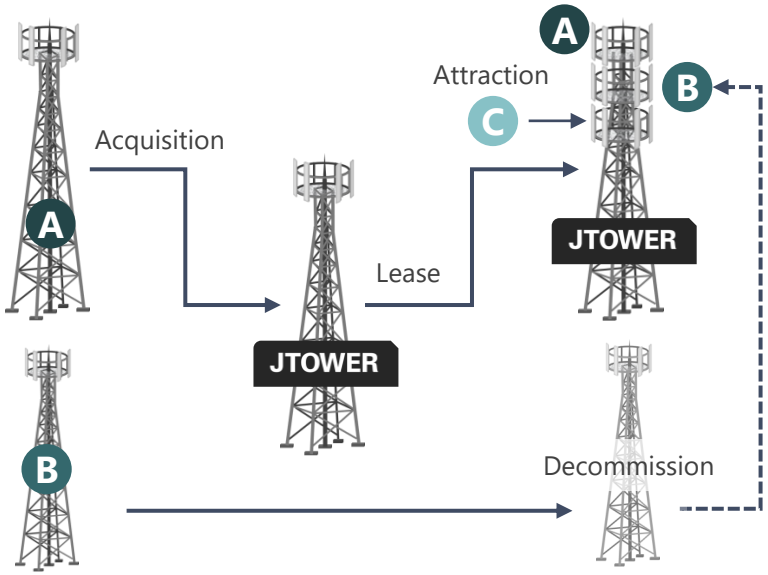


Carve-out

Attraction



Decommissioning



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❸ <Reference> Tower carve-outs

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- **We concluded the master transaction agreements for tower carve-outs from NTT WEST, NTT EAST and NTT DOCOMO and are in the process of transfer of 7,761 towers. We aim to further expand of tower carve-outs in the future.**

Carve-out deals that signed the master transaction agreements

The counterparty to the transaction	docomo		NTT WEST	NTT EAST
				
Total number of towers*1	**6,002**	**1,552**	**71**	**136**
Purchase Price/tower	17.7 million yen	11.0 million yen	9.9 million yen	6.6 million yen
Annual revenue/tower*2	1.5 million yen	0.9 million yen	2.8 million yen	5.1 million yen

*1: The number is the total number agreed upon in the master transaction agreement.
*2: Approximate value based on the tenancy ratio at the time of acquisition

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❸ <Reference> Rural tower construction image

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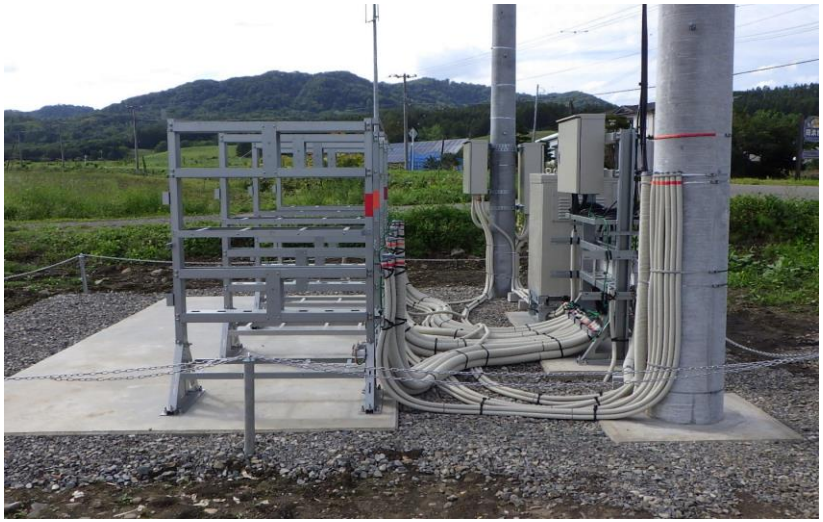

Rural tower in Hokkaido area

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Business model of indoor Infra-Sharing

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Services
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❸ Business model of indoor Infra-Sharing

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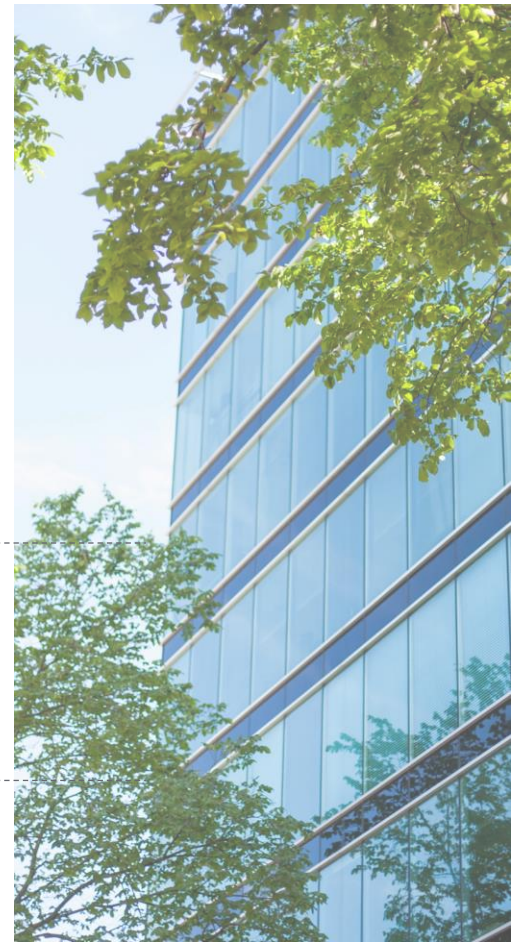
Revenue Sources	■ Mobile network infrastructure such as antennas, cable and repeater in large-scale buildings are consolidated using Infra-Sharing equipment and leased to multiple tenants as a shared network. ■ The lease fee is determined in accordance with the following – The scale of CAPEX – Electricity charge and other costs ■ Normally, (from) 5 years lease contracts with tenants. ■ Conducted discussions with tenants when large price fluctuations occurred.
Main cost	■ Depreciation ■ Maintenance and management expenses ■ Fixed assets tax ■ Electricity charge and other costs
Stable OPEX	■ Electricity charge and other costs are pass through. ■ Accommodating additional tenants typically requires minimal additional operating costs.



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❸ Unit Economics (Sample Image) - IBS Business

JTOWER

- **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.

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❸ Target Market of IBS Business

JTOWER

- **For newly built properties, it is assumed that there will be stable demand for 70 to 90 properties every fiscal year.**
- **With regard to replacement demand for existing properties, which has become apparent in recent years, it is assumed that the demand for 2,000-3,000 properties over the next 10 years, and that the same size of demand for replacement can be expected on a permanent basis due to the passage of time thereafter.**

Assumptions of markets targeted for new installation

Number of new buildings

Approx. **300** /year *1

Properties for which mobile carriers take indoor measures

Approx. **100** to **200** /year *7

Properties in which multiple operators participate

Approx. 70 to 90 /year *7



Assumptions on replacement target market

Number of existing buildings

Approx. **30,000**

(Offices*2, commercial facilities*3, hotels*4, hospitals*5, high-rise condominiums*6, etc.)

Latent demand that will arise over time

Modification demand equivalent to the emerging demand is constantly generated.

Actual demand *7 for the next 10 years

Approx. 2,000-3,000



* 1 : Company estimate based on large-scale projects with floor area of >10,000㎡. *2 Large-scale projects with >330㎡ per floor (as of Sept. end 2018, office building criterion based on Sanko Estate). *3: Large-scale projects with >1,500㎡ retail floor space and >10 tenants, developed by a developer. *4: Based on the number of resort hotels, city hotels and business hotels in Japan (as of Dec. 31, 2018). *5: Large hospitals with >300 beds in Japan (excluding general clinics, as of Oct. 1, 2017). *6: Condominium buildings with >20 floors in Japan (estimate for 2020 as of Oct. 31, 2018). *7: 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)
*7: Our estimate is based on sales information, etc.

