Medium-Term Plan

FY 6/2023 ~ FY 6/2027

March 17th, 2023

Contents

1．Medium-Term Vision and Management Goals

We will help achieve economic growth and social wealth with our sustainable, high value-added infrastructure
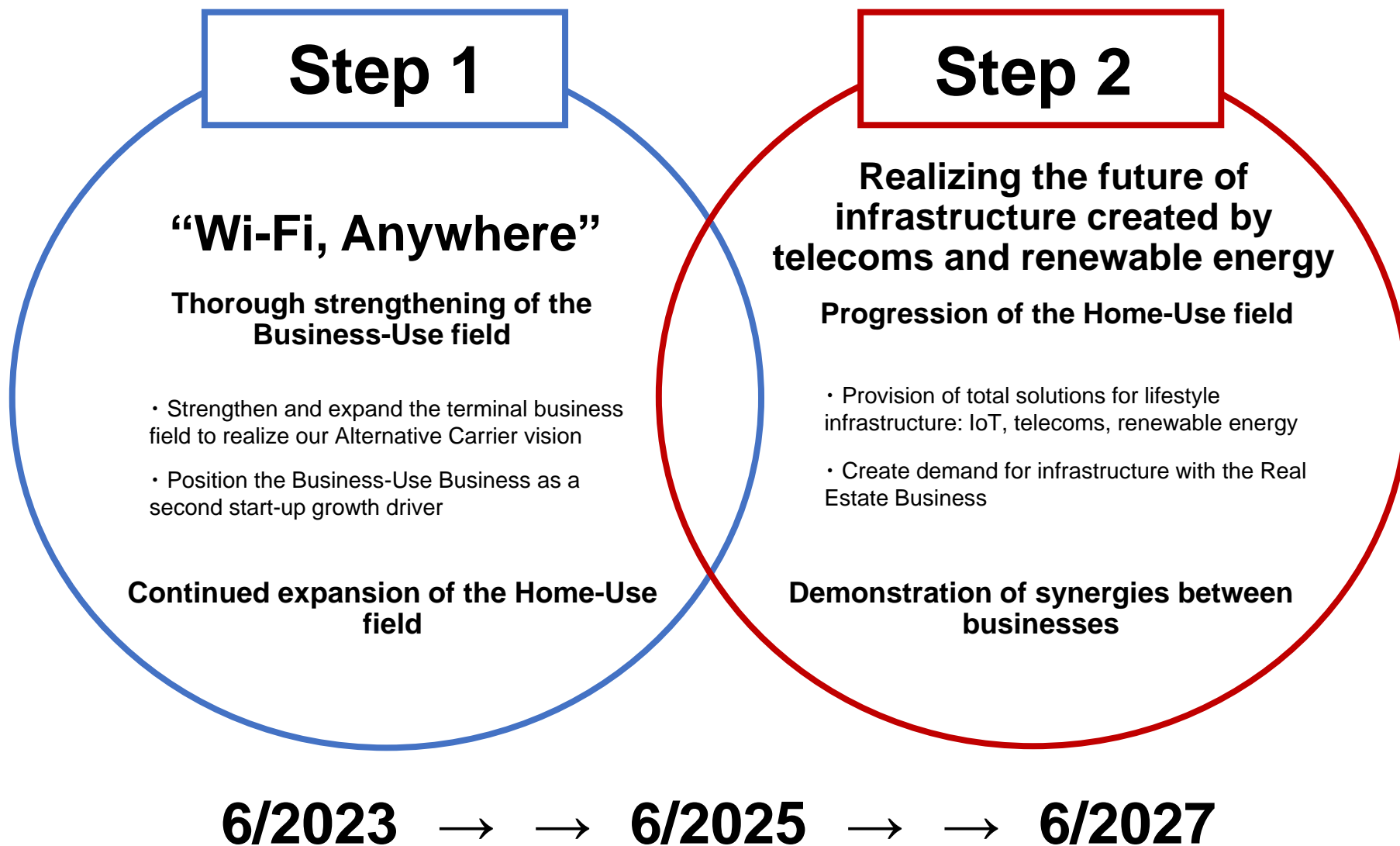
– 6/2022

Until now
- Grew our business with Home-Use Wi-Fi at the core
- Laid the groundwork for the expansion of core cable telecommunications in line with our Alternative Carrier vision

6/2023 – 6/2027

From now

Step 1 **"Wi-Fi, Anywhere"**
Thorough strengthening of the Business-Use field
Continued expansion of the Home-Use field

Step 2 **Realizing the future of infrastructure created by telecoms and renewable energy**
Progression of the Home-Use field
Demonstration of synergies between businesses

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Medium-Term Vision: Steps Toward 2027

Step 1

"Wi-Fi, Anywhere"

Thorough strengthening of the Business-Use field

・Strengthen and expand the terminal business field to realize our Alternative Carrier vision

・Position the Business-Use Business as a second start-up growth driver

Continued expansion of the Home-Use field

Step 2

Realizing the future of infrastructure created by telecoms and renewable energy

Progression of the Home-Use field

・Provision of total solutions for lifestyle infrastructure: IoT, telecoms, renewable energy

・Create demand for infrastructure with the Real Estate Business

Demonstration of synergies between businesses

6/2023 → → 6/2025 → → 6/2027

Realizing our Medium-Term Vision

We will create high value-added infrastructure through the synergy between our renewable energy and core telecoms businesses

Step 1

"Wi-Fi, Anywhere"

