

Fibergate Inc.

# Financial Results Briefing for FY2022



**Listing exchange:** First Section of the Tokyo  
Stock Exchange, Sapporo  
Securities Exchange

**Securities code:** 9450

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## FY2022/6 results:

### 25% increase in sales and 4% increase in recurring profit

- ✓ Real estate business contributed to sales increase. Home-use business also maintained steady growth. Business use business is recovering, but sales will continue to decline for the full year.
- ✓ Both sales and recurring profit fell slightly short of initial forecasts. Although the company accelerated measures to accelerate the expansion of the business with an emphasis on the second half of the fiscal year, it fell slightly short of the initial forecast.

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## Forecast for FY2023/6:

### 21% increase in sales and 22% increase in recurring profit

- ✓ The Company intends to take a more aggressive stance toward re-accelerating growth. Focus on achieving the previously set target of operating income of over 2 billion yen.
- ✓ Business-use business is expected to grow based on the medium-term strategy. Stable growth in home-use will underpin this growth.



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# Operating Results for the FY2022

# Overview of Consolidated Financial Results

- 25% YoY revenue growth and 4% recurring profit growth. The re-acceleration of revenue growth is largely due to the contribution of real estate company acquisitions. Home-use business also maintained steady growth due to an increase in residence contracts. Business use business is recovering, but sales will continue to decline for the full year.
- Both sales and recurring profit fell slightly short of initial forecasts. Although the company accelerated measures to achieve the plan with an emphasis on the second half of the fiscal year, they fell slightly short of the forecast. By segment, recovery in the business use business, in particular, fell short of expectations.

(million yen) Amounts are rounded down to the nearest million yen, and percentages are rounded down to the first decimal place.		FY2021 Actual	FY 2022			Year on Year	
			Budget	Actual	Gap	Increase/ Decrease	Percentage
Net sales		8,491	10,750	<b>10,624</b>	<b>▲125</b>	<b>+2,133</b>	+25.1%
	Home Use	7,067	8,630	<b>8,141</b>	<b>▲488</b>	<b>+1,074</b>	+15.2%
	Business Use	1,353	1,600	<b>1,244</b>	<b>▲355</b>	<b>▲109</b>	<b>▲8.1%</b>
	Real estate	70	520	<b>1,238</b>	<b>+718</b>	<b>+1,168</b>	17.6倍
Operating profit		1,559	1,770	<b>1,652</b>	<b>▲117</b>	<b>+93</b>	+6.0%
	Home Use	1,871	2,270	<b>2,318</b>	<b>+48</b>	<b>+447</b>	+23.9%
	Business Use	441	610	<b>235</b>	<b>▲374</b>	<b>▲205</b>	<b>▲46.6%</b>
	Real Estate	6	<b>▲20</b>	<b>59</b>	<b>+79</b>	<b>+53</b>	9.6倍
	Other	<b>▲759</b>	<b>▲1,090</b>	<b>▲953</b>	<b>+136</b>	<b>▲193</b>	<b>▲25.5%</b>
Ordinary profit		1,543	1,730	<b>1,604</b>	<b>▲125</b>	<b>+60</b>	+3.9%
Ordinary profit ratio		18.2%	16.1%	<b>15.1%</b>	<b>▲1.0pp</b>	<b>▲3.1pp</b>	-
Net profit		1,019	1,180	<b>1,073</b>	<b>▲106</b>	<b>+54</b>	+5.3%

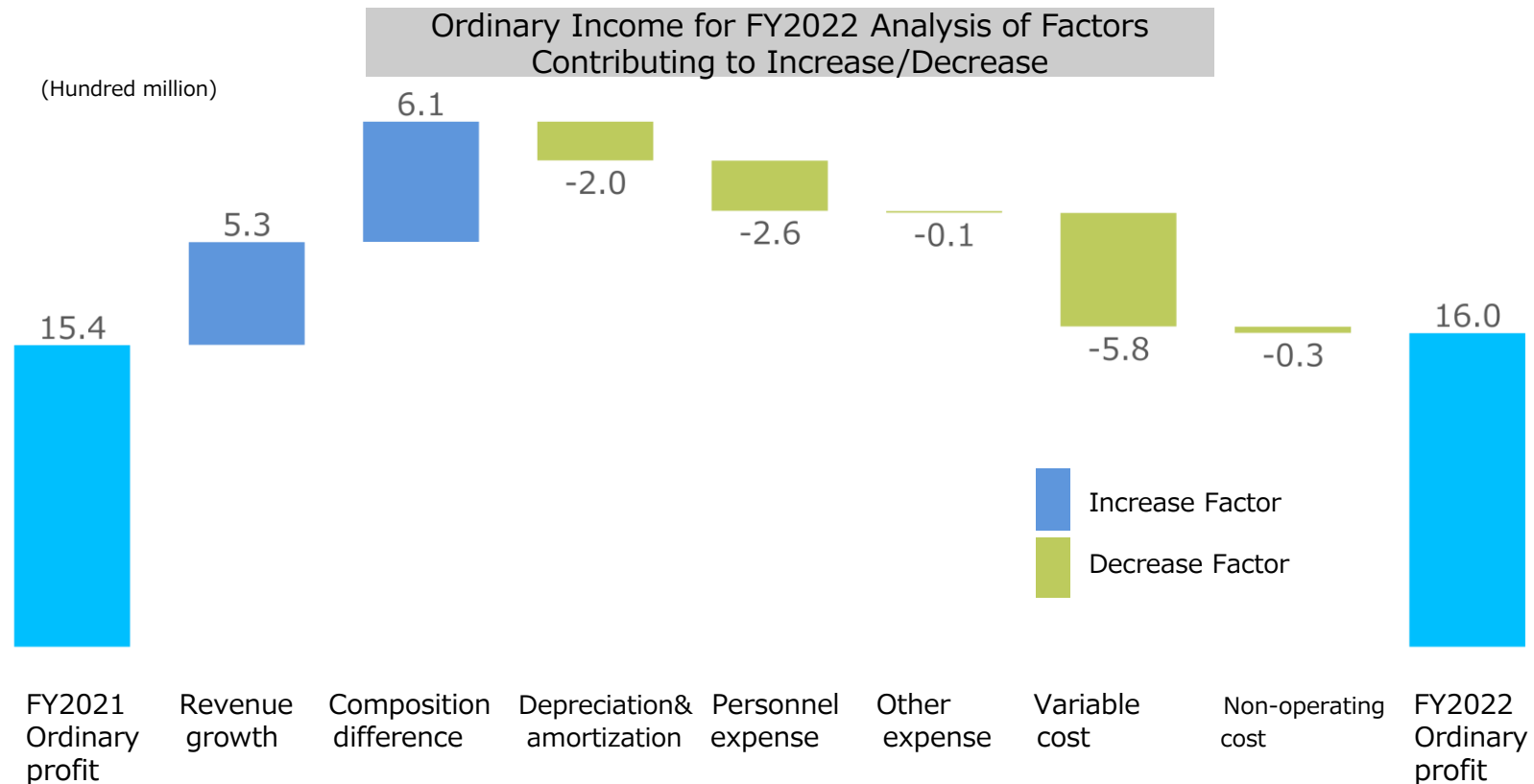
# Summary of Consolidated Financial Results by Quarter

- YoY in 4Q increased income and profit. Although the acquisition of a real estate company had a impact, the Home Use and Business Use businesses remained strong. However, the recurring profit margin declined. In addition to the real estate business expansion, semiconductor cost increase and yen depreciation had an impact.
- Sales increased but income decreased compared to the 3Q. Sales tend to decline every year due to seasonal factors, but as planned from the beginning of the term, sales expanded quarter after quarter. Profitwise, the rate of decrease in profit remained small compared to previous years due to the increase in sales and progress in cost control.