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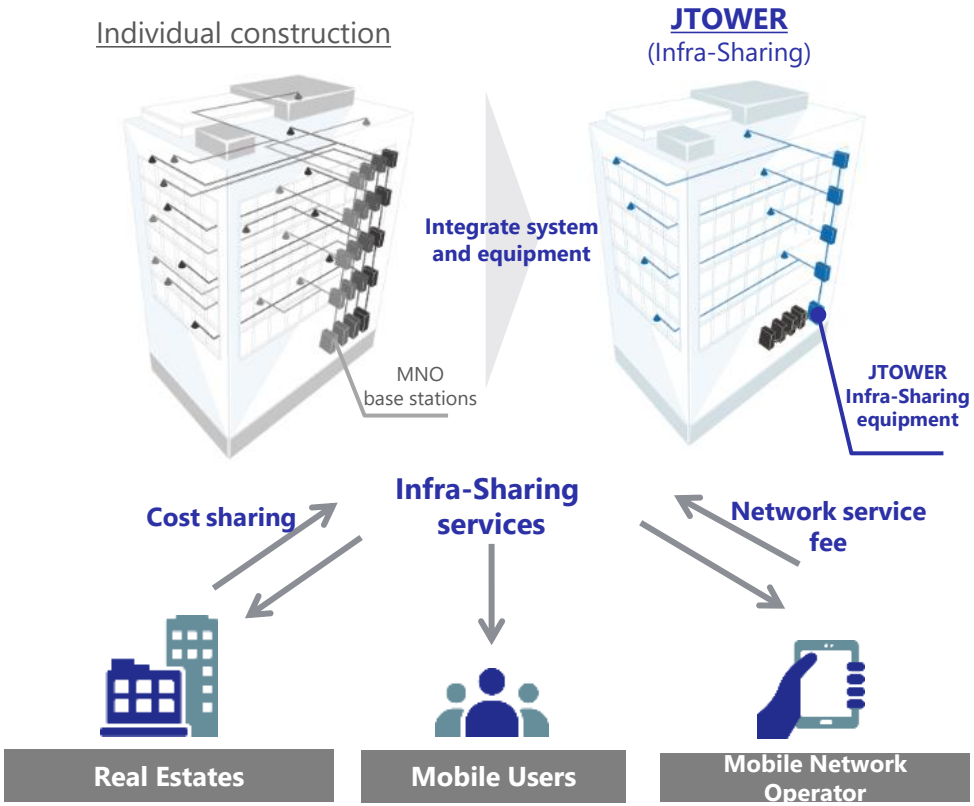
❸ Domestic IBS – Our Business Model of Infra-Sharing JTOWER

Unique Business Model to Build Win-Win Relationships

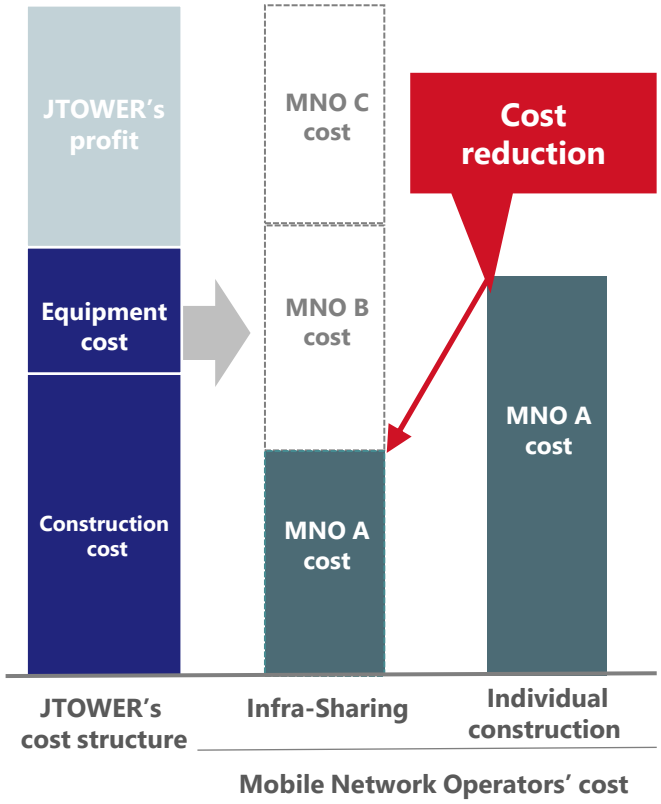


- ✓ Simplified system and energy saving
- ✓ Installation cost reduction

- ✓ Improved connectivity

- ✓ CAPEX/OPEX saving
- ✓ Improved customer satisfaction

Cost-Benefits for Mobile Network Operator*1



Note1: For illustrative purposes only

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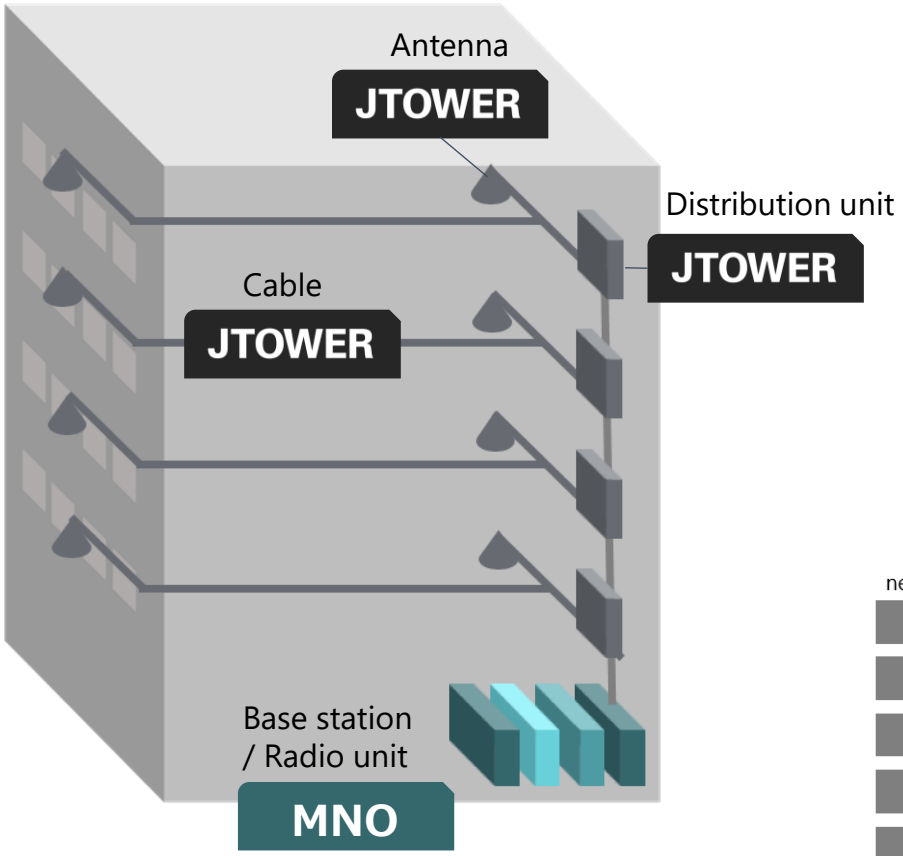
❸ Indoor Infra-Sharing facility configuration