Realizing our Alternative Carrier vision

Step 2

Realizing the future of infrastructure created by telecoms and renewable energy

4G/LTE 5G

Satellite transmission

Wi-Fi
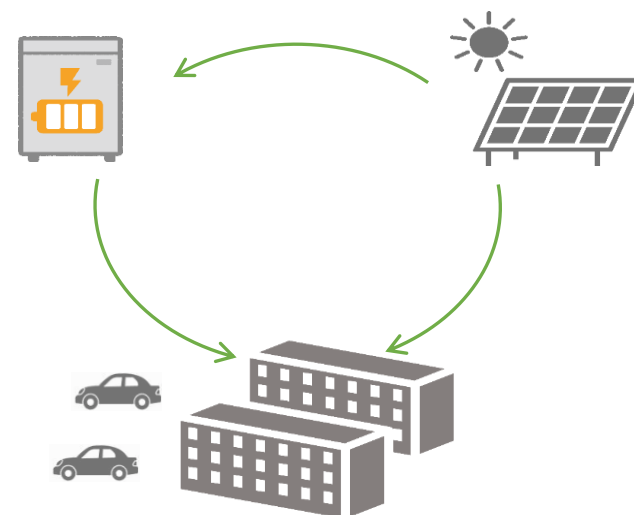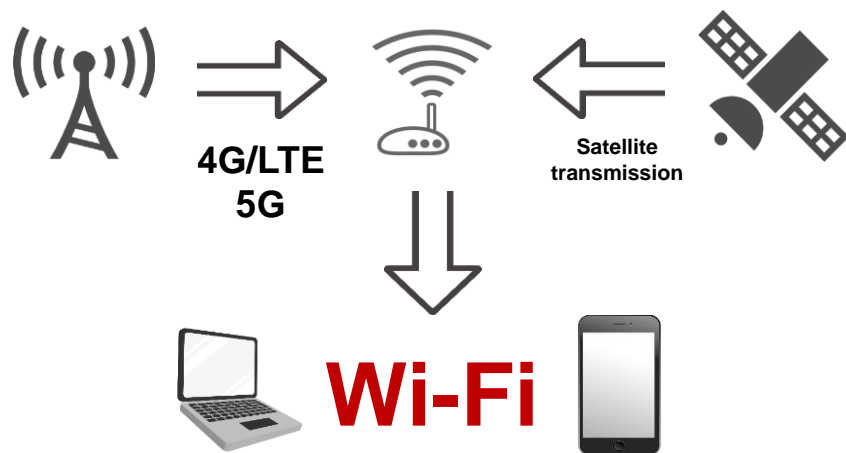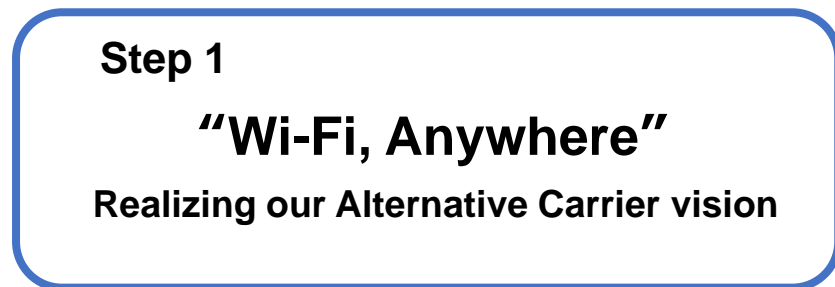
Through the actualization of Steps 1 and 2, we will progress and grow our business

We aim for ¥25bn sales and ¥4.3bn ordinary profit

			FY2022	FY2027
MTP Goal	Sales		¥10.6bn	¥25.0bn
	Ordinary Profit (OPM)		¥1.6bn (15.1%)	¥4.3bn (17.2%)
	ROE		30.9%	>30%
	ROA (excluding Non-Telecoms Business)		9.9%	>15%
Business Growth	Home-Use Business	Contracted units (cumulative)	450,000	>800,000
		Partner companies	250	500
	Business-Use Business	Flow sales	¥600m	¥4bn
		Partner companies	60	150

Note: Partner companies are strategic partners with sales channels in the target area

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Business Domains

Progress the Home-Use Business and grow the Business-Use Business

Expand the Non-Telecoms Business via its synergy with our customer base

Home-Use Business

Provide an all-units-in-one internet service to rental apartments

✓ Countermeasure to empty units

✓ Improvement of real estate value

✓ Private brand offering

Non-Telecoms Business

Merge real estate, telecoms/IoT, and renewable energy to produce smart, green apartments

We plan to offer independent renewable energy solutions

Business-Use Business

Provision of Wi-Fi networks to various facilities, transportation, and corporations

