JTOWER

Financial Results for Q2 FY2024 ended September 30,2024

November 14, 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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<Background photos for cover, outline and vision> Acquired tower from NTT DOCOMO (Nomo town, Nagasaki)

Outline

1. FY2024H1 Financial Results
2. Initiatives for Future Growth
3. FY2024 Full Year Forecasts
   (Reposting of the August 14 announcement)
4. Q&A

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Revenue increased by 61% YoY to JPY7.7 billion

- Revenue increased YoY (6 months comparison) due to the expansion of Tower and Domestic IBS business.
- Domestic IBS and Tower businesses accounted for 34% and 59% of consolidated revenue.
- On the other hand, revenue increased by 7% QoQ (Q1 vs. Q2) mainly due to the completion of tower transfers.

Profits progressed as planned in H1

- EBITDA increased by 54% YoY, driven by revenue growth, with EBITDA margin of 46%.
- The impact on profits from the increase in fixed asset taxes and interest payments was in line with the forecasts.
- The reason why the operating profit in Q2 exceeds Q1 is due to the increase in gross profit from tower revenue expansion, as well as the following one-time factors:

(1) Recognition of one-time revenue in Q2 (electricity fee settlements and one-time Wi-Fi revenue)
(2) Increase in fee expenses in Q1 (temporary increase in accounting related fees).

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❶ FY2024H1 Highlights of Core Business (Tower)

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(Number of towers)

Tower	FY2024 H1 result			As of March 2025 forecast		
	Progress	Total	Tenancy ratio（x）	Total	Tenancy ratio（x）	
DOCOMO large size	**221**	5,682		5,690		
DOCOMO middle size	**1,108**	1,320	**1.00**	1,447	1.04	1.07
NTT EAST & WEST	**1**	87		160		
New construction（rural） (revenue contribution basis)	**13**	122	**1.48**	140	2.89	
Total	**1,343**	7,211		7,437		

- ✓ Transfer of DOCOMO large size towers has been completed with 5,682 towers transferred (The transfer work for remaining 320 towers was cancelled).
- ✓ Transfer of DOCOMO middle size towers progressed smoothly, with 85% of transfers completed as of the end of September.
- ✓ Tenancy ratio (revenue contribution basis) for new rural towers improved to 1.48.

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❶ FY2024H1 Highlights of Core Business (Domestic IBS)

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(Number of installations)

Domestic IBS	FY2024 H1 result			As of March 2025 forecast	
	Progress	Total	Tenancy ratio（x）	Total	Tenancy ratio（x）
4G IBS (new installation)	20	424	3.0	457	3.0
4G IBS (replacement)	3	49	1.0	100	1.1
5G IBS	6	130	1.6	154	1.7
Total	29	603		711	

- ✓ Tenancy ratio for 4G IBS (new installation) achieved a record high of 3.0x.
- ✓ In H1, the number of installations in 4G and 5G IBS increased by 29 and the total number of installations in Domestic IBS*1 increased to 603.

*1: The total number of installations of 4G IBS (new installation), 4G IBS (replacement) and 5G IBS.

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❶ FY2024H1 Consolidated Results – P&L

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- **Revenue and EBITDA increased due to the expansion of Tower and Domestic IBS businesses.**
- **Profits decreased due to an increase in fixed asset taxes, interest payments, and the recording of TOB-related expenses as extraordinary loss.**

(JPY mn)	FY2023	FY2024		
	6 Months Results	**6 Months Results**	Change	
			Amount	%
Revenue	4,778	**7,704**	+2,926	+61.2%
EBITDA *1	2,273	**3,509**	+1,235	+54.3%
EBITDA Margin	*47.6%*	***45.5%***	*- 2.0pt*	—
Operating Profit	428	**241**	- 187	-43.7%
Operating Profit Margin	*9.0%*	***3.1%***	*- 5.8pt*	—
Ordinary Profit	195	**-324**	- 520	—
Profit attributable to non-controlling interests*2	7	**-248**	- 256	—
Profit attributable to owners of parent	116	**-407**	- 523	—
Capital Expenditure*3 (Investment Cash Flow)	-47,697	**-21,507**	+26,190	—

*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 include the acquisition of property, plant and equipment and intangible assets. (Period total is unaudited)

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❶ FY2024H1 Consolidated Results – BS (1/2)

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- **The early repayment of long-term loans and the procurement of Infra-Sharing equipment for the expansion of 4G IBS (replacement) resulted in a decrease in cash and cash equivalents.**
- **As the tower transfer progressed, there were an increase in tangible fixed assets (buildings and structures) and debt.**

	FY2023	FY2024	
(JPY mn)	March 31, 2024	**September 30, 2024**	Change
Current Assets	**33,909**	**28,247**	**- 5,661**
Cash and Cash Equivalents	30,685	25,402	- 5,282
Accounts Receivable	644	492	- 152
Non-current Assets	**112,711**	**128,186**	**+15,474**
Tangible Fixed Assets	110,385	125,457	+15,071
Buildings and structures	96,900	110,398	+13,498
Machinery, equipment and vehicles	10,116	10,797	+680
Construction in progress	2,015	2,927	+911
Goodwill	316	327	+10
Total Assets	**146,620**	**156,434**	**+9,813**
Financial Indicators			
Debt	69,677	79,505	+9,828
Net Debt	38,991	54,102	+15,111
Equity Ratio	21.0%	19.8%	*- 1.2pt*
Adjusted Equity Ratio*[1]	37.1%	37.2%	*+0.1pt*

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

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❶ FY2024H1 Consolidated Results – BS (2/2)

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- **The transfer of towers has led to an increase in long-term borrowings and the non-controlling interest has increased due to preferred investments.**

	FY2023	FY2024	
(JPY mn)	March 31, 2024	**September 30, 2024**	Change
Current Liabilities	**24,025**	**25,266**	**+1,241**
Accounts payable - trade	720	646	- 74
Short-term borrowings*1	2,456	6,187	+3,731
Accounts payable - other	8,992	6,135	- 2,857
Contract liability	10,598	11,319	+720
Non-current Liabilities	**68,137**	**73,766**	**+5,629**
Long-term borrowings	66,295	72,473	+6,178
Total Liabilities	**92,163**	**99,033**	**+6,870**
Net Assets	**54,457**	**57,400**	**+2,942**
Share capital	16,584	16,592	+8
Capital surplus	15,371	15,436	+65
Non-controlling interests	23,632	26,391	+2,759
Total Liabilities and Net Assets	**146,620**	**156,434**	**+9,813**

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

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❶ FY2024H1 Consolidated Results – CF