JTOWER



JTOWER **Operated by JTOWER (sharing)**

- Distribution unit
- Cable
- Antenna

MNO*1 **Operated by MNO**

- Base station
- Radio unit

5G network layer	Site Sharing	Antenna Sharing	DAS Sharing	Radio Unit Sharing
Core Network	MNO	MNO	MNO	MNO
CU・DU	MNO	MNO	MNO	MNO
Radio Unit	MNO	MNO	MNO	JTOWER
Distribution unit	–	–	JTOWER	
Antenna	MNO	JTOWER		
Site	JTOWER			

*1: MNO: Mobile Network Operator

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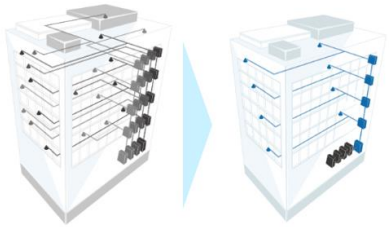
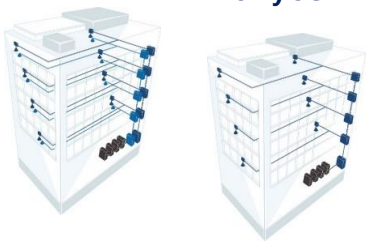
❸ Domestic IBS – Installation image of 4G and 5G IBS

JTOWER

New initiative

		4G IBS (New installation)	4G IBS (Replacement)	5G IBS
Installation Image		 Newly constructed 4G networks in buildings by using Infra-Sharing	 Replacement of 4G networks built separately by each MNO with Infra-Sharing	4G&5G Only 5G  Newly constructed 5G networks in buildings by using Infra-Sharing
Main target		New building	Existing building	New building / Existing building
Coverage area (The number of tenant required for installation decision)		Basically **whole building** (more than **2** tenants)	Basically **whole building** (more than **1** tenant)	Centered on **high traffic spots** (more than **1** tenant)
Potential	# of buildings	(Mainly new buildings)	(Existing buildings)	(New & Existing buildings)
	Coverage area	(Whole)	(Whole)	(Spot)
	Tenancy ratio	(more than 2)	(more than 1)	(more than 1)

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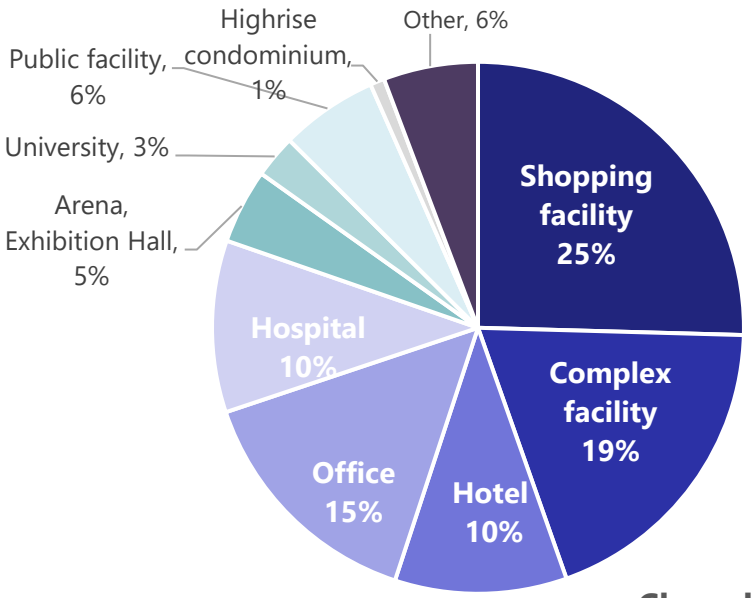
❸ Domestic IBS – The number of installations in each area and type of buildings *1, 2

JTOWER



Total number of installations 574*1

*1: As of March 31, 2024
*2: The number of buildings where IBS installation was completed.

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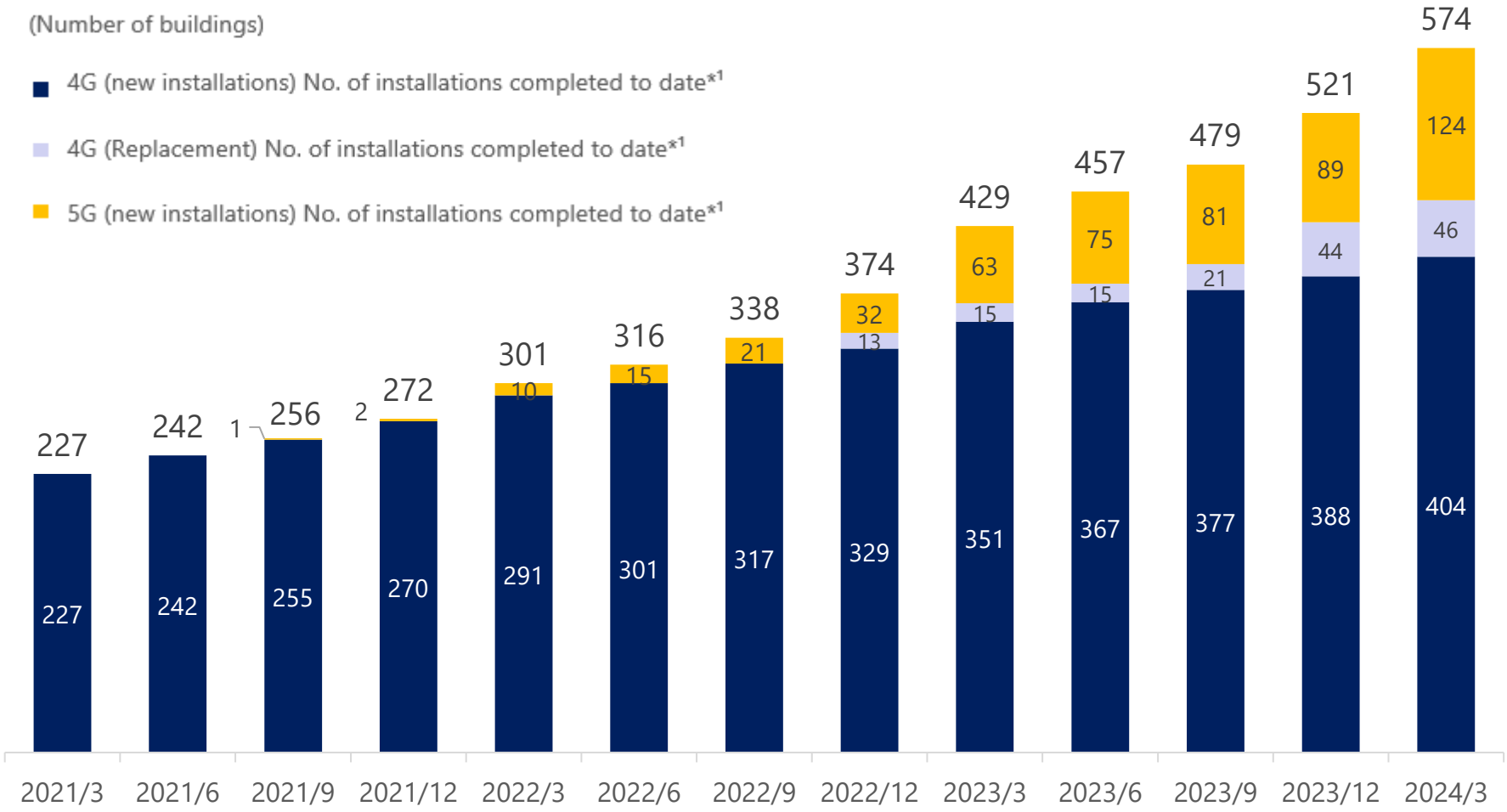
❸ Domestic IBS Historical Number of Installations