(million yen)	FY2021				FY2022				4Q YoY Gap	3Q/4Q Gap
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net sales	2,128	2,048	2,223	<b>2,090</b>	2,258	2,323	2,618	<b>3,423</b>	<b>+1,333</b>	<b>+804</b>
Home Use	1,713	1,661	1,914	<b>1,777</b>	1,930	1,977	2,132	<b>2,101</b>	<b>+323</b>	<b>▲31</b>
Business Use	415	385	304	<b>248</b>	257	336	342	<b>308</b>	<b>+59</b>	<b>▲33</b>
Real Estate	-	2	4	<b>64</b>	70	10	144	<b>1,013</b>	<b>+949</b>	<b>+869</b>
Operating profit	407	455	421	<b>274</b>	288	445	515	<b>403</b>	<b>+128</b>	<b>▲111</b>
Home Use	443	487	523	<b>416</b>	451	611	656	<b>598</b>	<b>+181</b>	<b>▲58</b>
Business Use	152	140	65	<b>82</b>	53	76	58	<b>46</b>	<b>▲36</b>	<b>▲12</b>
Real Estate	<b>▲0</b>	1	0	<b>4</b>	0	3	19	<b>35</b>	<b>+30</b>	<b>+16</b>
Other	<b>▲187</b>	<b>▲174</b>	<b>▲167</b>	<b>▲229</b>	<b>▲216</b>	<b>▲246</b>	<b>▲219</b>	<b>▲270</b>	<b>▲40</b>	<b>▲50</b>
Ordinary profit	402	449	416	<b>274</b>	279	439	509	<b>375</b>	<b>+100</b>	<b>▲133</b>
Ordinary profit ratio	18.9%	21.9%	18.7%	<b>13.1%</b>	12.4%	18.9%	19.5%	<b>11.0%</b>	<b>▲2.2p</b>	<b>▲8.5p</b>
Net profit	273	291	261	<b>193</b>	182	299	345	<b>246</b>	<b>+53</b>	<b>▲98</b>

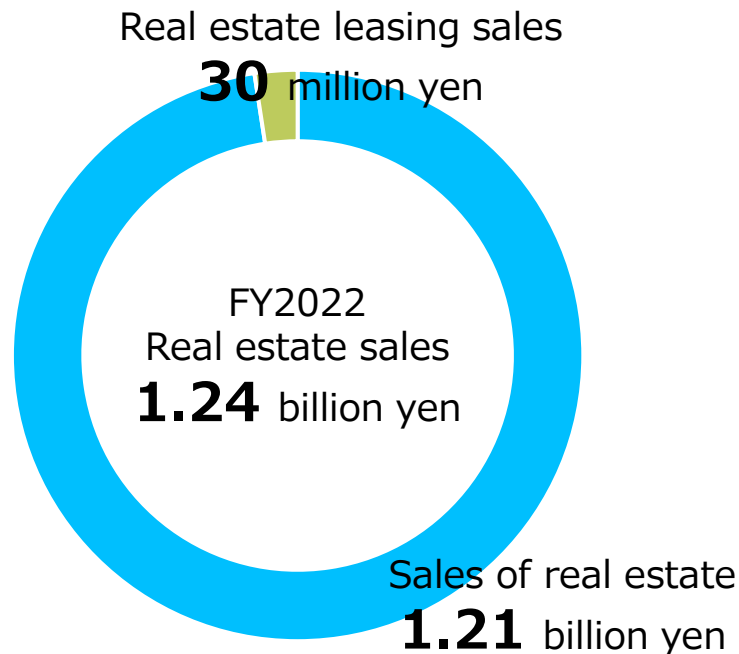
# Analysis of the key factors of recurring increases and decreases

- The main reason for the increase in recurring profit was the effect of higher sales. The firmness of the Home Use business and the rise in real estate-related sales were the driving forces behind the increase. Despite the introduction of new accounting standards, the impact was not as great as initially feared.
- However, on the cost front, fixed costs such as depreciation and personnel expenses increased, and the depreciation of the yen led to higher procurement costs from overseas. Although rationalization efforts, such as effective use of lines, were made, the contribution of the revenue increase was reduced. Slightly higher profit in total.
- Quarterly profit declined by 130 million yen vs. 3Q. Unlike previous years, sales increased but were unable to offset yen depreciation and price hikes for electronic components.



- In April 2022, it newly acquired a real estate trading company and independently managed the real estate business as a new segment. Real estate sales accounted for more than 90% of sales in the current fiscal year
- Strengthening the development of the real estate business lays the groundwork for \*restructuring the home use business. As changes in customer needs become clear, real estate functions will be necessary when shifting the focus from existing properties to new renovated properties in order to provide higher added value.

## Real Estate Business Sales Breakdown



\*See Medium-term outlook on page 19 and beyond.

## Positioning of the Real Estate Business

- Entry functions in the home use business. Role of the receivers temporarily owning real estate.
- Need to focus more on new and renovated properties than ever before.
- Needs for real estate such as home IoT and renewable energy are also urgent.
- New business possibilities emerge through collaboration between communications, IoT, and renewable energy. Began further strengthening through the acquisition of real estate trading companies

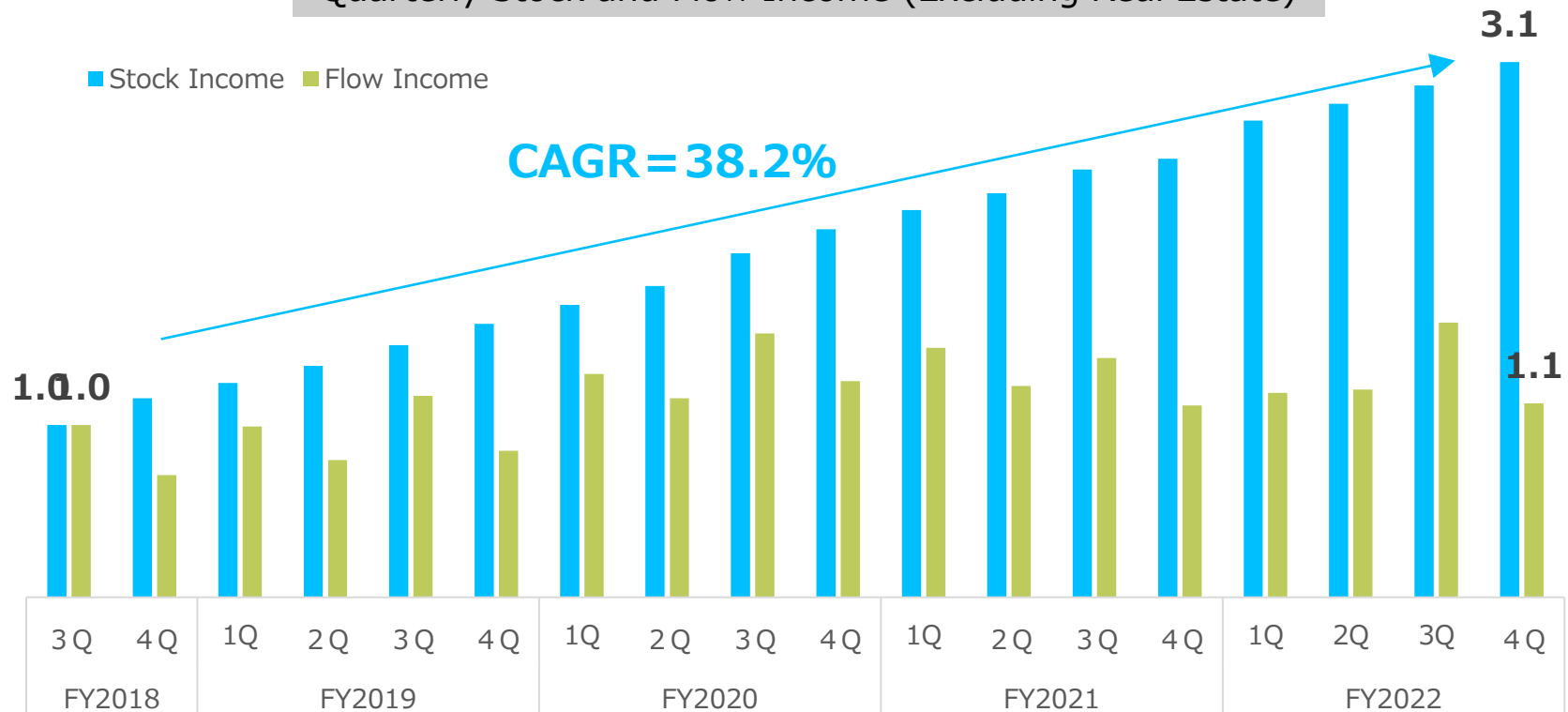
**In addition to earnings, KPIs to be watched closely set\*\*inventory turnover periods to curb real estate ownership risk.**

\*\*FY2022 achievement 4.2 months

# Trends in Stock Income and Flow Income

- Continuous expansion of stock revenue reached 16 quarters (=4 years) since listing. From 3Q of June 2018, it has grown at a pace of about 40% per year due to the accumulation of contracted units. However, the growth pace is gradually decelerating due to the shift of contracts to new buildings.
- Flow-related revenues on the other hand, were 1.1 times more stable than 3Q in June 2018.