✓ Promote repeat visits

✓ Strong, independent Wi-Fi for transport

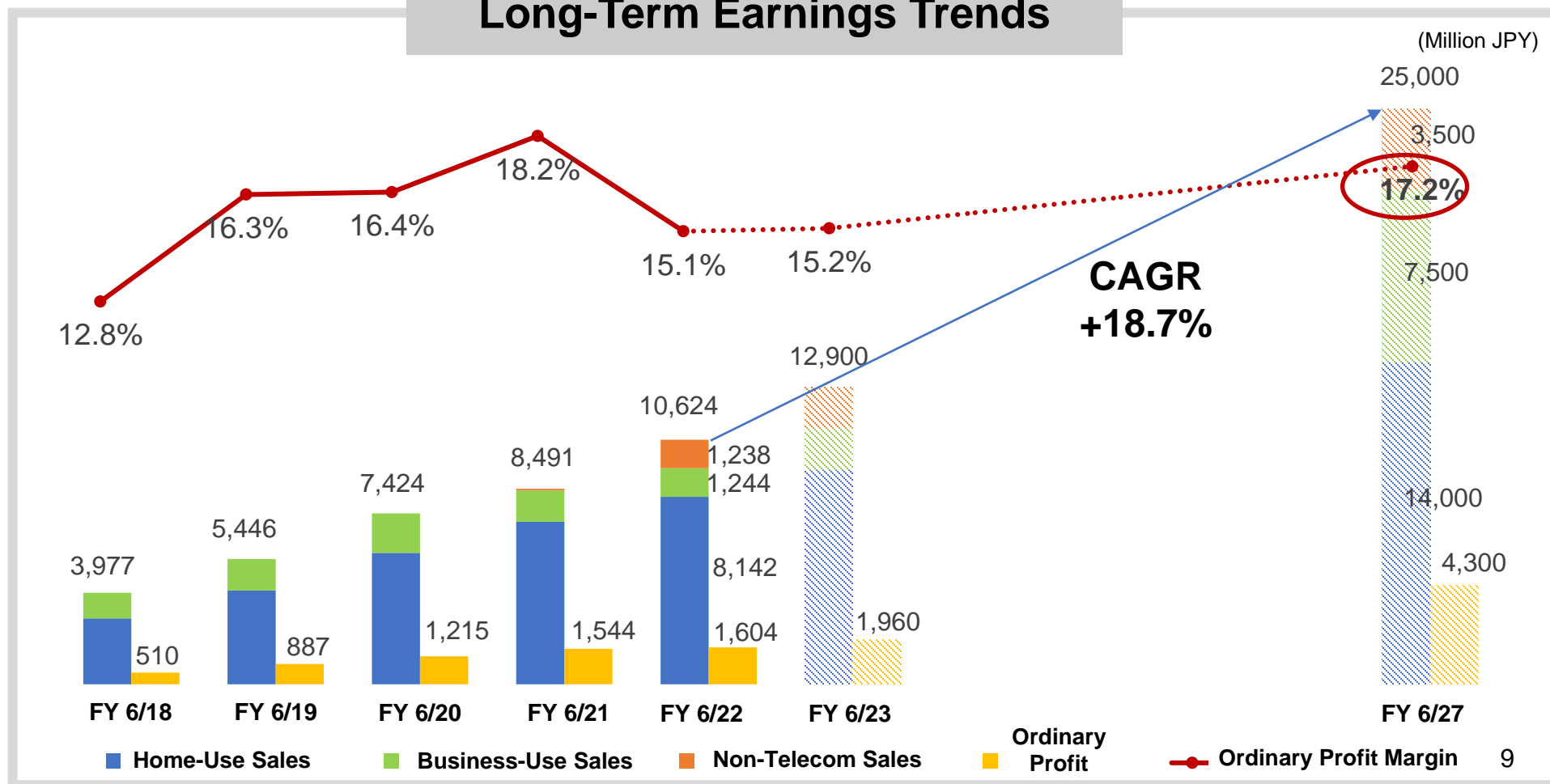✓ Authentication and security measures
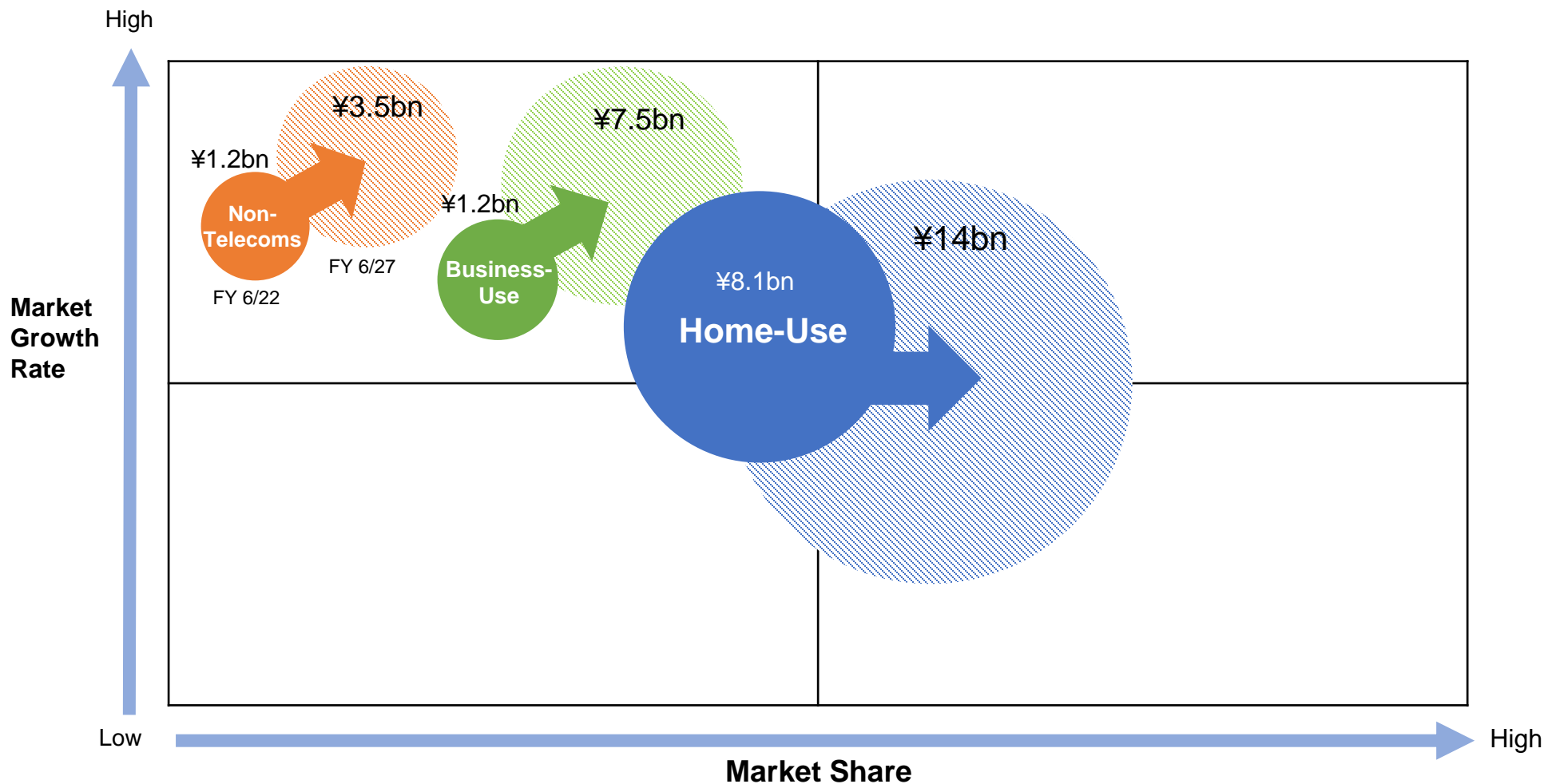
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Medium-Term Earnings Targets