JTOWER



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

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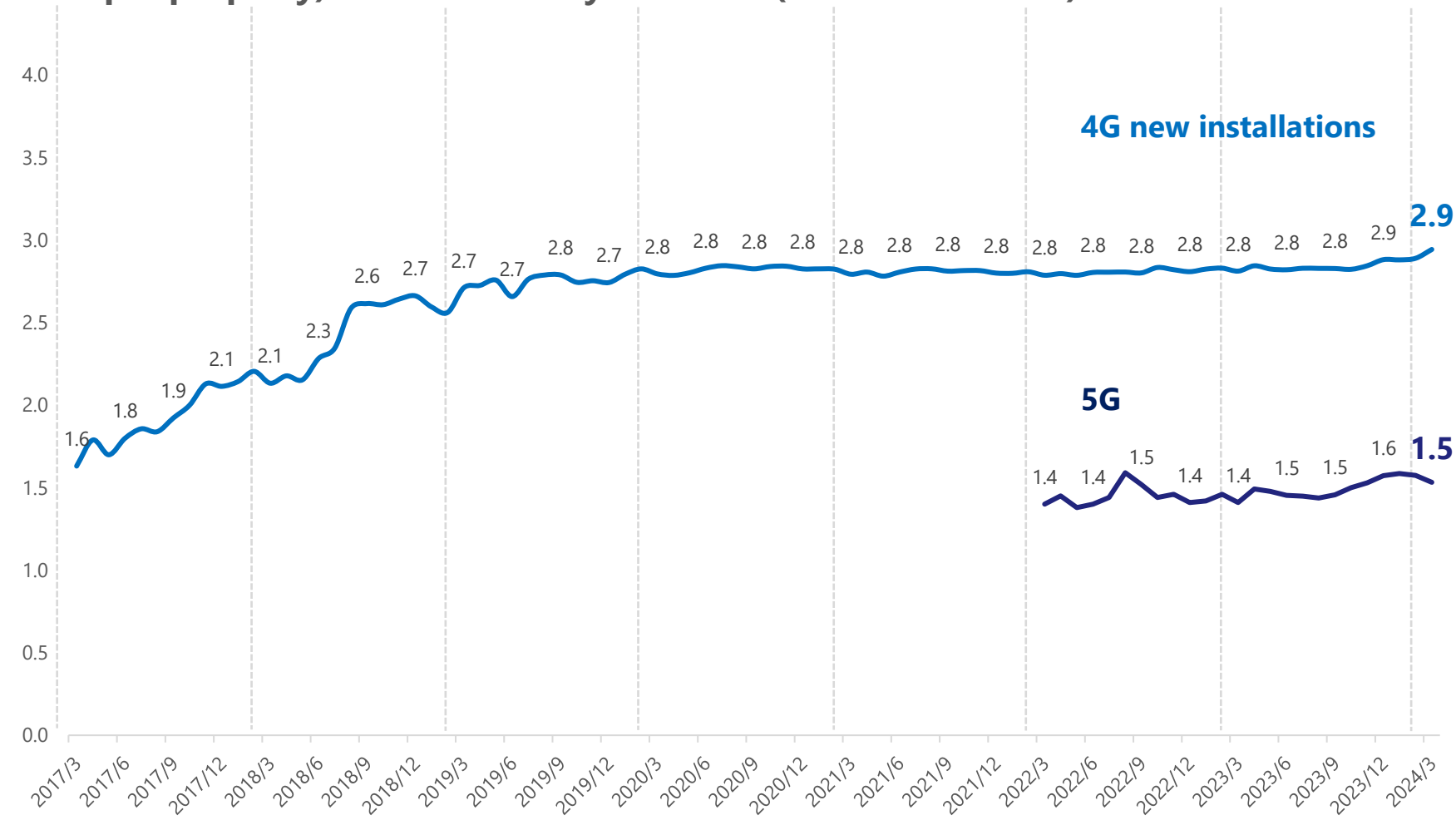
❸ Domestic IBS Historical Tenancy Ratio*1

JTOWER

- **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.

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❸ <Reference> Infra-Sharing development team

JTOWER

JTOWER Engineering Team

- ✓ Formulate specifications considering market needs, latest technologies, and international standards.
- ✓ Order to domestic and overseas vendors and collaborate to develop and mass produce equipment.

JTOWER ▶ **Domestic and overseas manufacturers**

Formulation of specifications

Collaborate in development and mass production

In-house development team enables direct communication with MNO's engineering team/ Understand their needs and utilize for development

JTOWER Tech Lab. Tokyo

- ✓ Opened in July 2022 upon relocation of head office for future technology development and verification.



Driving technology as a pioneer of Infra-Sharing

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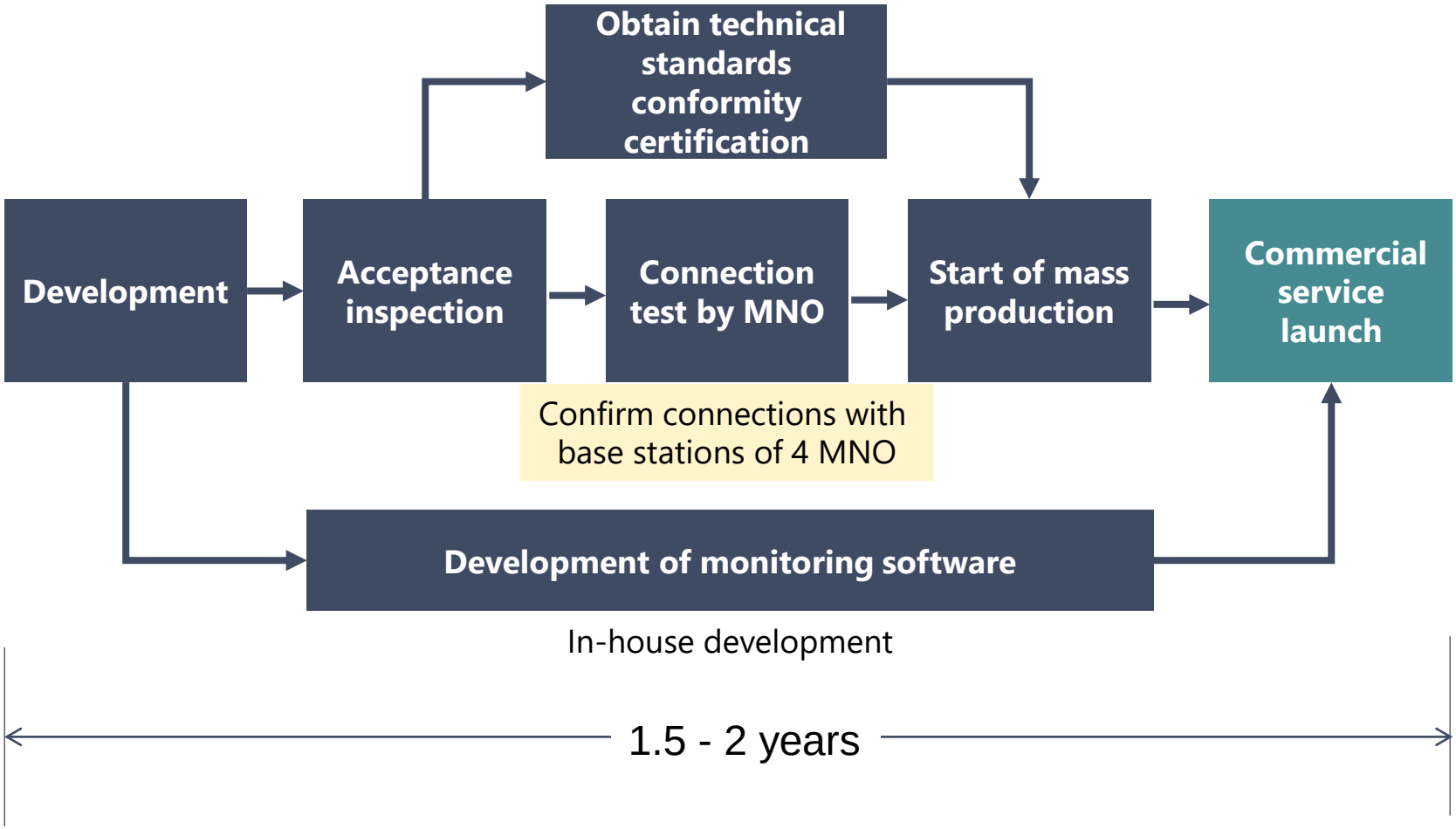
❸ [Reference] From development to services launch