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- **Compared to the previous H1, less tower transfers has resulted in a decrease in both revenue and expenses related to tower acquisitions./ Approx. 4.6 billion yen was spent on early repayment of long-term borrowings.**

(JPY mn)	FY2022	FY2023	
	6 Months Ended September 30, 2023	**6 Months Ended September 30, 2024**	Change
Cash Flows from Operating Activities	**1,812**	**2,622**	**+809**
Change in Contract liability (Decrease "-")	1,199	718	- 480
Depreciation	1,824	3,245	+1,421
Amortization of Goodwill	18	19	+1
Interest expenses	-267	-579	- 311
Cash Flows from Investing Activities	**-47,795**	**-21,354**	**+26,441**
Purchase of property, plant and equipment	-47,084	-21,110	+25,974
Purchase of intangible assets	-613	-397	+215
Free Cash Flow	**-45,983**	**-18,732**	**- 27,251**
Cash Flows from Financing Activities	**49,939**	**13,323**	**- 36,616**
Proceeds from long-term borrowings	32,890	13,248	- 19,642
Repayments of long-term borrowings	-339	-4,565	- 4,226
Commission expenses paid	-212	-13	+199
Proceeds from payments from noncontrolling interests	14,260	2,911	- 11,348
Effect of exchange rate change on cash and cash	**47**	**21**	**-25**
Net Increase (Decrease "-") in Cash and Cash Equivalents	**4,004**	**-5,387**	**- 9,391**
Cash and Cash Equivalents at Beginning of Period	23,603	29,850	+6,246
Cash and Cash Equivalents at End of Period (Q2)	27,608	24,463	- 3,144

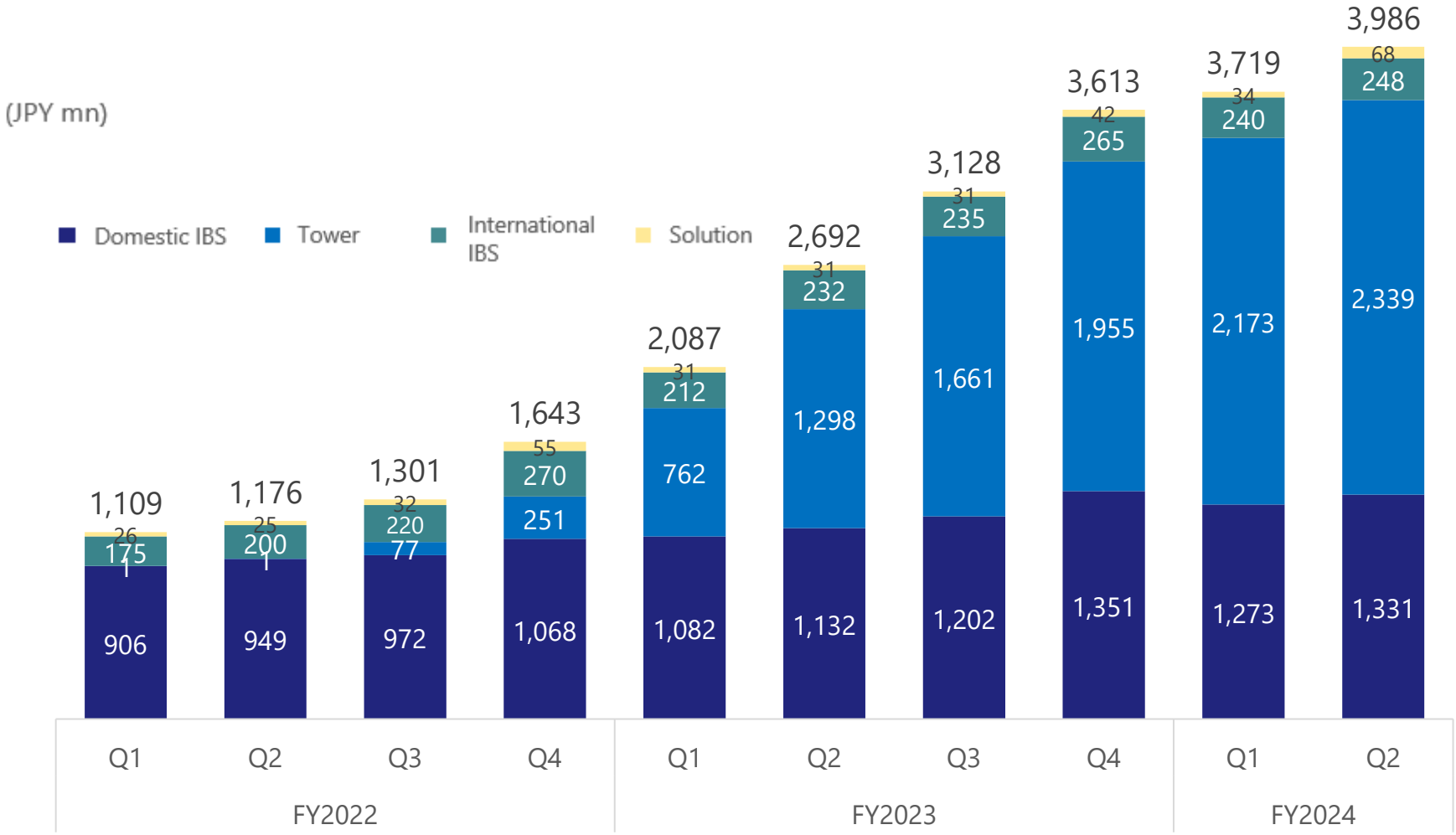
*1: Including long term borrowings due within one year.

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❶ Historical Revenue by Business

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- **In H1, revenue increased by 2.2 times in Tower and by 18% in Domestic IBS YoY.**
- **Domestic IBS accounted for 34%, Tower 59%, International IBS 6% and Solutions 1% of consolidated revenue (6 months total basis).**