We expect strong, stable growth in the Home-Use Business and the fruits of investment and synergy between the Business-Use and Non-Telecoms Businesses to deliver **CAGR 18.7%**

Long-Term Earnings Trends

(Million JPY)

| | Home-Use Sales | Business-Use Sales | Non-Telecom Sales | Ordinary Profit | Ordinary Profit Margin |

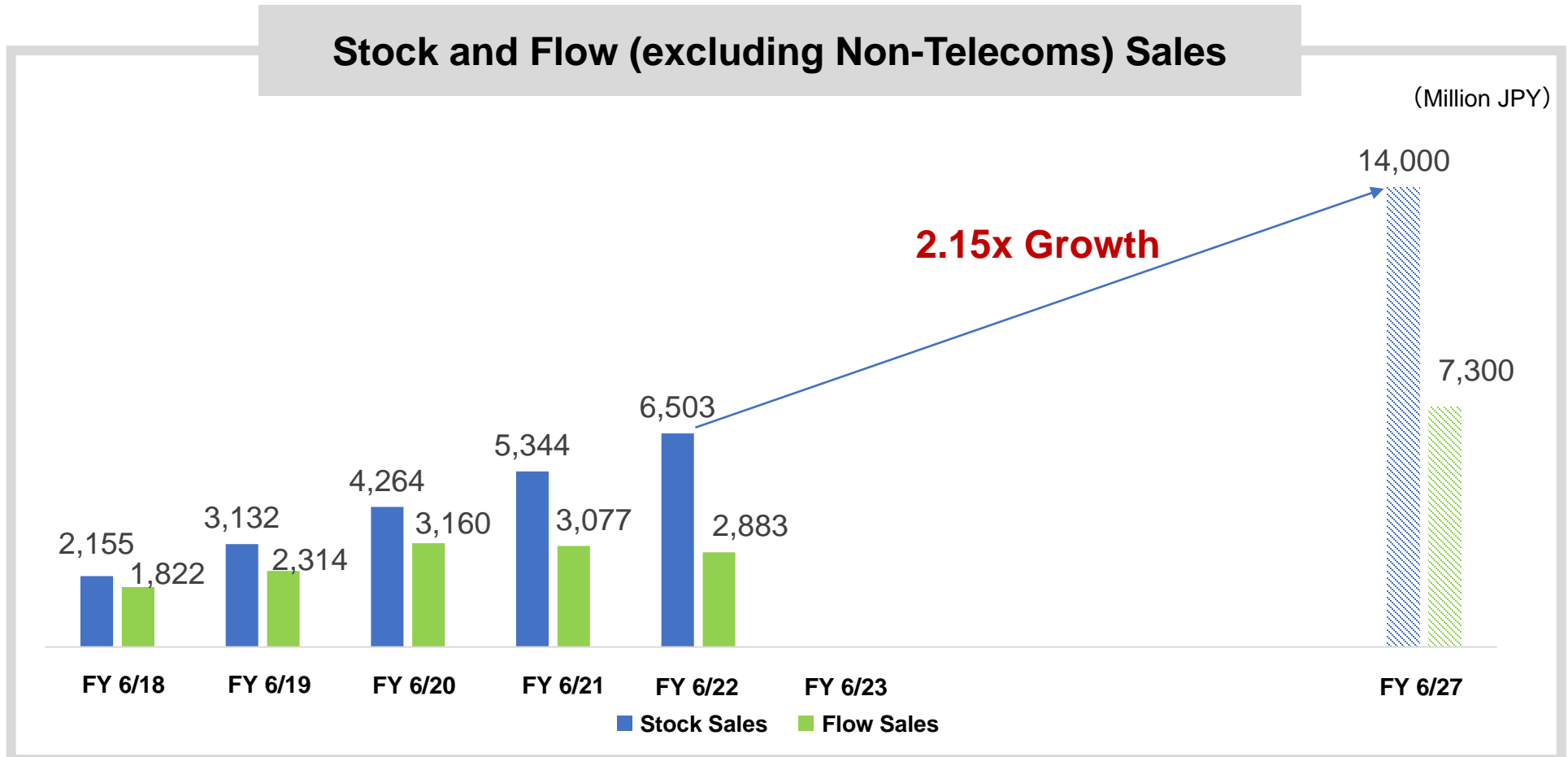| FY	Profit Margin	Total	Home-Use	Business-Use	Non-Telecom	Ordinary Profit
FY 6/18	12.8%	3,977				510
FY 6/19	16.3%	5,446				887
FY 6/20	16.4%	7,424				1,215
FY 6/21	18.2%	8,491				1,544
FY 6/22	15.1%	10,624	8,142	1,244	1,238	1,604
FY 6/23	15.2%	12,900				1,960
FY 6/27	17.2%	25,000	14,000	7,500	3,500	4,300