JTOWER



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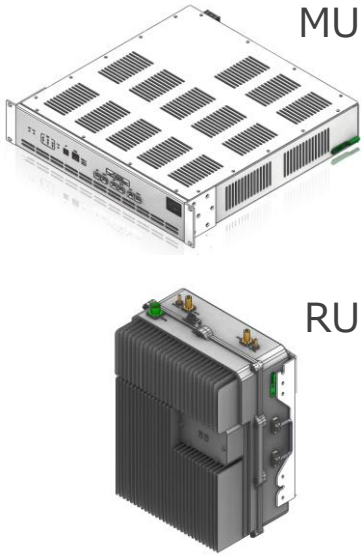
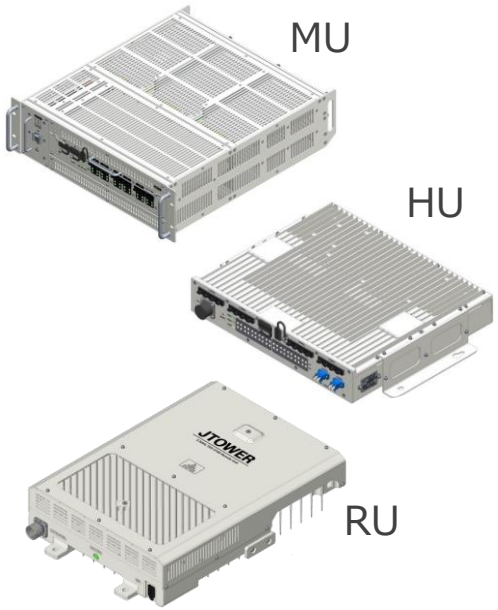
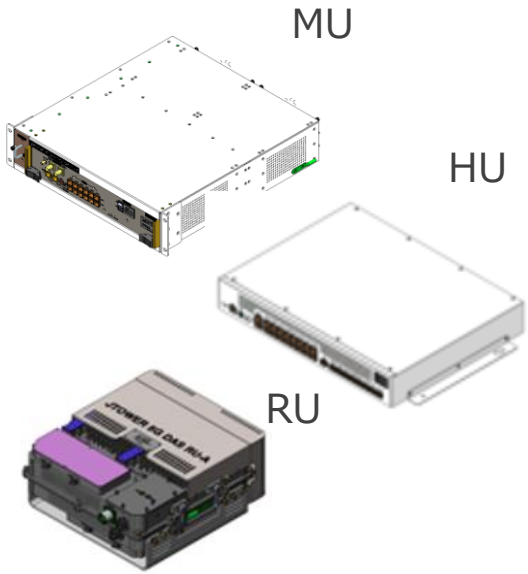
❸ [Reference] Infra-Sharing Equipment Lineup

JTOWER

4G		5G
JDAS-3.0	JDAS-2.0	JDAS-5.0
800MHz band, 900MHz band, 1.5GHz band,1.7GHz band,2GHz band	2.5GHz band, 3.5GHz band	3.4/3.5GHz band,3.7GHz band, 4.5GHz band
		
✓ Equipment for 4G started commercial service in 2014. ✓ More than 300 installations. ✓ JDAS-3.0 is compatible with FDD and JDAS-2.0 with TDD.		✓ Improved in 2024 to reduce power consumption by 35% ✓ We also have “RU-L” for local 5G.

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❸ <Reference> Interview with Real Estate Developers 1/2

JTOWER



As a member of NTT Urban Solutions Group, responsible for NTT Group's urban development business, NTT Urban Development is actively promoting the development of next-generation office buildings that utilize technology.

Since the first installation in 2017 (in UD Yumesaki Building in Osaka) , the company has been utilizing JTOWER's indoor Infra-Sharing solutions for next-generation office buildings that utilize 5G.



Supervisor
Architecture & Engineering Division
Urban＆Architecture Design Department

Tomohiko Kamiya

"The best thing is that we no longer have to take a time to coordinate with mobile network operators. JTOWER has expanded and provided the services not only in 4G but also in 5G, so our operations have become truly easy.
For this reason, we are contacting JTOWER first when we have new development projects."

"We utilize the foundation of Urban DTC to coordinate patrol routes for security robots and control air-conditioning to achieve comfort and energy conservation using human-flow data.*
And this Urban DTC utilizes 5G network built through Infra-Sharing."

＊NTT Group's initiatives aim to create new value in urban development by leveraging Digital Twin Computing technology.

"Telecommunications is one of the important infrastructures, so it is necessary to provide a perfect service. We believe that the utilization of Infra-Sharing is one of the strengths of our service."

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❸ <Reference> Interview with Real Estate Developers 2/2

JTOWER



H.U. Group is a Japanese leading company of clinical testing and H.U. Bioness Complex is the core facility for the healthcare business.
A large-scale facility composed of laboratories with the world's largest automation line and state-of-the-art technology, as well as multiple buildings, such as the R&D center which aims to create innovation by encouraging interaction between researcher, and a welfare function that gathers a dining café and hall.



General Manager
IT Infrastructure Service Department
Information Technology Division

Kentaro Takao

"*Due to the nature of this facility, which is used to conduct inspections and R&D, there are many "only authorized personnel permitted" places after the start of operation, so it is not realistic to conduct additional construction works later.*
For this reason, if each MNO installed their facilities separately, we would have had no choice but to give up additional constructions for late coming MNO's facilities after the start of operation."

"*It is precisely because we chose Infra-Sharing that we were able to expand later on.*
Since the completion of the facility, the use of each carrier has gradually increased and we have been able to improve connectivity."