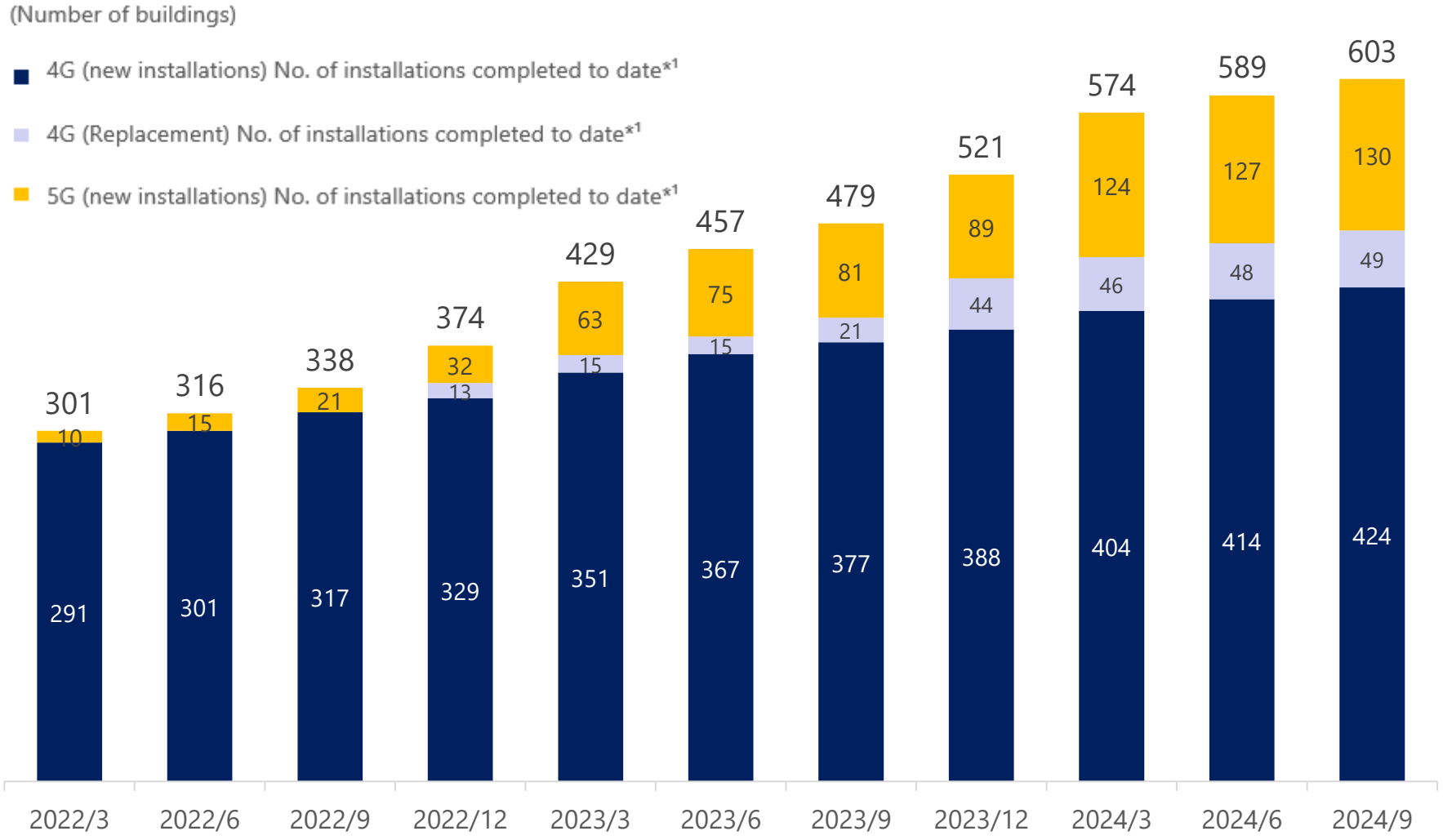
Note: Breakdown of quarterly revenue by business is unaudited.

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❶ Historical Number of Installations（Domestic IBS）

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- **In H1 (6 months), the number of installations increased 20 in 4G IBS (new installations), 3 in 4G IBS (replacement) and 6 in 5G IBS (total 29).**

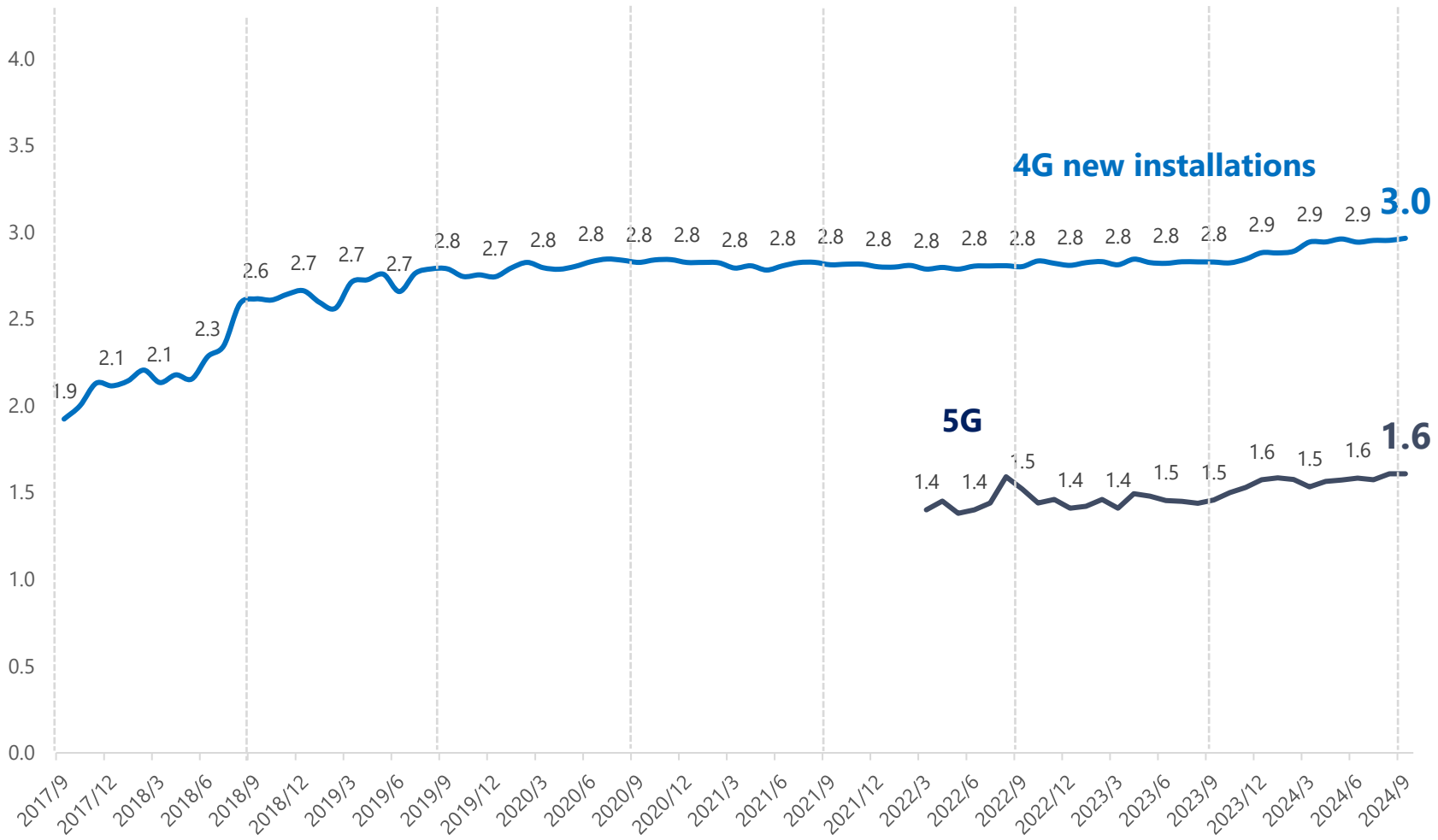


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❶ Historical Tenancy Ratio*1 (Domestic IBS)

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- **Tenancy Ratio (average number of participating mobile network operators per property) improved to 3.0x in 4G IBS (new installations).**



＊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.