## Quarterly Stock and Flow Income (Excluding Real Estate)



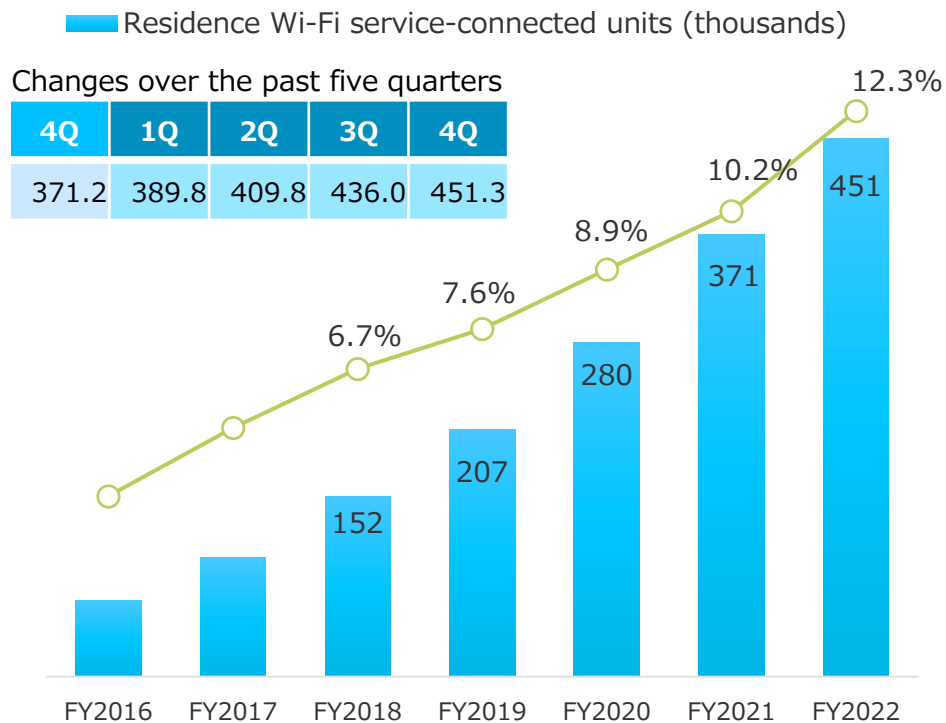
note) Indexed as 3Q for FYE June 2018 = 1. The difference between the decimal places may result in an apparent difference in the height of the graph despite the same numeric notation. This income breakdown is a continuous comparative figure based on our definition and strictly differs from period-to-period pro rata sales, etc. under revenue recognition standards.



# Trends in key figures

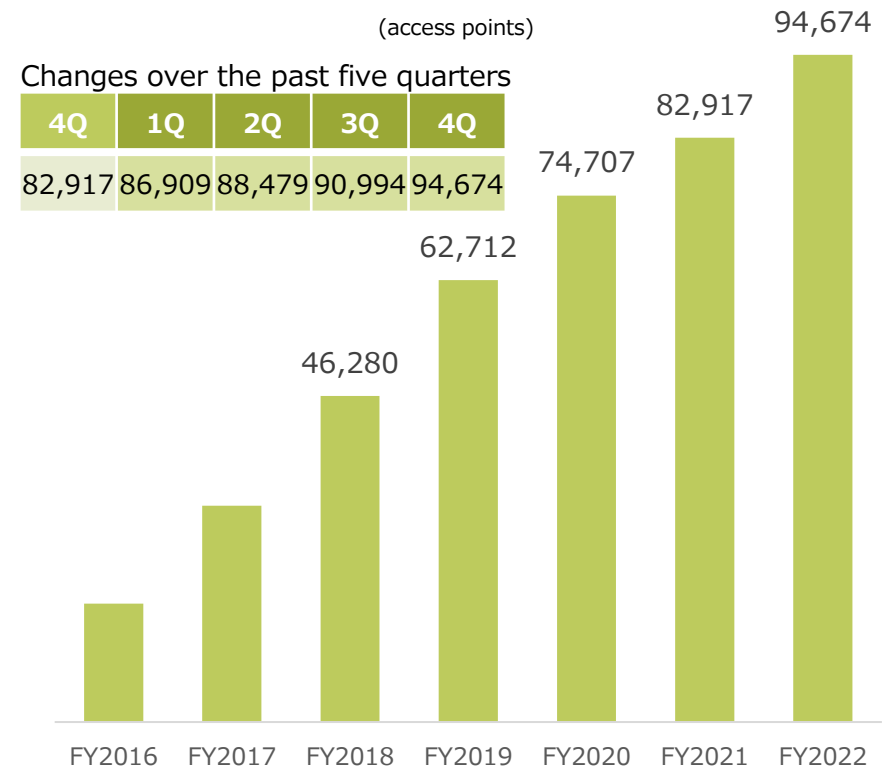
- Residence Wi-Fi service-connected units totaled approximately 450,000 at the end of the fiscal year. Although the growth rate remains a driver of earnings, the pace of increase slowed somewhat, partly due to timing differences in opening due to the emergence of potential demand for existing buildings and an increase in new construction and renovation projects.
- Free Wi-Fi access points are 95000 points. Recent surge in access points for stores, etc. in response to a recovery in people's style

### Residence Wi-Fi Service-Connected Units and Nationwide Shares\*



\*The nationwide share is calculated by dividing the total number of condominium ISPs offered for all condominiums (as of the end of each March) according to MM Research Institute's announcement by the actual number of contracted units at the end of our fiscal year (or the end of the most recent quarter).

### Transition in Free Wi-Fi Access Points\*\*



\*\*Number of access points using our authentication system

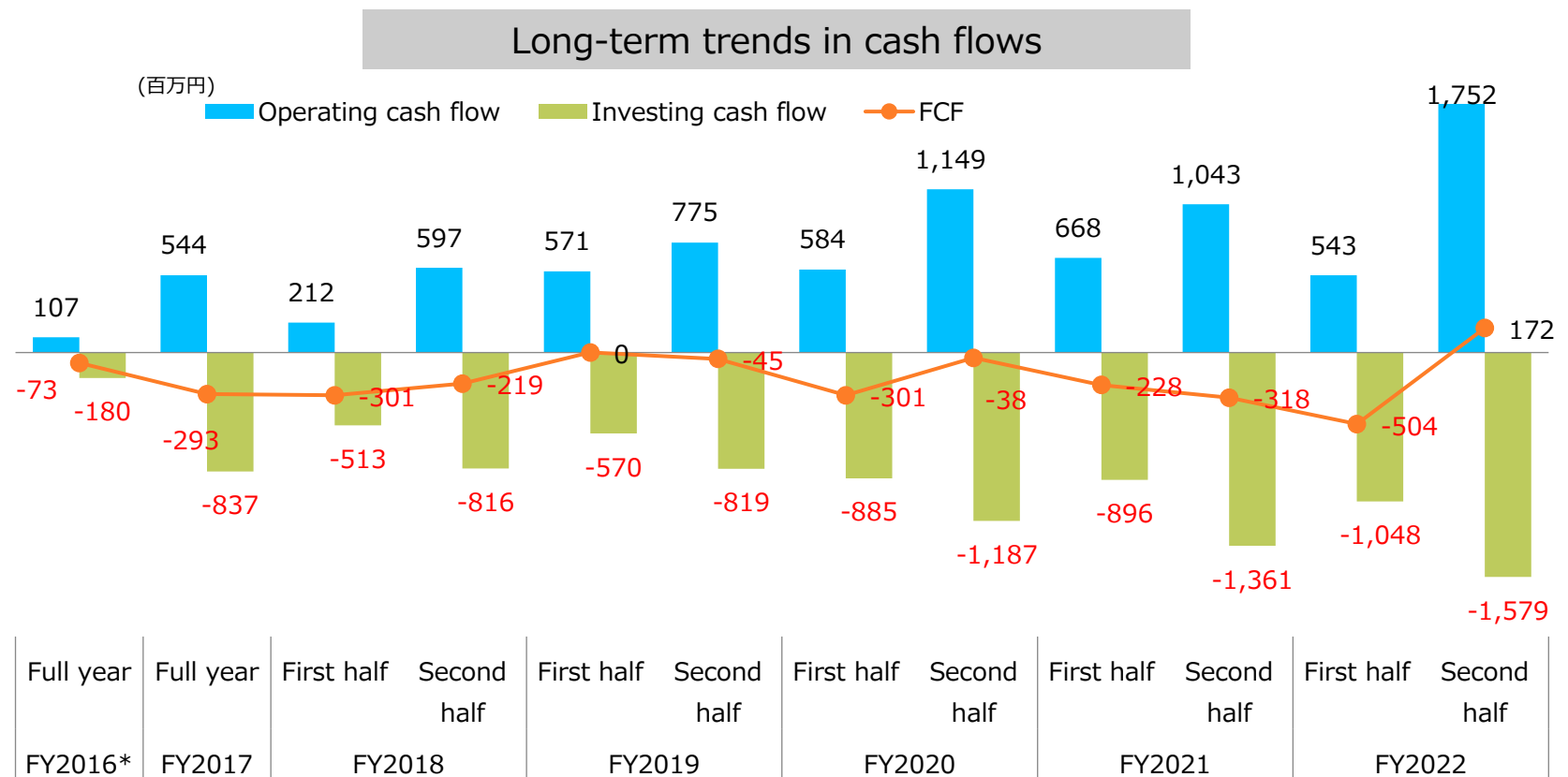
# Consolidated Financial Results (Balance Sheet)