CAGR +18.7%

Market Position For Each Business

Home-Use: Ample room to grow share in a market of stable growth
Business-Use, Non-Telecoms: Markets with ever-growing demand

High

¥3.5bn

¥7.5bn

¥1.2bn

¥14bn

Non-Telecoms

FY 6/27

¥1.2bn

Business-Use

FY 6/22

¥8.1bn
Home-Use

Market Growth Rate

Low

High

Market Share

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Stock and Flow Sales

The trend of earnings growth from strong stock sales growth will continue, and short-term flow sales expansion will lay the foundation for further stock sales

Stock and Flow (excluding Non-Telecoms) Sales

（Million JPY）

2.15x Growth

	FY 6/18	FY 6/19	FY 6/20	FY 6/21	FY 6/22	FY 6/23	FY 6/27
Stock Sales	2,155	3,132	4,264	5,344	6,503		14,000
Flow Sales	1,822	2,314	3,160	3,077	2,883		7,300

■ Stock Sales　■ Flow Sales

2．Business Environment

The Business Environment and Changes in Public Awareness

We continue to handle the negative impact of the semiconductor shortage and sharp rises in traffic, and we aim for new business opportunities that will arise with changes in the market environment

– 6/2022

Until now

Cost increases

① Sharp increase in traffic due to COVID-related telecoms demand
② Rises in the cost of producing telecoms equipment due to the weak Yen

Procurement risks

③ Delays in stocking and installations due to the semiconductor shortage

Market environment

④ Belief that most existing builds have been approached
⑤ Delays in supplying new builds
⑥ Sharp decline in tourism demand due to COVID
⑦ Capex stagnation

6/2023 –

From now on

Cost increases

① Manage volatility with bandwidth allocation control
② Implement countermeasures to FX risks

Procurement risks

③ Stabilize supply via diversification of products and suppliers

Market environment

④ Understand that the existing build market is expanding
⑤ Strengthen product options with new builds and refurbishments
⑥ Strengthen sales with recovery of inbound demand
⑦ Respond to the demand for security and corporate telecoms

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The Winning Pattern of Home-Use and Business-Use

![Fibergate Inc. 株式会社ファイバーゲート]

We will adhere to the winning pattern established in the Home-Use Business, align ourselves with the changing business environment, and build the same pattern in the Business-Use Business

	Home-Use Business	**Business-Use Business**
Target facilities	Small- to mid-sized rental apartment complexes (existing and new builds)	Areas/facilities where people spend time; SMEs
Customers	Rental apartment owners	Business owners/municipal bodies
Customers' goals	Retention and acquisition of tenants	Customer acquisition by improving services; promotion of customer satisfaction; improvement of efficiency via DX; security improvements
Customers' concerns	Insufficient Wi-Fi installation know-how; lack of knowledge of IT/telecoms; property too small for large telecom companies to supply	Insufficient Wi-Fi installation know-how; lack of knowledge of IT/telecoms; property too small for large telecom companies to supply
Competitors	Few	Few
Private brands	Available	Available
Strategic partners	Yes (to be increased as needed)	Yes (to be increased as needed)
Demand trend	Continued expansion	Rapid expansion
Spread potential	Large (spread of IoT/renewable energy, large lifestyle infrastructure needs)	Large (large need for holistic management of telecom systems, not just Wi-Fi)

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３．Home-Use Business

Scale of the Home-Use Market

Our view

We have revised our view on the Home-Use field
'Apartment-related demand will slowly **saturate**' → '**The market will continue to expand**'

➡️ **The standards for apartment complex facilities will rise higher**

We will follow our winning pattern and double our partners
By acquiring contracts for new and existing builds, we will continue to grow

Breakdown of Total Number of Apartments

Condominiums/
Social housing/
Other

Total apartments
23.3m

Private apartments
16.8m(est.)
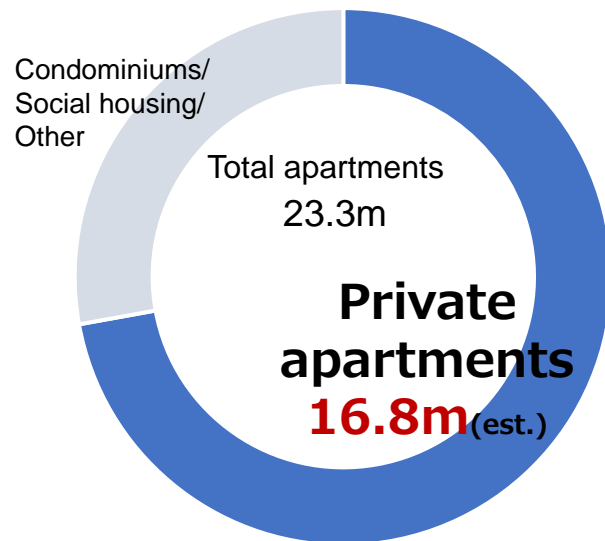
Source: Statistics Bureau, Ministry of Internal Affairs and Communications, 2018 Housing and Land Statistical Survey