"*After the installation of Infra-Sharing equipment, there were some areas where the connectivity was not good, then, JTOWER carefully interviewed the situation and thoroughly checked including areas other than those that seemed to have problems. They responded sincerely, focusing on quality until the end.*"

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❸ International IBS －IBS business in Vietnam

JTOWER

- **Entered the Vietnam market by acquiring a local IBS operator in 2017.**
- **In addition to increasing the number of installations, promote the growth strategy that includes M&A of local player and the purchase of existing operating assets in Vietnam.**

SPN
In - Building Solutions

- **Entry : July 2017**
- **Local entity name： SOUTHERN STAR TELECOMMUNICATION EQUIPMENT JSC（SPN）**
- **Market leader in Vietnam**
- **Number of installations : 243[*1]**
- **100% consolidated subsidiary (Fiscal year-end is December 31)**

＜Examples of Installation in Vietnam＞







*1: As of December 31, 2023

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JTOWER

Infra-Sharing
Services
from Japan
Lead the World



Outline

1. Pioneer of Infra-Sharing in Japan
2. Infra-Sharing Market and Growth Potential in Japan
3. Infra-Sharing Business Model
4. Finance & Alliance
5. Appendix

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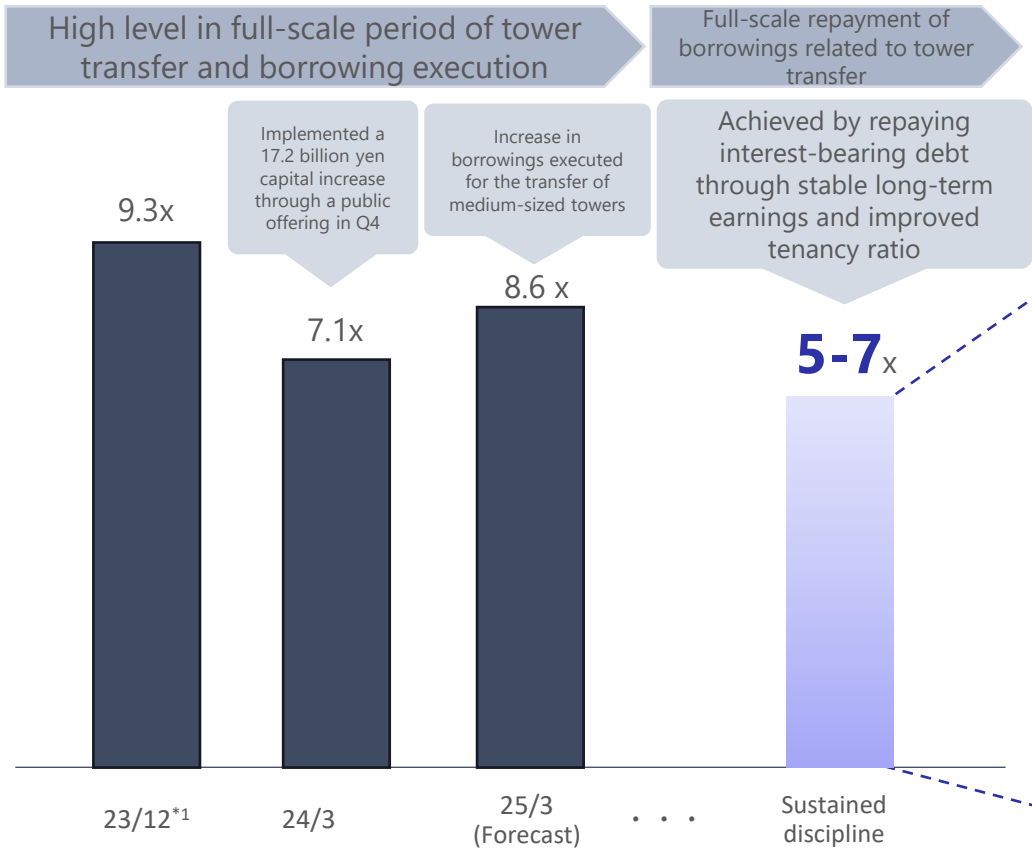
❹ Financial Strategy for Achieving Medium-to Long-Term Growth

JTOWER

- **The net leverage ratio will be 7.1x as a result of the capital increase through the foreign public offering on March 24. Including stable long-term earnings and an improvement in the tenancy ratio, we will control the net leverage ratio from 5 to 7x as a sustainable discipline for further growth over the medium-to long-term.**

Net debt/EBITDA (net leverage ratio)



*1: EBITDA are calculated using the results for the most recent 12 months (LTM).

Financing Initiatives to Support Growth

Achieve optimal capital-efficiency by combining long-term fixed interest rates through corporate finance and project finance using SPC.
(Approx. 80% of borrowings using SPC are fixed.)

Our Financial Strategy and Procurement Options in the Event of Business Fund Demand over the Medium-to Long-Term

- We assume that we will repay interest-bearing debt and reduce the net leverage ratio based on stable business income based on long-term contracts with mobile carriers.
- In addition, the following methods of procurement will be considered by expanding debt capacity and utilizing cash on hand by improving tenancy ratios and reducing costs.
  - Procurement utilizing structures such as private funds and subsidiaries
  - Private placement bonds, etc.

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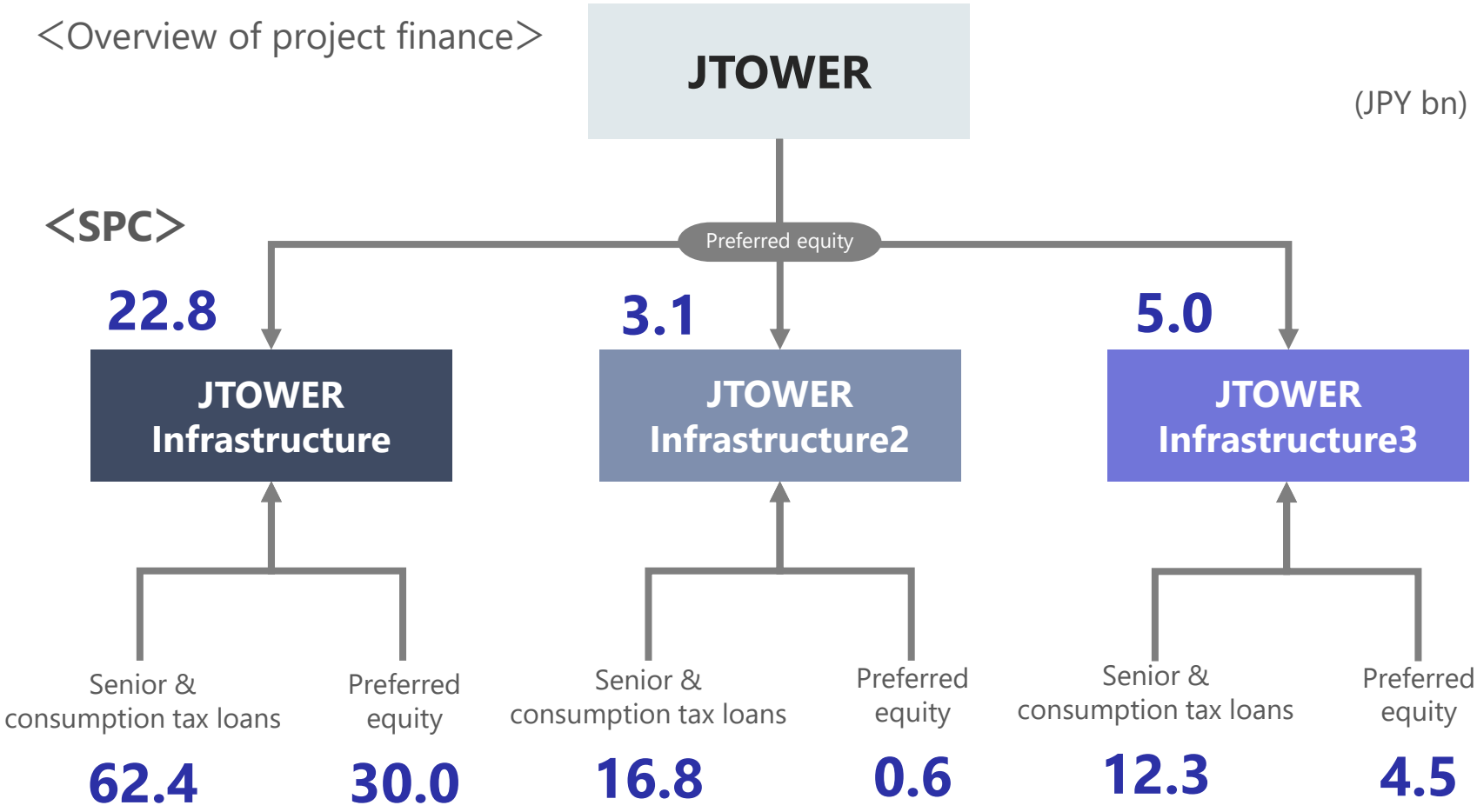
❹ Utilization of project finance

JTOWER

- **For the existing tower acquisition deal, we have procured funds through project financing using SPC (100% subsidiary).**

<Overview of project finance>

(JPY bn)



*1: Post the amount determined at the time of the signing of the financing contracts.