- Equity ratio 25.1%. Key Points of Change in the Application of Revenue Recognition Standards and Consolidation of Real Estate Companies.
- Real estate inventory for sale and associated liabilities increased due to consolidation of real estate companies. On the other hand, in net assets, the remaining contracts for services are transferred to contract liabilities.
- Net interest-bearing debt at the end of the fiscal year was approximately ¥4.3 billion (compared to ¥2.3 billion at the end of the previous fiscal year). Recognized as ¥2.6 billion excluding the impact of the real estate business

(million yen)		FY2020	FY2021	<b>FY2022</b>	Increase/decrease from FY2021	
Current assets		2,795	3,920	<b>6,028</b>	+2,108	
	Cash and deposits	1,415	2,196	<b>2,303</b>	+107	Cash liquidation progressed in response to existing businesses, but offset by consolidation of real estate companies
	Accounts receivable	1,071	1,234	<b>1,375</b>	+140	
	Contract assets	-	-	<b>197</b>	+197	Effect of adoption of revenue recognition standard
	Inventories	272	367	<b>2,081</b>	+1,714	Impact of consolidation of real estate companies +1.4 billion yen
Fixed assets		4,185	5,475	<b>7,057</b>	+1,582	
	Property, plant and equipment	4,005	5,246	<b>6,204</b>	+957	Impact of consolidation of real estate companies +1.8 billion yen
Total assets		6,984	9,397	<b>13,087</b>	+3,689	
Liabilities		4,274	5,720	<b>9,808</b>	+4,087	Effect of adoption of revenue recognition standard
	Interest-bearing debt	3,073	4,453	<b>6,653</b>	+2,200	
	Contractual liabilities	-	-	<b>1,958</b>	+1,958	Equity Ratio 25.1% Impact of adoption of new standard
Net assets		2,710	3,677	<b>3,279</b>	▲398	
Total liabilities and net assets		6,984	9,397	<b>13,087</b>	+3,689	

\*Figures are rounded down to the nearest million yen, rounded down to the nearest 0.1%

- FCF in FY2022 was in the red at ¥330 million. Impact of business model in which acquisition of new customers leads to cash squeeze.
- However, FCF achieved profitability in the second half of the fiscal year for the first time in seven half years, thanks to an increase in sales in the real estate business. In Wi-Fi segment, the upfront cash outflow business was structured, but the real estate business contributed to easing cash tightness. The intention to strengthen the real estate business is here as well



\*Figures for FY2016 are six months.

# Dividend Policy

- The company plans to pay a dividend of ¥4.5 per share for FY2022. The company's basic dividend policy is to use the excess of the initial forecast for profits and as a source of funds until the fiscal year under review. There is no surplus in the initial forecast for the fiscal year under review, but the dividend policy change from FY2023 will be adopted ahead of schedule.
- The Shareholder Benefit Program was abolished in FY2023 to ensure fair returns to shareholders. However, the preferential treatment system with June 2022 as the base month remains unchanged as at present.
- From FY2023 onward, the company plans to unify the direct return of profits through dividends. In FY2023, we plan to pay a dividend of ¥7 per share.

(yen/1stock)	FY2019	FY2020	FY2021	FY2022 Scheduled	FY2023 Forecast
Earnings per share	28.80*	36.19	50.11	<b>52.60</b>	<b>63.69</b>
Cash dividends per share	0.00	3.50	4.00	<b>4.50</b>	<b>7.00</b>
Dividend payout ratio	-	9.7%	8.0%	<b>8.5%</b>	<b>11.0%</b>
Dividend Policy	Focus on growth investment	Appropriation of excess of the initial expected net income to the funds			<b>Dividend payout ratio standard</b>
Shareholder benefit program	0	Annual QUO card-granting	Twice-a-year special gift points are granted in seven stages		<b>Abolition</b>

\*Basis for the number of shares after the 1:2 stock split conducted on September 1, 2019



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# Forecast for the Fiscal Year Ending June 2023

# FY2023 Consolidated Financial Forecast ① Summary Table

- In FY6/2023, we forecast a 21% increase in sales and a 22% increase in ordinary profit. Although the growth rate slowed somewhat in the previous fiscal year, the Company's policy is to strengthen its aggressive stance toward re-acceleration. Focus on achieving the operating income level of over ¥2 billion that was previously targeted.
- Growth in business use is expected by segment based on the medium-term strategy. Stable growth in home use supports this.