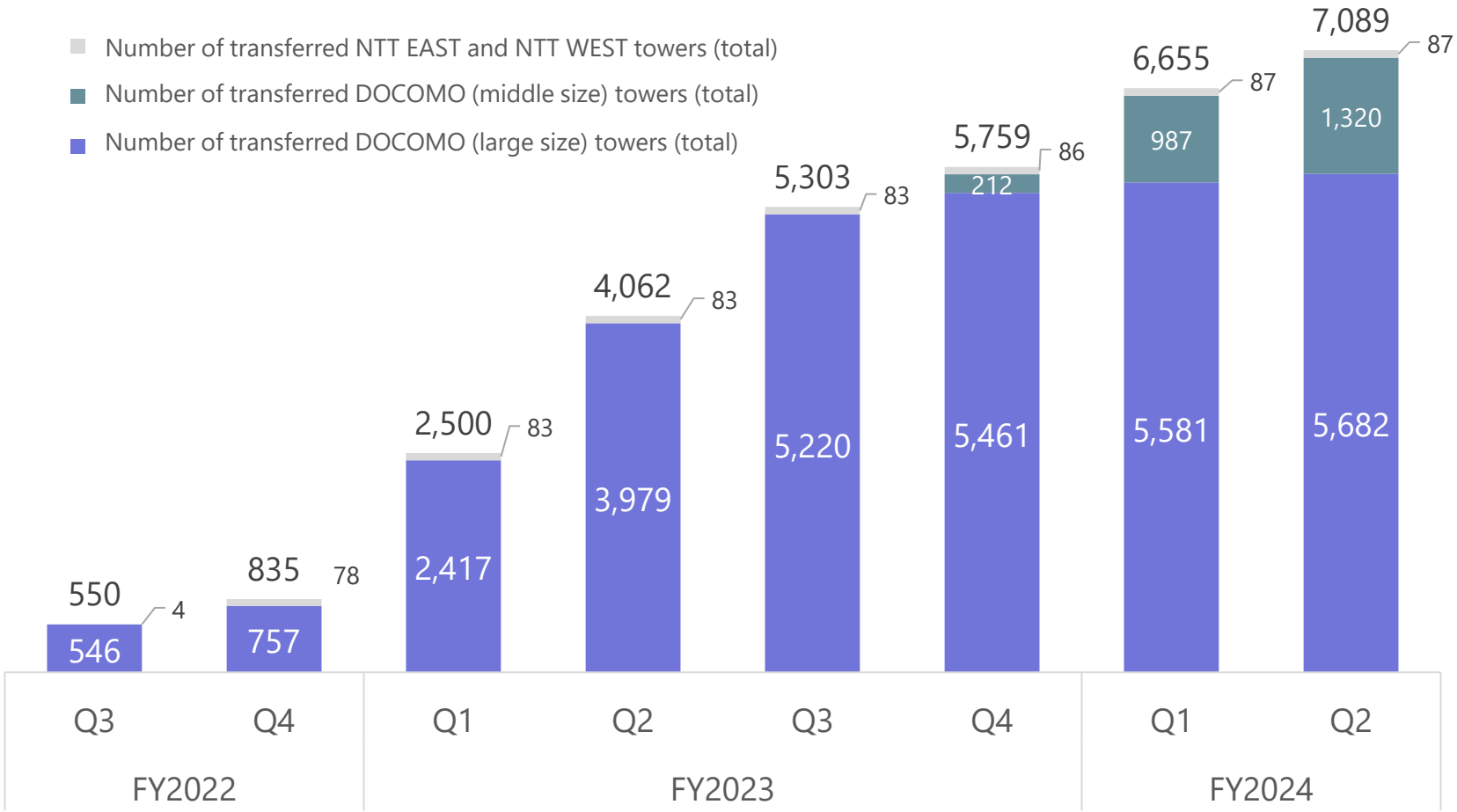
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❶ Historical Number of Tower Transfer

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- **In H1 (6 months), the total of 1,330 towers were transferred, and the total number of transferred towers increased to 7,089.**

(Number of tower transfer)