● Our main targets are rental properties (apartment complexes)

● The number of private rental apartments was **16,840,000 (est.)** in 2018

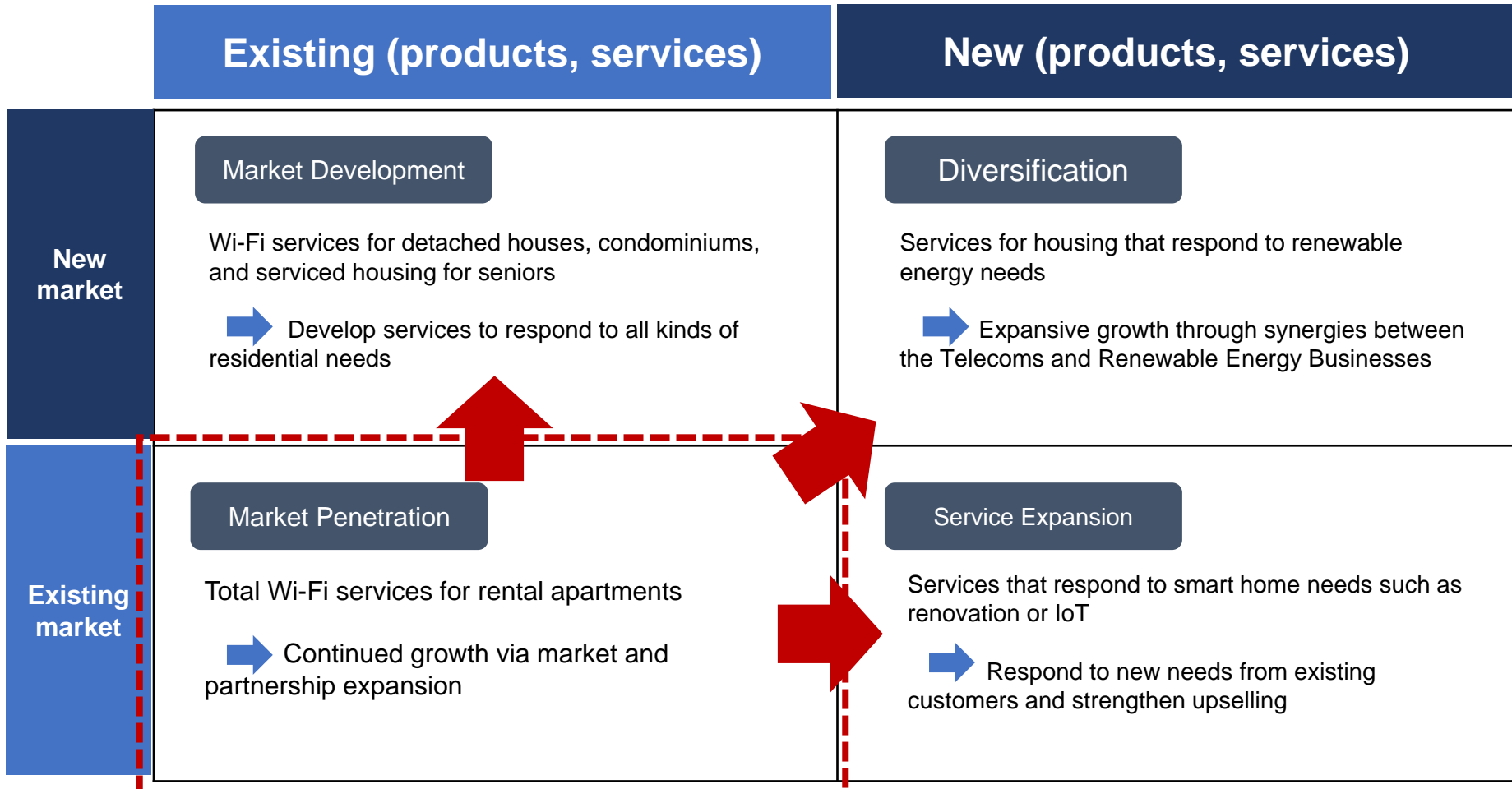We expect the number to increase by approx. 18,000,000 units by 2027

● The market service penetration rate (including other companies) is approx. 20%. The number of serviced units is increasing by approx. 20% per year