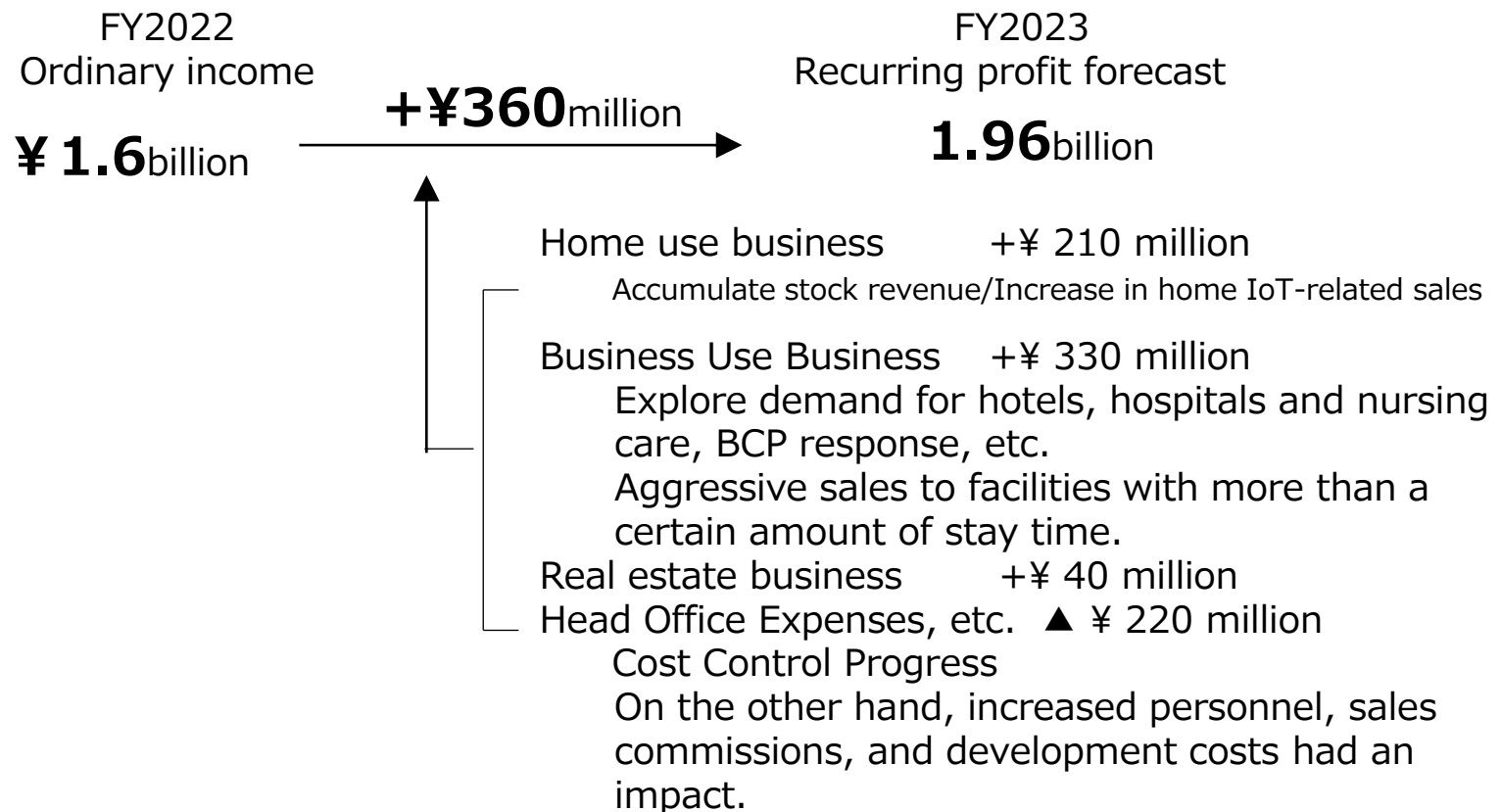
(Millions of yen. Figures rounded down to the nearest million yen)	FY2021	FY2022	FY2023 Forecast	Year-on-year change	
				Change	Percentage change
Net sales	8,491	10,624	<b>12,900</b>	+2,275	+21.4%
Home use	7,067	8,141	<b>9,320</b>	+1,178	+14.4%
Business use	1,353	1,244	<b>1,830</b>	+585	+47.0%
Real estate	70	1,238	<b>1,740</b>	+501	+40.4%
Operating income	1,559	1,652	<b>2,020</b>	+367	+22.2%
Home use	1,871	2,318	<b>2,530</b>	+211	+9.1%
Business use	441	235	<b>570</b>	+334	2.4倍
Real estate	6	59	<b>100</b>	+40	+68.9%
Others	-	▲7	<b>▲20</b>	▲12	▲2.8倍
Adjustment	▲759	▲953	<b>▲1,160</b>	▲206	▲21.6%
Ordinary income	1,543	1,604	<b>1,960</b>	+355	+22.2%
Net income	1,019	1,073	<b>1,300</b>	+226	+21.1%

## \* <Assumptions>

Residence Wi-Fi Contracted Units (Thousands of Units)	371.2	451.2	<b>544.8</b>	+93.5	+20.7%
Number of new facilities installed for business use in target areas (projects)	90	146	<b>357</b>	+211	2.4 times

# FY2023 Consolidated Financial Forecast ② Analysis of Changes in Operating Income

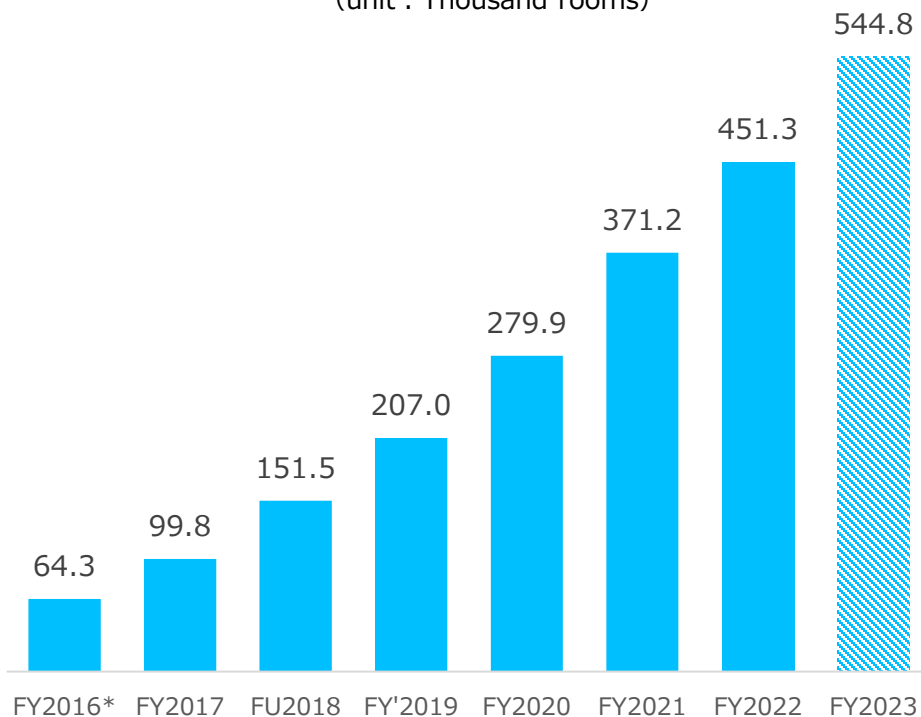
- Ordinary profit is forecast to increase by ¥360 million y-o-y. Prospects are for tractors to be the business use business, which will be a focus
- In the Business Use Business, the company is focusing on tapping into demand for facilities with more than a certain amount of stay time, such as hotels, hospitals, nursing care, and BCP support. The Home Use Business, which focuses on existing properties, introduced the "winning pattern" in the early stages of the business to the Business Use Business.
- The Home Use Business, which focuses on existing properties, introduced the "winning pattern" in the early stages of the business to the Business Use Business. Cost control remains unchanged, but the impact is expected to be a factor behind the decline in profits.



- The assumption for the cumulative Wi-Fi of residential units contracted is set at 545,000 units, which is an increase of more than 90,000 units YoY. Despite concerns that demand for existing buildings will run its course, the company will maintain the pace of increase in the number of contracted units by eliminating time differences for new buildings and promoting the introduction of high-value-added products.
- In business use, the number of facilities for the three focus industries is set as a new KPI based on the medium-term strategy. In the three industries (tourism, medical care, and public) where significant growth is expected, the company aims to secure 2.4 times as many new facilities as the previous year in FY2023.

Residence Wi-Fi Contracted Units

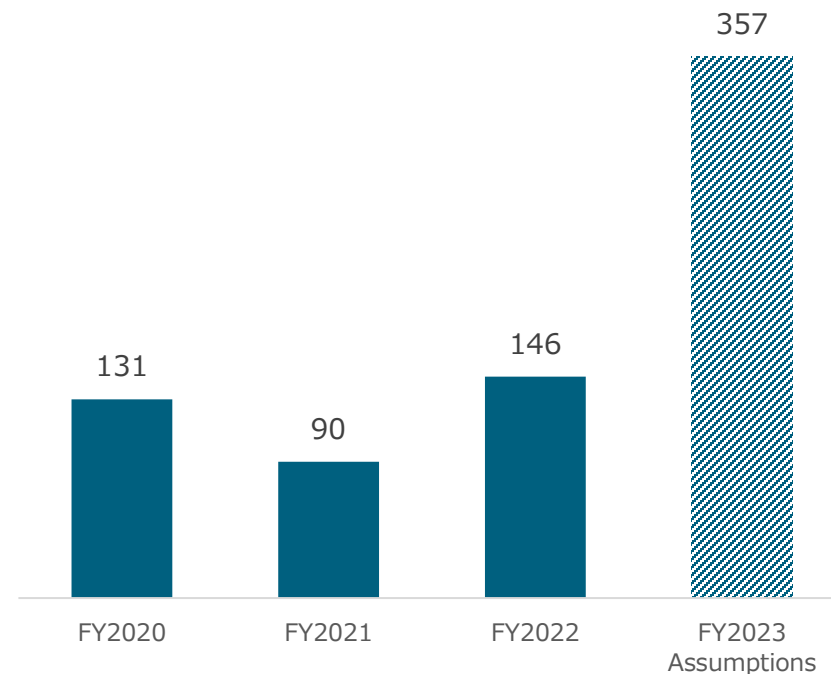
(unit : Thousand rooms)



\* Figures for FY2016 are six months.