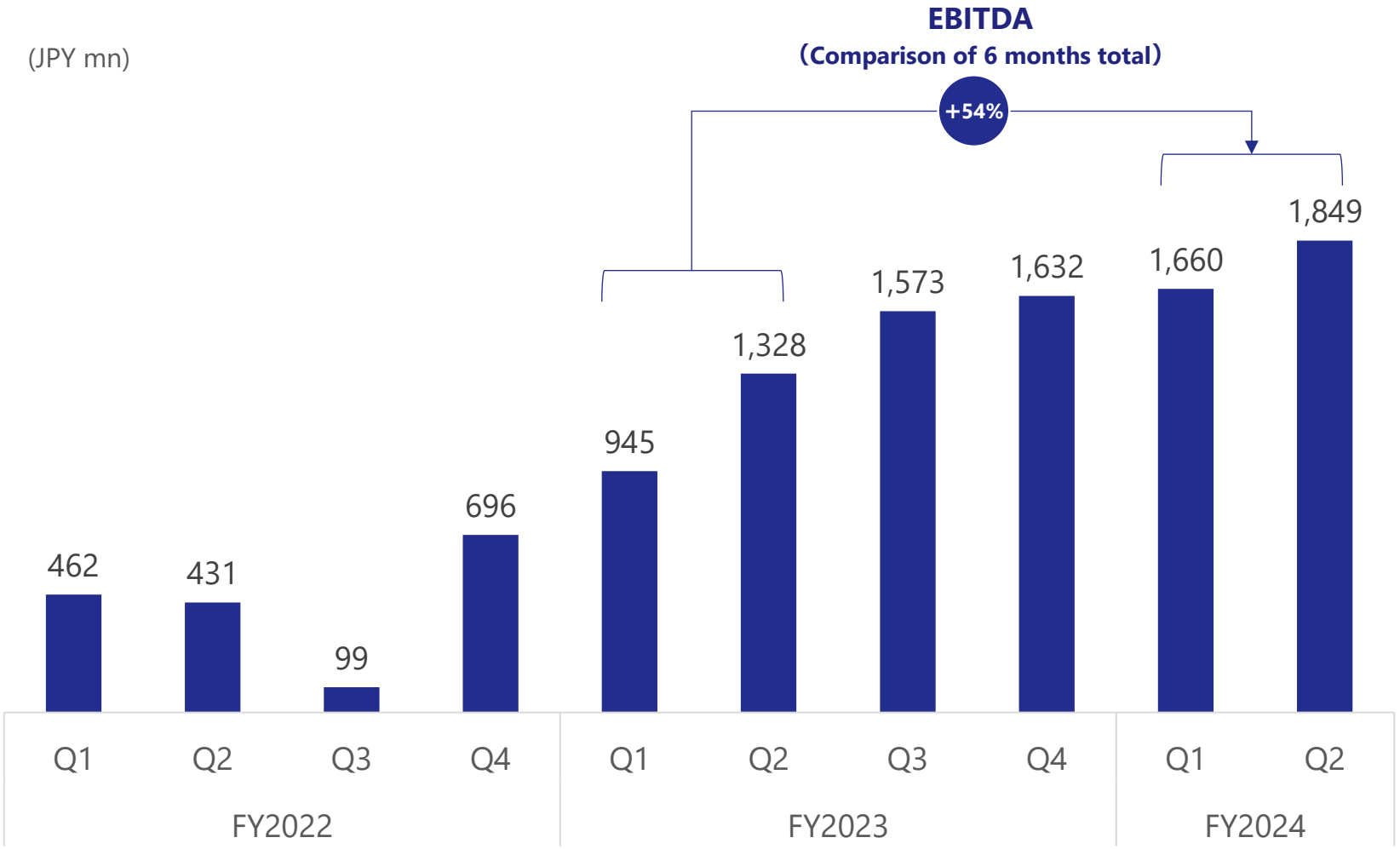


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❶ Historical Consolidated EBITDA*1

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- **Consolidated EBITDA increased by 54% YoY driven by revenue growth.**



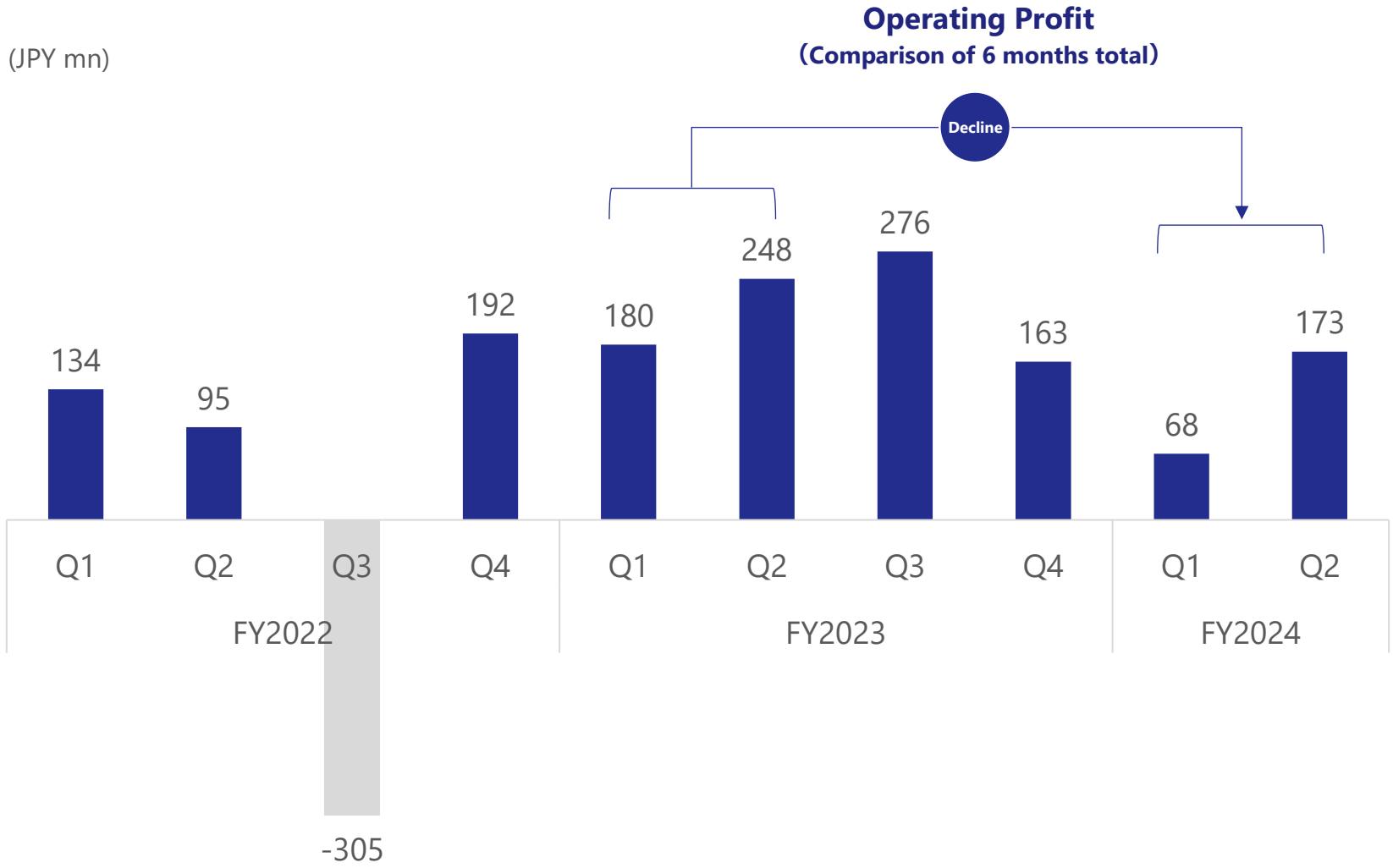
*1: EBITDA=Operating profit + depreciation + goodwill amortization + amortization of long-term prepaid expenses

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❶ Historical Consolidated Operating Profit

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- **Consolidated operating profit decreased YoY due to an increase in fixed asset taxes.**
- **Q2 outperformed Q1 due to (1) increase of tower revenue, (2) temporary cost increases in Q1 and (3) the recognition of one-time revenue in Q2.**