Note: Estimated from March 2022 figures by the MM Research Institute

● We provided our services to 500,000 units by January 2023, leaving **plenty of room in the market for expansion**
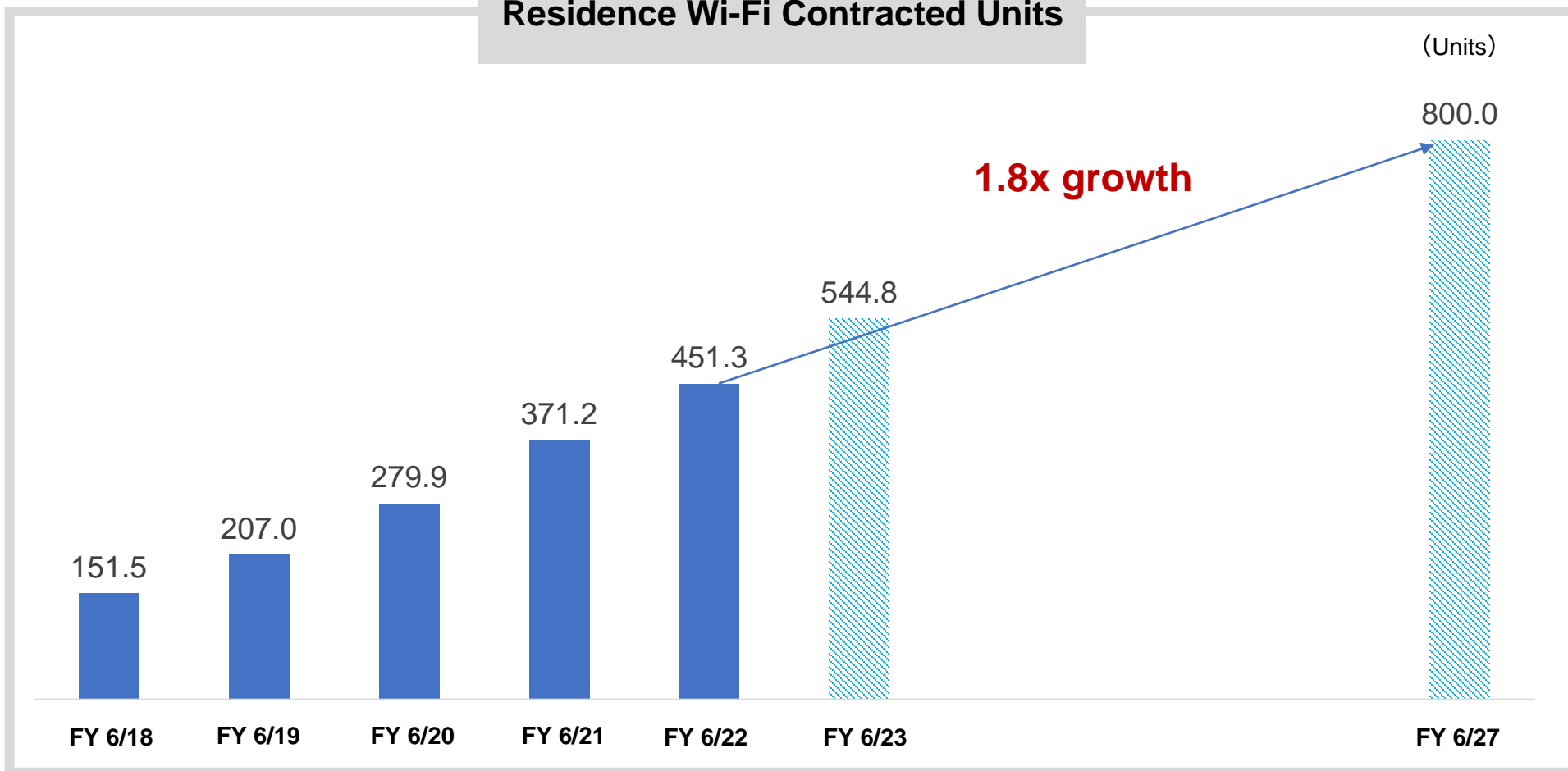
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Progress in expanding the Home-Use Market Field

We will develop new services and a new market with housing as a theme
Using IoT and renewable energy, we will build a framework so we can accommodate growing societal needs and respond to future change

	Existing (products, services)	**New (products, services)**
New market	**Market Development** Wi-Fi services for detached houses, condominiums, and serviced housing for seniors ➡ Develop services to respond to all kinds of residential needs	**Diversification** Services for housing that respond to renewable energy needs ➡ Expansive growth through synergies between the Telecoms and Renewable Energy Businesses
Existing market	**Market Penetration** Total Wi-Fi services for rental apartments ➡ Continued growth via market and partnership expansion	**Service Expansion** Services that respond to smart home needs such as renovation or IoT ➡ Respond to new needs from existing customers and strengthen upselling

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Home-Use Business KPIs

We aim to **raise our contracted units to over 800,000 by FY 6/27** via continued growth as we expand our partnerships, and via the development of new markets (detached housing, condominiums) and services (IoT and renewable energy)

Residence Wi-Fi Contracted Units

（Units）

1.8x growth

- FY 6/18: 151.5
- FY 6/19: 207.0
- FY 6/20: 279.9
- FY 6/21: 371.2
- FY 6/22: 451.3
- FY 6/23: 544.8
- FY 6/27: 800.0

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４．Business-Use Business

How the Business-Use Market will Develop

Our View

Wi-Fi needs continue to be strong in **facilities/areas where people spend time.**
The 5G spread has changed the environment, but as demand recovers in tandem with post-COVID movement, **demand will expand for Wi-Fi** as it is necessary DX infrastructure.