Trends in the number of newly installed facilities for  
\*\* businesses in the targeted three areas

(unit : facilities)

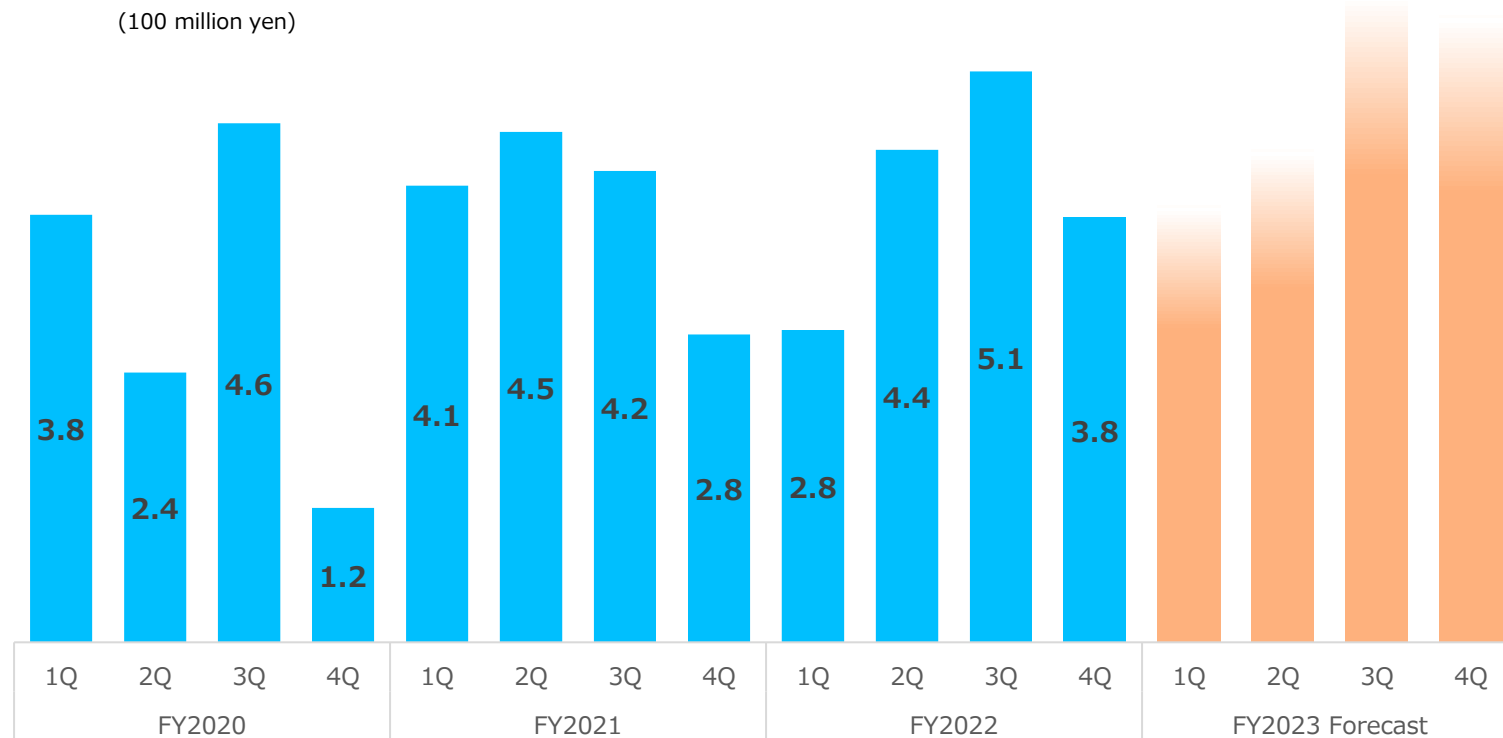


\*\*Three industries: tourism, medical/nursing care, and the public sector



- For each quarter, almost the same pattern as in the previous year is assumed. Ordinary income is expected to be weighted toward the second half in FY2023.
- In particular, 1Q, 4Q tends to be slightly adjusted due in part to seasonal factors. However, this 1Q is likely to maintain a level of 4Q performance, partly due to the accumulation of recurring revenue and the full contribution of cost-control benefits. Expected to secure an increase in profits compared to the previous year's 1Q

### Image of Quarterly Ordinary Income





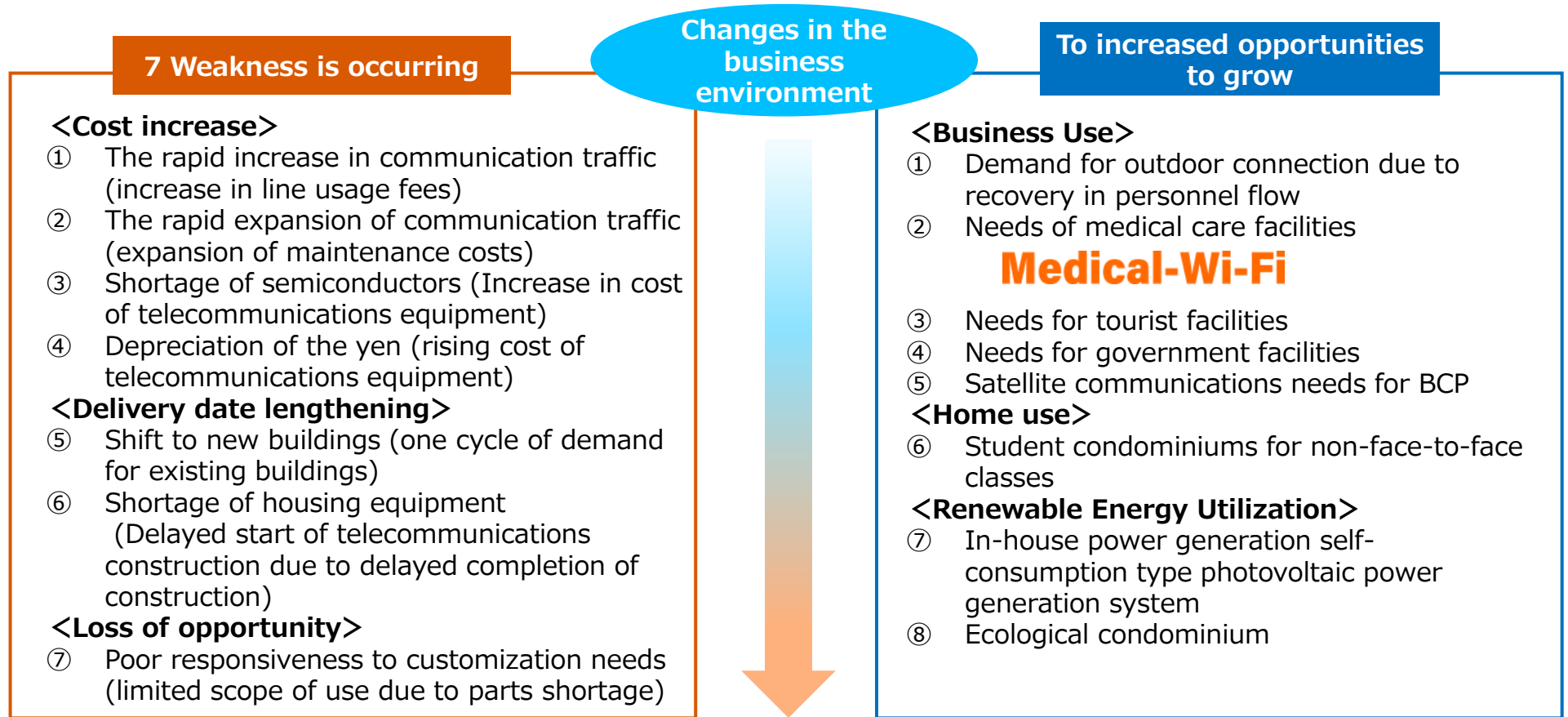
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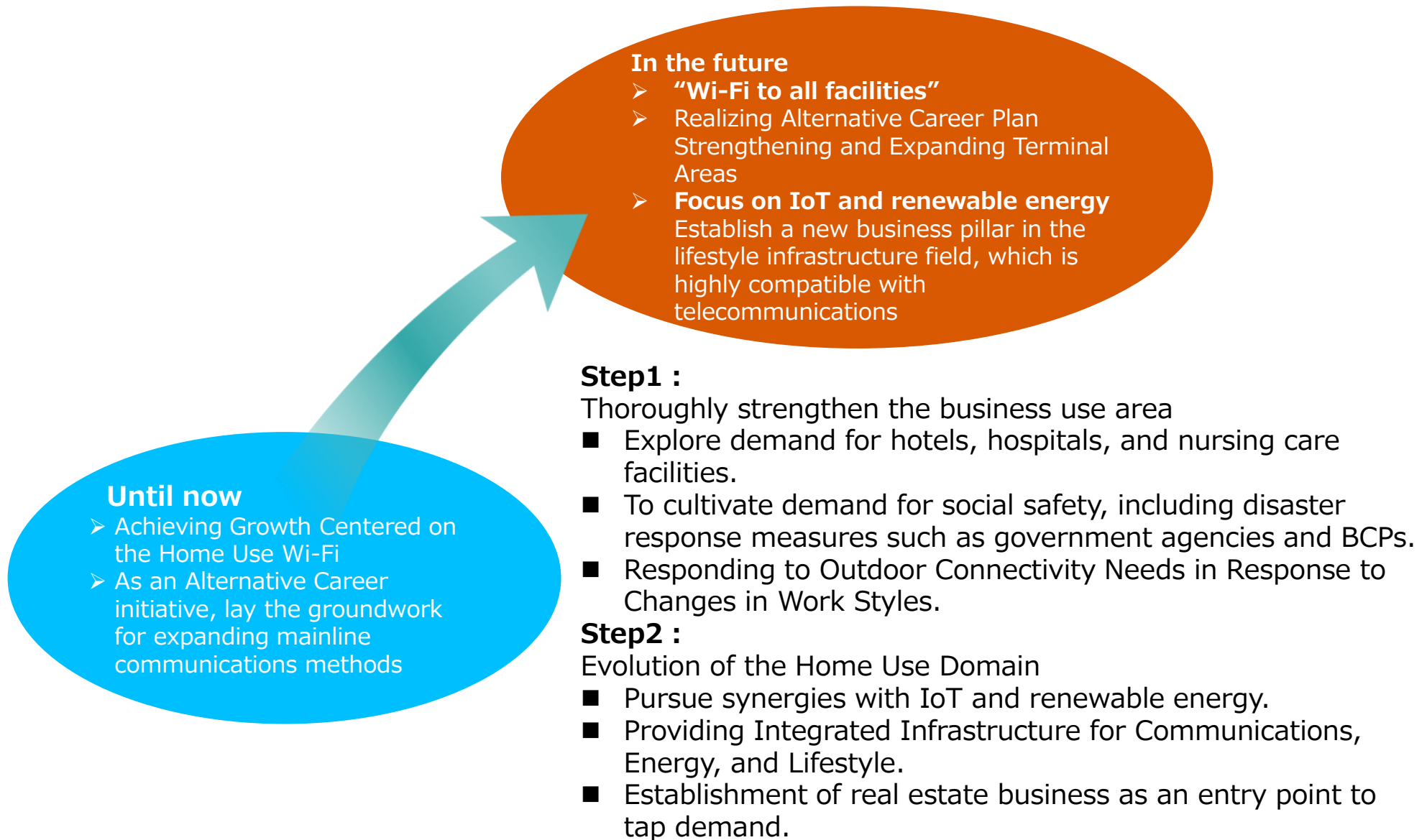
# Medium-term Forecast