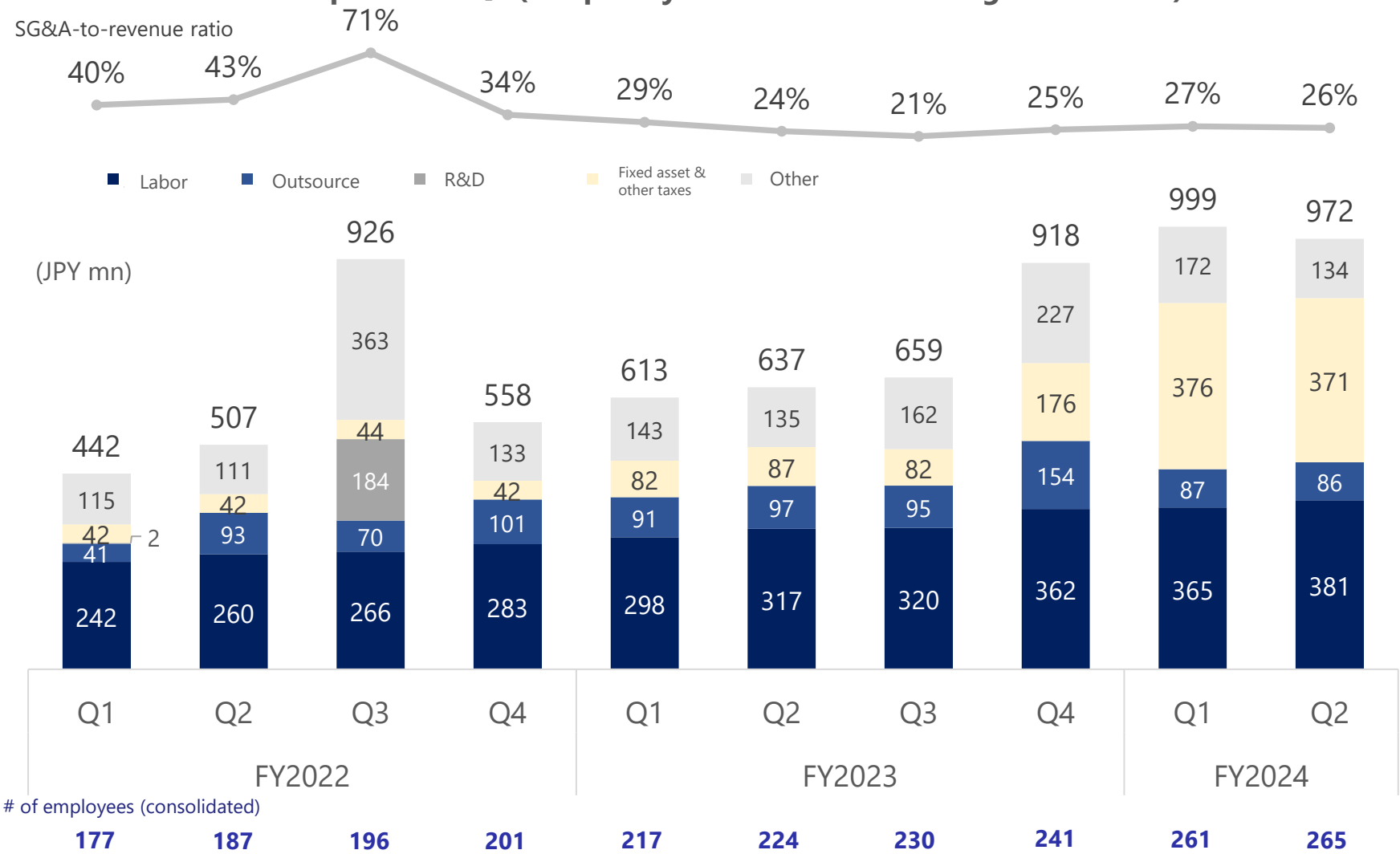


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❶ Historical Consolidated SG&A Expenses

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- **Fixed asset & other taxes increased mainly due to the increase in fixed asset taxes.**
- **There was a slight decline in total SG&A in Q2 compared to Q1, primarily because of the increase in fee expenses in Q1 (temporary increase in accounting related fees).**