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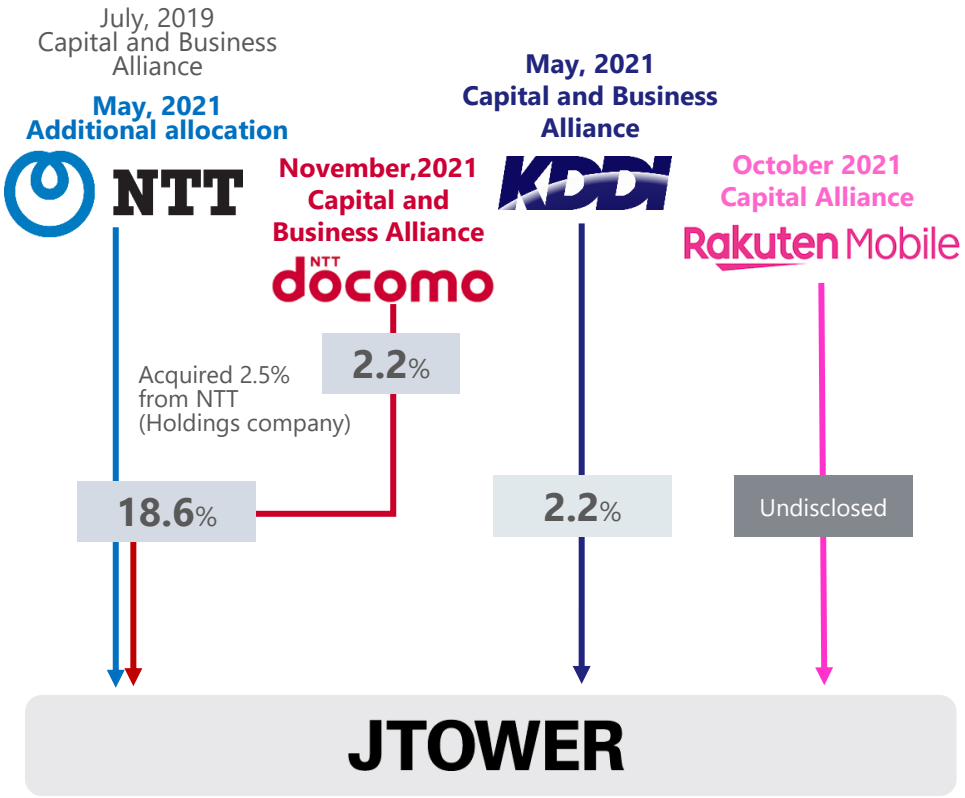
❹ Positioning of alliances with mobile network operators

JTOWER

- **By strengthening relationships through alliances with mobile network operators, we will strengthen our position as Infra-Sharing provider aiming for further growth and expansion.**

Our capital structure



Significance for us

- Strengthening our position as a leading company of Infra-Sharing
- In Tower Business, where the relationship with mobile carriers is important, we aim to expand the business based on the strengthening of the relationship under this alliance.
- Going forward, we will continue to consider alliances that contribute to enhancing corporate value as an important measure.

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JTOWER

Infra-Sharing Services from Japan Lead the World



Outline

1. Pioneer of Infra-Sharing in Japan
2. Infra-Sharing Market and Growth Potential in Japan
3. Infra-Sharing Business Model
4. Finance & Alliance
5. Appendix

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❺ Company Information

JTOWER

Company Name	ＪＴＯＷＥＲ Ｉｎｃ.
Founded	June 2012
Representative Director	Atsushi Tanaka
Head office	2-2-3, Minamiaoyama, Minato-ku, Tokyo, Japan
Employees	241*1 (consolidated, as of March 31, 2024)
Capital	JPY16.5 billion (as of March 31, 2024)
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 50.

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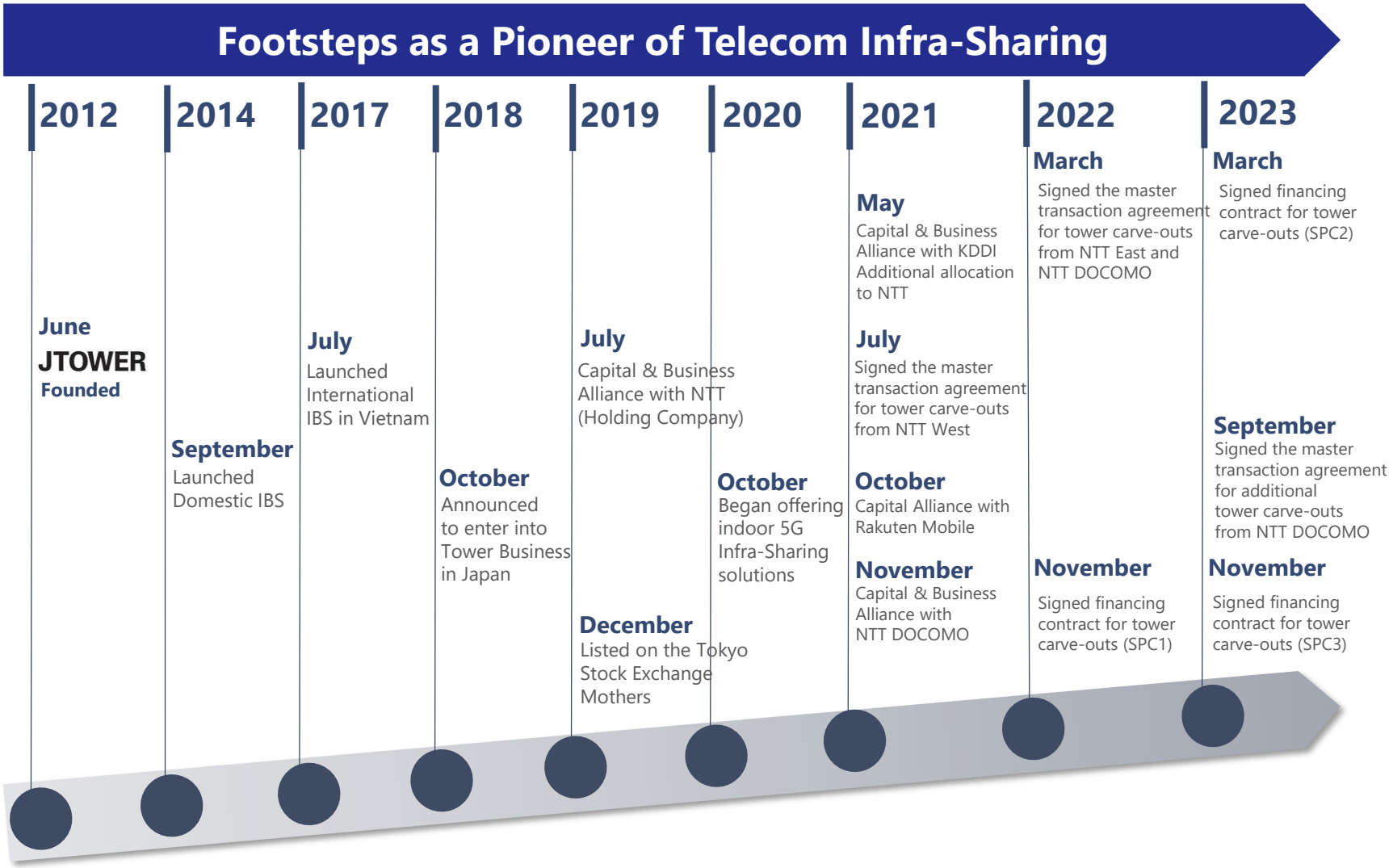
JTOWER