# Awareness of the current situation

- The business environment changed dramatically following the Corona crisis. 7 Weakness is occurring, but business opportunities are also expanding.
- Rapidly updating sales approaches and rebuilding "winning patterns" to become an important management issue for the immediate future

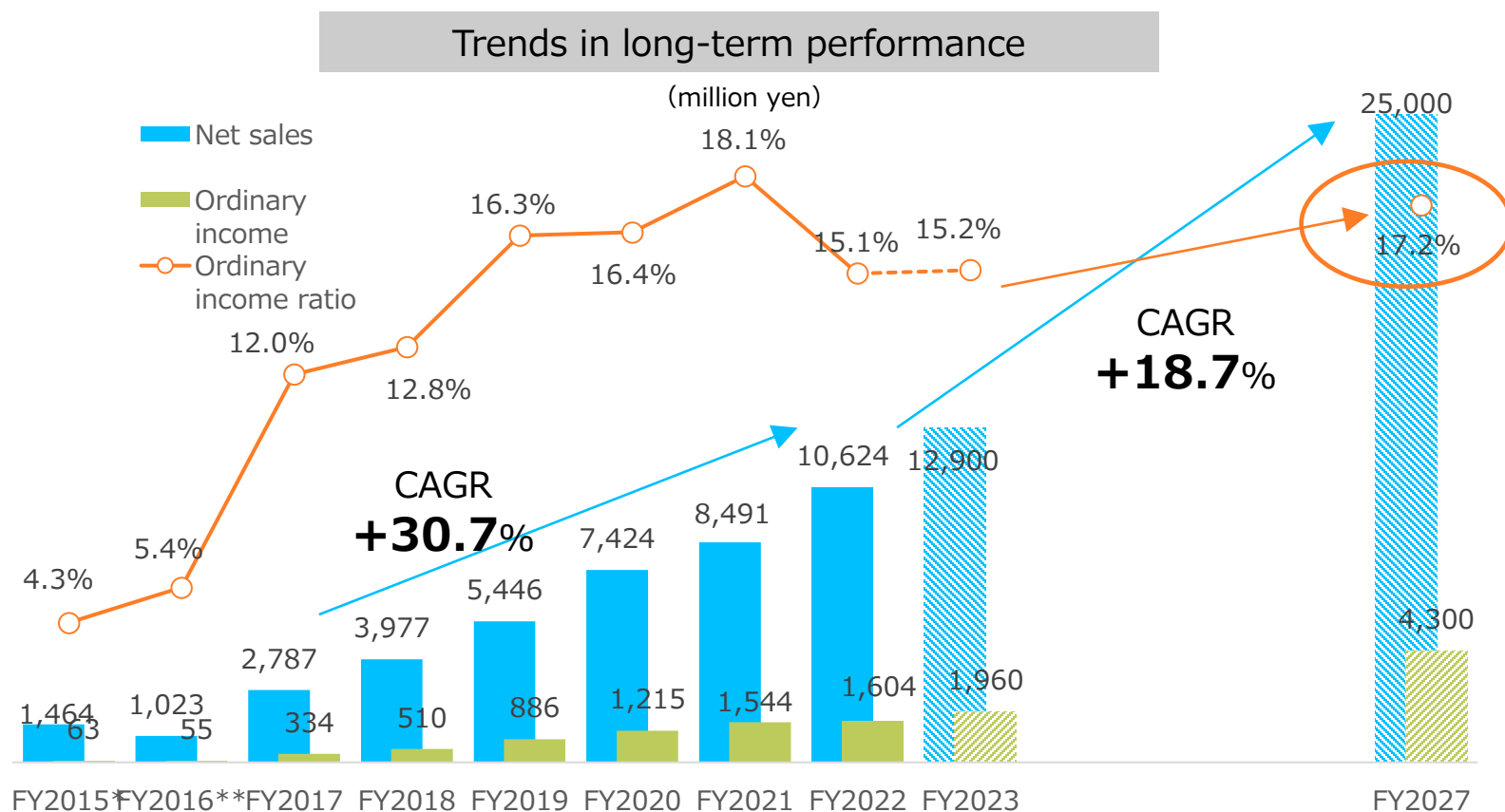


Update sales methods and rebuild "winning patterns"



# Medium-Term Performance Targets

- Targeting sales of ¥25 billion and ordinary income of ¥4.3 billion in FY2027.
- As more important KPIs, ordinary income margin and sales growth rate are set. Our policy is to pursue high-value-added services that only we can offer and then expand our scale. Aim for simultaneous realization of high efficiency, high growth, and high profitability.



\*Figures for FY2015 are Non-consolidated basis \*\*Figures for FY2016 are six months.

## Step1 : Thoroughly strengthen the business use area

Current status : Free Wi-Fi services were suspended at convenience stores, subways, and other facilities.

We continue to struggle in terms of business performance.

➔ Observation that 5G penetration eliminates the need for outdoor free Wi-Fi.

➔ Markets that are difficult to develop from a business perspective as well.

### Our views

#### Continued strong demand for free Wi-Fi in areas and facilities with stay hours above a certain level

Business Youth Stagnation Observations Affect the Corona Disaster and the Progress of Sorting to "Unnecessary Places"

Rather, it is recovering amid the ongoing recovery in people's talent.