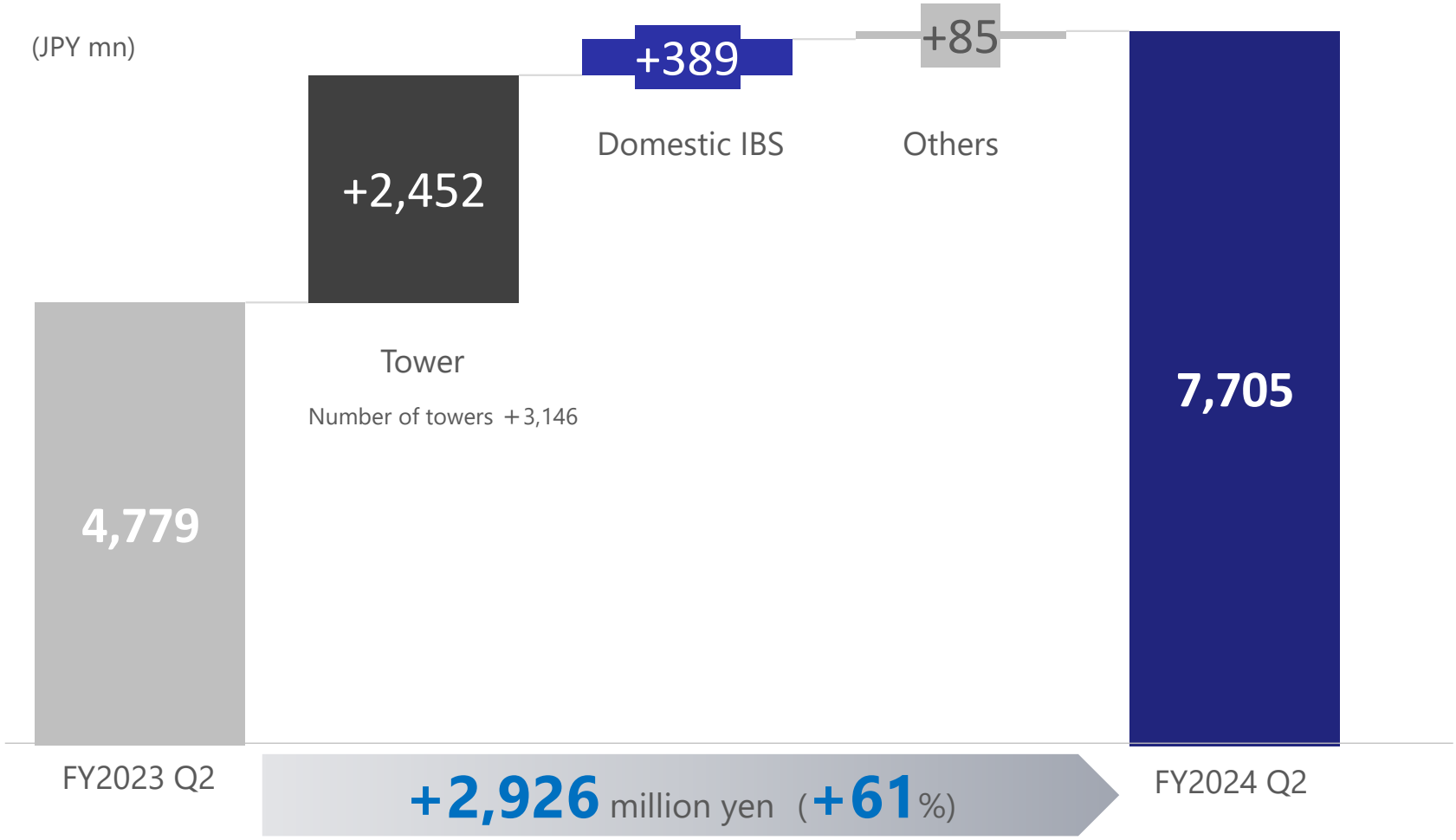


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❶ <Reference> Factors behind changes in consolidated revenue

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- **Tower: Expansion of the number of transfers led to revenue growth.**
- **Domestic IBS: Revenue growth due to the expansion of 5G IBS and 4G replacement.**
- **Others: Revenue increase due to one-time construction projects such as Wi-Fi.**



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

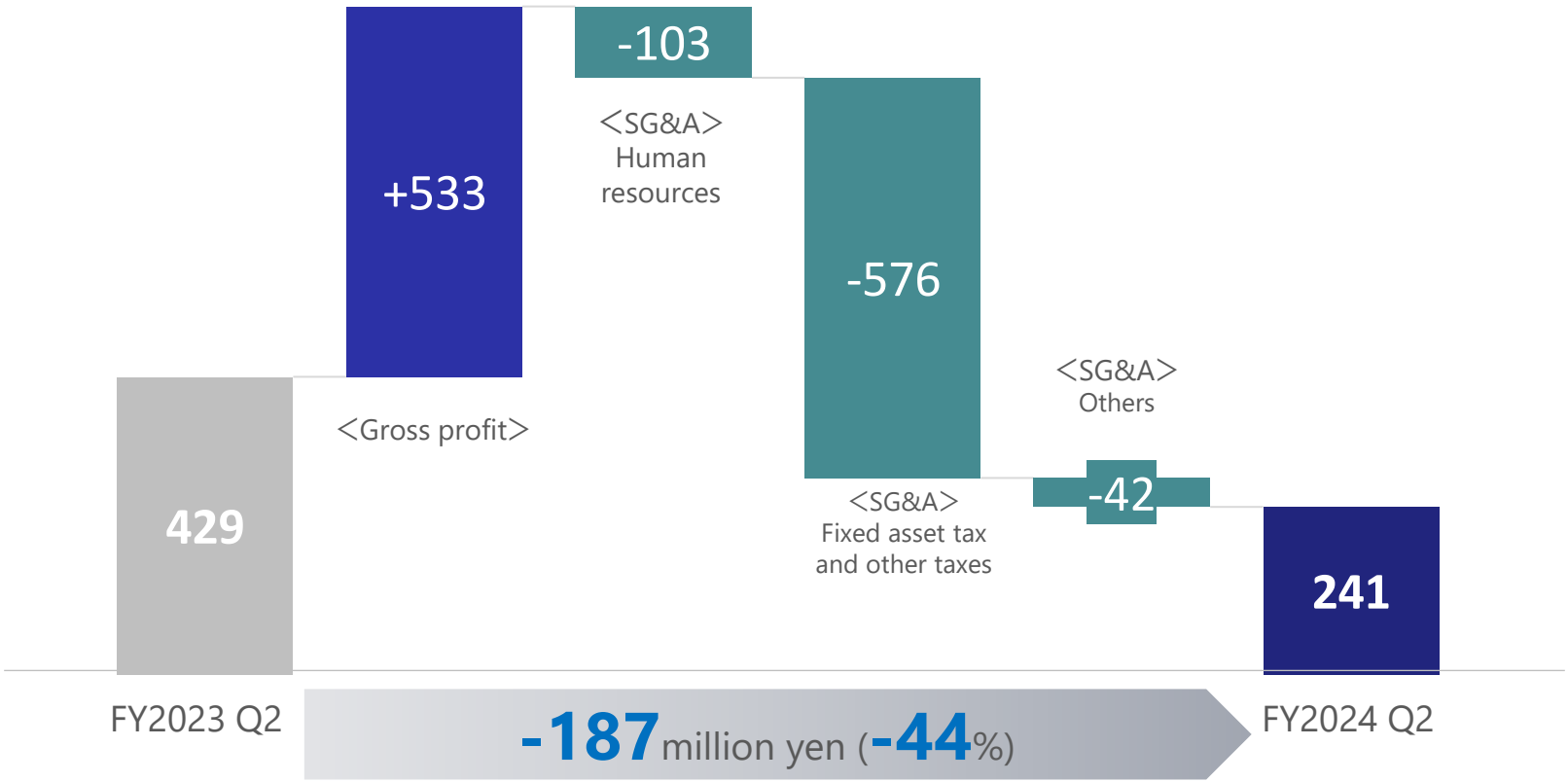
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❶ <Reference> Factors behind changes in consolidated operating profit

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- **Gross profit increased due to the expansion of Domestic IBS and Tower businesses.**
- **SG&A increased due to the increase of human resource related costs, fixed asset taxes and sized-based business tax.**

(JPY mn)



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

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❷ Domestic IBS – Progress in H1 & Future outlook

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Progress in H1



The first project
in September, 2014
AEON MALL
TAMADAIRANOMORI

Celebrating the 10th anniversary since the launch of Domestic IBS service

Domestic IBS service reached its 10th anniversary from the first project in September 2014, and the number of installations has expanded to **over 600.**

Tenancy ratio improved to 3.0x

The tenancy ratio for 4G IBS (new installations) has reached a record high of **3.0x** since the service started.

Future outlook

Expansion of 4G IBS (replacement) will accelerate from H2

- Installation of 4G IBS (replacement) will accelerate in H2 (especially in Q4).
- **Expect further expansion** toward the next fiscal year, including the additional pipelines acquired (over 300 buildings).

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❷ Tower – Progress in H1 & Future outlook

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Progress in H1



Tower sharing in Shizuoka

Launched tower sharing service at the tower acquired from NTT DOCOMO

Started tower sharing with mobile network operators at a tower located in Shizuoka Prefecture.