Footsteps as a Pioneer of Telecom Infra-Sharing



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❺ Management with Telecom Expertise-Board of Directors

JTOWER

Director	Experience/ Years of Telecom Industry Experience	
 Representative Director **Atsushi Tanaka**	Goldman Sachs Equity analyst / Telecom sector eAccess Head of corporate planning div. eMobile CFO / Head of corporate planning div.	**27**
 Senior Managing Director **Yusuke Kiriya**	M'sWorks Senior engineer	**21**
 Managing Director **Ryosuke Nakamura**	PwC Arata Audit / Advisory eAccess Group head of business planning div.	**17**
 Outside Director **Naoki Ota** Independent Outside	Boston Consulting Group Senior partner / Managing director MIC Advisor to Minister Tokyo Metropolitan Government Chief Digital Service Fellow : current position	**25**
 Outside Director **Yoshiaki Uchida** Independent Outside	KDDI Executive Vice President, Representative Director, Executive Director of Technology Sector KDDI Engineering Chairman	**43**

Director	Experience/ Years of Telecom Industry Experience	
 Outside Director **Mutsuko Oba** Independent Outside	KPMG AZSA Audit / Advisory Statice CPA Office Founder and Representative : current position	**6**
 Outside Director **Shingo Ishida** Independent Outside	NTT EAST Executive Manager of Corporate Strategy Planning Department NTT Director of Technology Planning Department : current position	**30**
Outside Director **Matthias Vukovich** New Independent Outside	NTT DOCOMO Morgan Stanley (Executive Director) Converge ICT (CFO)	**22**
Outside Director **Asuka Sato** New Independent Outside	INCJ Group Managing Director : current position EDOTCO Group Non-Independent and Non-Executive Director : current position	**14**

- This will be officially decided at the 12th Annual General Meeting of Shareholders to be held on June 28, 2024.
- The background is partially excerpted from those that are relevant to the company.

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❺ Overview of Infra-Sharing contract structure

JTOWER

- **Contracts for Infra-Sharing services, such as master lease agreement with MNO, installation agreement with real estate developers, and lease agreement with landowners.**

Infra-Sharing equipment vendor

Procurement of Infra-Sharing equipment

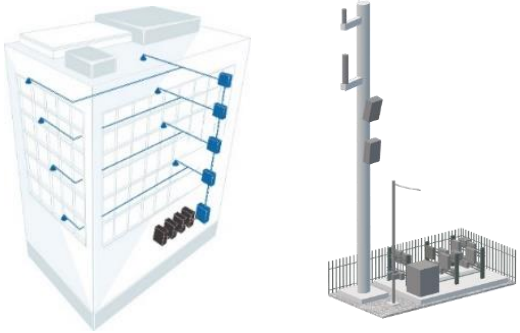
Payment for equipment

Telecom Construction Company

Consigned construction contract

Payment for construction

JTOWER



Infra-Sharing Business

Master lease agreement

Payment for usage

MNO

Arrangement of matters concerning the use of Infra-Sharing in master lease agreement

- Usage fee
  - Network service fee
  - Maintenance fee
- Period of use
- Other usage conditions

Installation agreement / Lease Agreement

Real estate developer
Land owner

Arrangements on matters related to installations (Installation agreement / Lease agreement)

- Period of use
- Other usage conditions

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❺ Types of mobile infrastructure network development in Japan

JTOWER

- **In order to rationally and efficiently promote network development in Japanese telecommunications industry as a whole, demand for Infra-Sharing has been increasing.**
- **Currently, competition for Infra-Sharing services by independent operators is limited.**

		Developer	Business model	Organization /Company
Type1	Network by each MNO	• MNO or a division of MNO	• Internal use	MNO
Type2	Network by public interest incorporated association	• Public interest incorporated association with the MIC and MLIT as the competent government agency	• Targeting facility sharing in highly public areas such as subways and tunnels	JMCIA
Type3	Network sharing among MNO (based on Guidelines on the use of poles, pipelines by public utilities)	• MNO or a division of MNO	• Network sharing among some MNO	MNO
Type4	Infra-Sharing by independent Infra-Sharing service provider	• Independent Infra-Sharing service provider	• Multiple MNO are the target of tenants • **Highly efficient in use**	

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❺ Important risk factors and countermeasure policy

JTOWER

	Item	Major Risk	Possibility/ Timing	Impact	Countermeasures against risks
Business Environment	Trend of competitor	Possibility of loss of competitive edge, if competitors with sales capabilities, price competitiveness, quality and brand value that exceed our group enter the market.	Medium/ Medium-to long-term	High	In addition to improve technology and services, strengthen our position as a Infra-Sharing provider by strengthening relationships with MNO and real estate developers.
	Service defects, accidents, natural disasters	If an accident or other incident occurs or services are suspended due to a large-scale natural disaster in the business of our group, the brand image may be damaged, which may affect our business development and financial position.	Medium/ Medium-to long-term	High	Assume possible risks and clarify the response flow/priorities through the formulation of a business continuity plan (BCP).
	Technological Innovation	The potential loss of demand from the market if new technological innovations or market trends occur and our group's current businesses do not fit the demand and we are unable to deploy technologies and services that are in line with circumstances.	Low/ Medium-to Long-Term	High	In addition to strengthen the in-house technology team, expand information sharing through capital and business alliances with MNO, including information for technical requirements and base station development plan.
	Violation of financial covenants	When financial covenants in a syndicated loan contract are violated, it may be obligated to repay the loan before the due date, which may affect the financial condition.	Low/ Medium-to Long-Term	Medium	To ensure that it dose not violate financial covenants, our group has the Finance Division monitoring of the business plans of various business divisions.
	Dependence on certain suppliers	Significant changes in the business activities or bankruptcies of large suppliers may affect the provision of our group's services.	Low/ Medium-to Long-Term	Medium	Promote multi-vendor and decentralized procurement.
	Overseas Business	Possibility that country risks, such as the inability to conduct business may materialize due to the impact of political, economic and social conditions in countries with overseas operations.	Medium/ Unknown	Medium	Promote M&A of existing Infra-Sharing companies and equity participation with business partners in markets with a high growth potential.
Business Structure	Recruit and develop excellent human resources	If we are unable to recruit and develop enough human resources, or if the loss of human resources progresses, our business development and operating results may be affected.	Low/ Medium-to Long-Term	High	Strengthen proactive recruitment activities and initiatives to improve employee satisfaction.
	Reliance on an individual person	If our representative director, founder and major shareholder Atsushi Tanaka becomes difficult to continue the operations in our group, our business performance may be affected.	Low/ Unknown	Medium	Information sharing among Board of Directors and strengthen management organization.

※ Within the contents of Business and Other Risks section of the Annual Securities Report, major risks that affect the realization of growth and the execution of business plans are extracted. For other risks, please refer to Business and Other Risks in the Annual Securities Report.

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