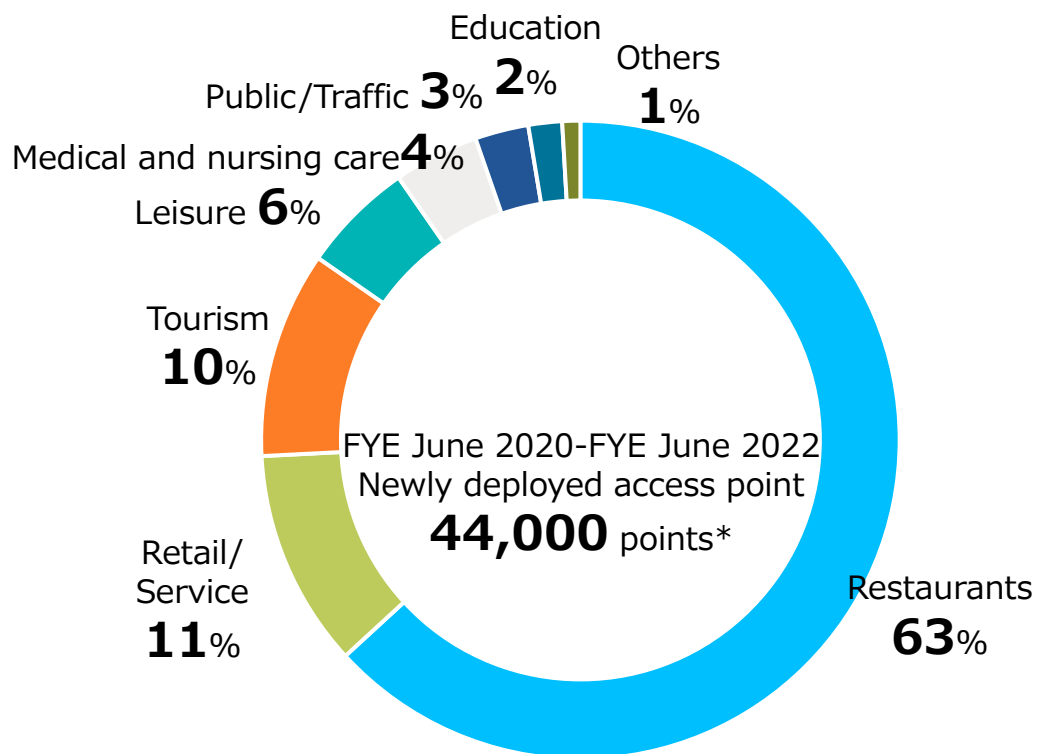
**Indeed, our free Wi-Fi access points have soared recently.**

**Decrease in service providers and awareness of difficult businesses are positioned as business opportunities.**

➔ Focus on capturing demand by thoroughly implementing target strategies and strengthening the sales force.

## Step1 : Thoroughly strengthen the business use area

### Breakdown of Our Business Use Customers



\*The net increase in free Wi-Fi access points during the same period is 32000 points. The difference in newly introduced access points is due to the difference in early cancellations. Over the same period, cancellations increased due to curbing people's outflow following the collapse of Corona.

- Nearly all demand for spaces requiring "stay time" above a certain level
- In facilities, cases of using information terminals in menus, orders, explanations, etc. are rapidly increasing. Curtailment of personal contact spurred growth in demand due to the Corona crisis
- In fact, restaurants account for the majority of free Wi-Fi installations in the face of a corona-related disaster.

**The conditions that Wi-Fi services are essential to attracting customers are very similar to the "winning patterns" of the Home Use Business**

## "Winning pattern" comparison

		Home use business (2000-present)	Business use business (2021-)
C o m m o n  i t e m	<b>Facilities used</b>	Existing small and medium-sized rental apartment buildings.	Tourism, Hospitals, Long-term Care Facilities, and Public Institutions.
	<b>Target</b>	Apartment owners.	Employers/Local Governments.
	<b>Target Aim</b>	To secure tenants.	Attract customers and promote customer satisfaction by improving services Improvement of productivity through DX
	<b>Target's worries</b>	Lack of Wi-Fi installation know-how. Lack of IT/communication knowledge. Small-scale, without targeting major communications.	Lack of Wi-Fi installation know-how. Lack of IT/communication knowledge. Small-scale, without targeting major communications.
	<b>Competitors</b>	Few	Few
	<b>Private brand</b>	Available	Available
	<b>Strategic partner</b>	Yes	Yes (plan to build up as needed in the future)
D i f f e r e n c e s	<b>Demand elicitation</b>	In 2000, the night before appearance	Significantly apparent in 2021
	<b>Ripple potential</b>	Small	Large (need for integrated communications system management, not just Wi-Fi)




## Step1 : Thoroughly strengthen the business use area

### ■ Demand development for hotels, hospitals, and nursing care facilities

•Hospital\* Inclusion rate of wireless LAN for patients and visitors **About 30%**  
 (33.5% in hospitals and 29.2% in bedridden clinics)

•Long-Term Care Facilities\* Wireless LAN adoption rate **62%**  
 (Of which, use/patient/visitor **9.5%**)

**Target area of  
Medical-Wi-Fi**

•Partner Collaboration with healthcare dealers  **三笑堂**  
真ん中に笑顔がある会社。

### ■ To cultivate demand for ensuring social safety, including disaster response measures, such as government agencies and BCPs

Becoming eligible for BCP support subsidies for SMEs (from 2021)  
 Accumulation of Disbursements for Public Institutions

**Wi-Fi BUS®**



**CosmicWi-Fi® (Satellite communication Wi-Fi)**



\*Radio Environment Council, "Results of FY 2019 Survey on Promotion of Proper Radio Use by Medical Institutions, etc." (June 2020)  
 Results of FY 2021 Survey on Promoting Proper Radio Utilization at Medical Institutions, etc. (June 2022)

## Step2 : Evolution of the home use field

Present : Demand related to existing condominiums, which had been our main target in the past, is gradually saturated

➡ Communications environments alone are no longer appealing, and conventional approaches are at a turning point.

### Our Development

**Simultaneously pursue convenience and environmental contributions such as IoT and renewable energy. Seeking to meet the growing social needs in the future and appealing to social rental housing owners and residents**

It will still take time for IoT and renewable energy to penetrate as "added value"

**Targeting new and renovation projects with the reinforcement of the real estate business as the starting point. Demand discovery**

➡ Building a system to respond to social needs and preparing for future changes

## Step2 : Evolution of the home use field

Providing integrated infrastructure  
for communications, energy and  
lifestyles

Provision of IoT systems and equipment for  
P2P residential properties

**FGHomeIoT**

Deploy at fiber gates

Renewable energy supply  
**OffGrid-Lab**  
100% subsidiary of Fibergate

Provision of IoT system/satellite  
communication Wi-Fi



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Acquisition of new renovation  
projects to tap into demand

Real estate development,  
ownership, and trading

**SA**  
**FG Smart Asset**

100% subsidiary of Fibergate

Real estate trading and holding

**TMアセット**

Acquired by FG Smart Asset in April 2022



TCFD  
Consortium

## Support for TCFD proposals

We endorsed the recommendations of the Climate-Related Financial Disclosure Task Force (TCFD),  
 Joined TCFD Consortium\*, which was established to discuss effective corporate disclosures and appropriate initiatives



**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

In addition to focusing on SDGs responses, we will also identify critical sustainability risks and opportunities, promote specific responses and initiatives to address them, and monitor progress.

Our Group-wide Scope1 and 2 Greenhouse Gas Emissions Results, Prospects and Targets

Greenhouse gas emissions Results and targets		Results		targets**
		FY2021	FY2022	FY2030
Scope1 and 2 emissions		89.42	76.77	0
Breakdown	Scope1emissions	4.67	5.99	0
	Scope2emissions	84.75	70.78	0

\*TCFD consortium : Established in 2019 as a forum for discussing measures to effectively disclose corporate information and to link disclosed information to appropriate investment decisions of financial institutions, etc.

\*\* Include reductions from J-Credit purchases

# Thank you for your attention.

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## < Forward-Looking Statements >

The information contained in this document is based on several assumptions and does not constitute a commitment or guarantee to the realization of future planned figures or policies.

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