Future outlook

Expansion of tower sharing with MNO and other tenants

- **Telecom-infrastructure company for financial institutions started using a tower** in late October.
- **Leasing contracts** have also been completed with a mobile carrier. (a different MNO from the above)

While it is taking longer than originally expected to improve tenancy ratio, we will persist in building strong track records and highlighting the advantages of tower sharing to drive business expansion

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❷ Towards the establishment of the future management structure

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Completion of TOB

On October 10, TOB by DigitalBridge was completed successfully.
(19,459,712 shares tendered, representing 75.62% of the total)

Further contributions to customers, including MNO

We will continue to strive for the improvement and innovation of our services to contribute even more to all our customers, including mobile network operators and others who use our services.

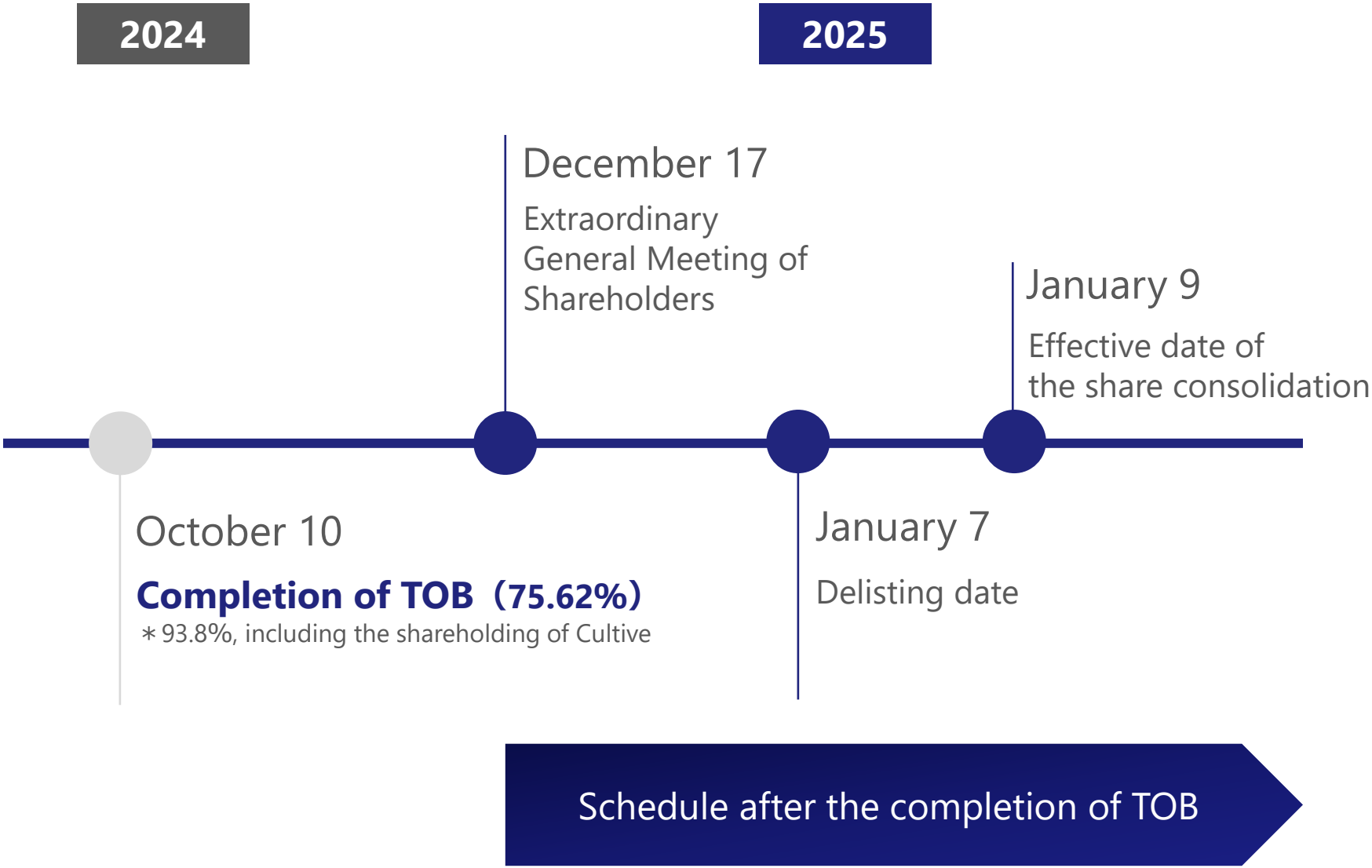
Maintain the management structure

Even after delisting, the current management structure will be maintained, with the current management team, including representative director Atsushi Tanaka, continuing to lead JTOWER.

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❷ Schedule after TOB

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Schedule after the completion of TOB

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❸ FY2024 Full Year Forecasts (announced on August 14)

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(JPY mn)	FY2023	FY2024		
	12 Months Results	**12 Months Forecasts**	Change	
			Amount	%
Revenue	11,519	**15,700**	+4,181	+36.3%
EBITDA *1	5,478	**7,000**	+1,522	+27.7%
EBITDA Margin	*47.6%*	***44.6%***	*- 3.0pt*	–
Operating Profit	868	**450**	- 418	-48.3%
Operating Profit Margin	*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	**-1,320**	- 1,120	–
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 (-).

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❹ Q&A

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Category	Q	A
Consolidated BS	Cash and cash equivalent decreased by approximately 5.3 billion yen compared to the beginning of FY2024. What is the reason for this?	The main reasons for the decrease are the early repayment of the SPC1 senior loan (which was pre-determined in the contract as an adjustment of cash that turned positive during the drawdown period) and investment on the procurement of Infra-Sharing equipment for the expansion of 4G IBS (replacement).
Tower	In H1, the transfer of NTT East and West towers has not progressed significantly. What is the reason for this?	Efforts are being made to complete planned transfer within the fiscal year, but it is taking time due to the coordination with tenants and issues requiring coordination with NTT East and West.
Tower	There are 232 remaining DOCOMO meddle-size towers. What is the transfer pace for H2?	Similar to large size towers, it is expected that the transfer pace will slow down as the proportion of difficult cases increases from Q3.
Other	After delisting, how will the management structure and business operations change?	Even after delisting, we will maintain our current management structure and continue to engage in close communication with ministries such as MIC, as well as MNO and other operators to enhance collaboration. We are committed to protecting Japan's communication infrastructure and contributing to the development of the industry.
Other	Will information disclosure stop after delisting?	Although the content of disclosure may vary between listed and non-listed companies, we aim to provide information that showcases our company's growth to all stakeholders. In addition, as the leading Infra-Sharing company in Japan, we will persist in actively communicating to improve comprehension of the business environment and market.

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