Demand is high for SME security measures and telecoms network overhauling.
Cyber-attacks have increased in recent years, and risk is high regardless of company size.
A strong network and associated security measures are urgently needed even amongst SMEs.
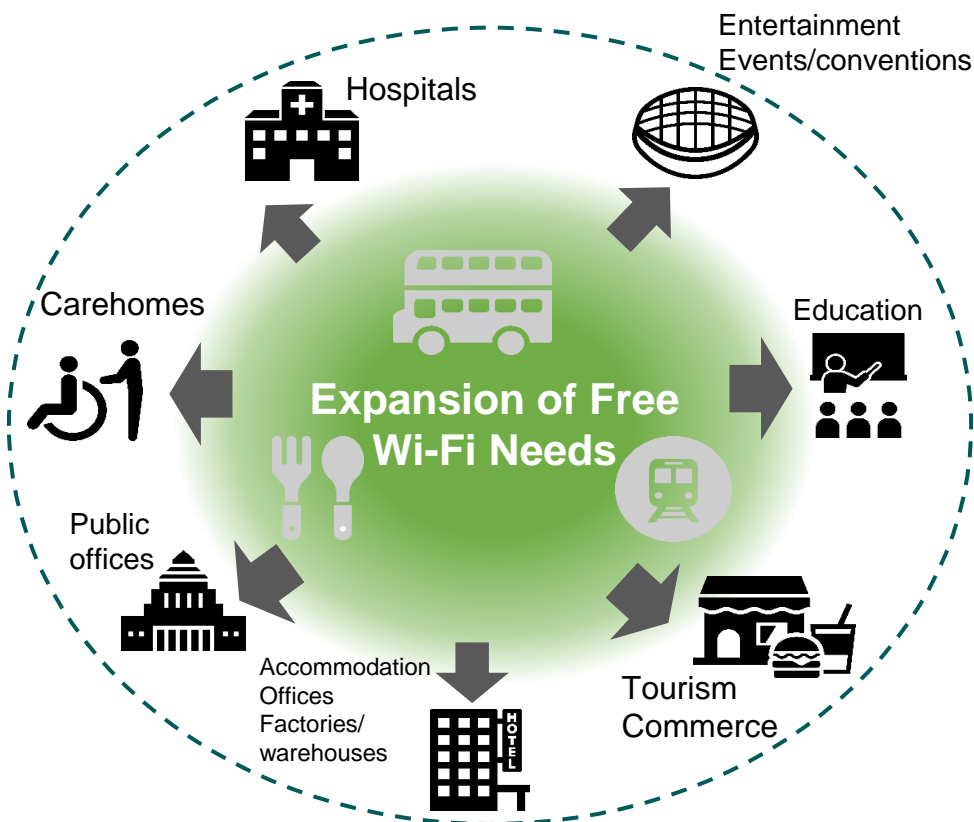
➡ **Action Plan**
① Expand partner companies 2.5x
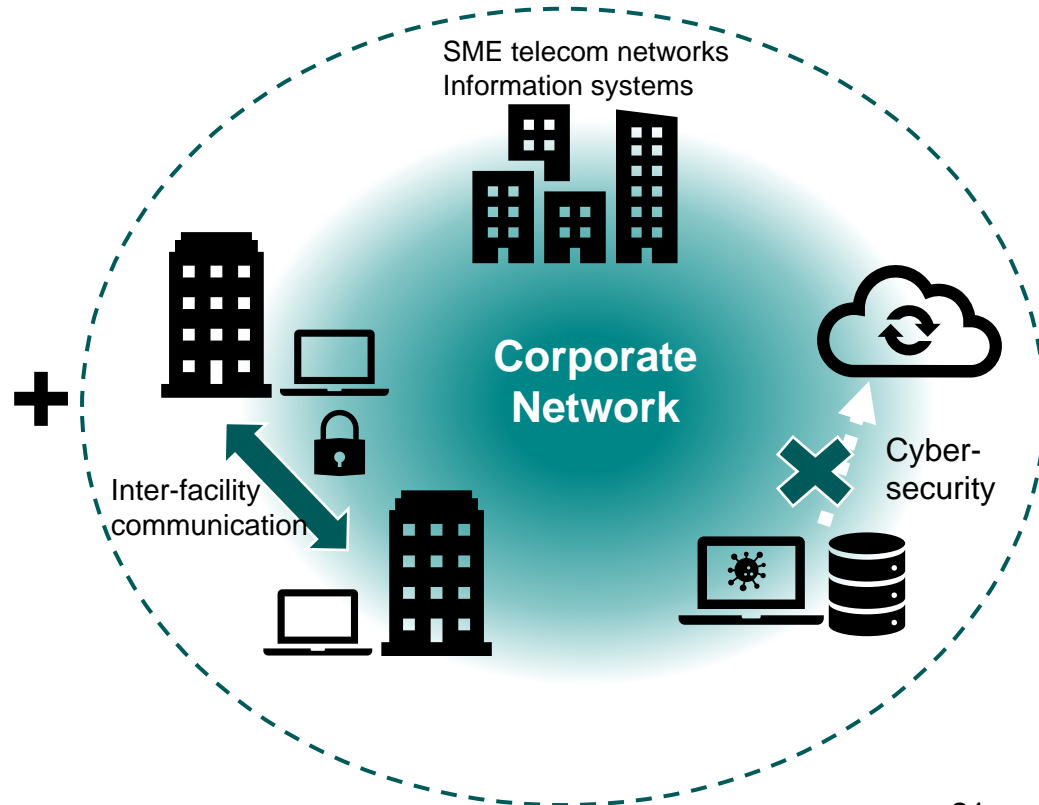② Expand product line-up
③ Strengthen sales

We will focus on handling the Wi-Fi needs of our expanding partner companies, and the acquisition of new demand for our improved security service line-up.

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Target Fields for the Business-Use Business

By growing our partnerships 2.5x (by FY 6/27), we aim to expand our target fields
We will also provide information systems to SMEs

Free Wi-Fi Target Field: facilities/areas where people spend time

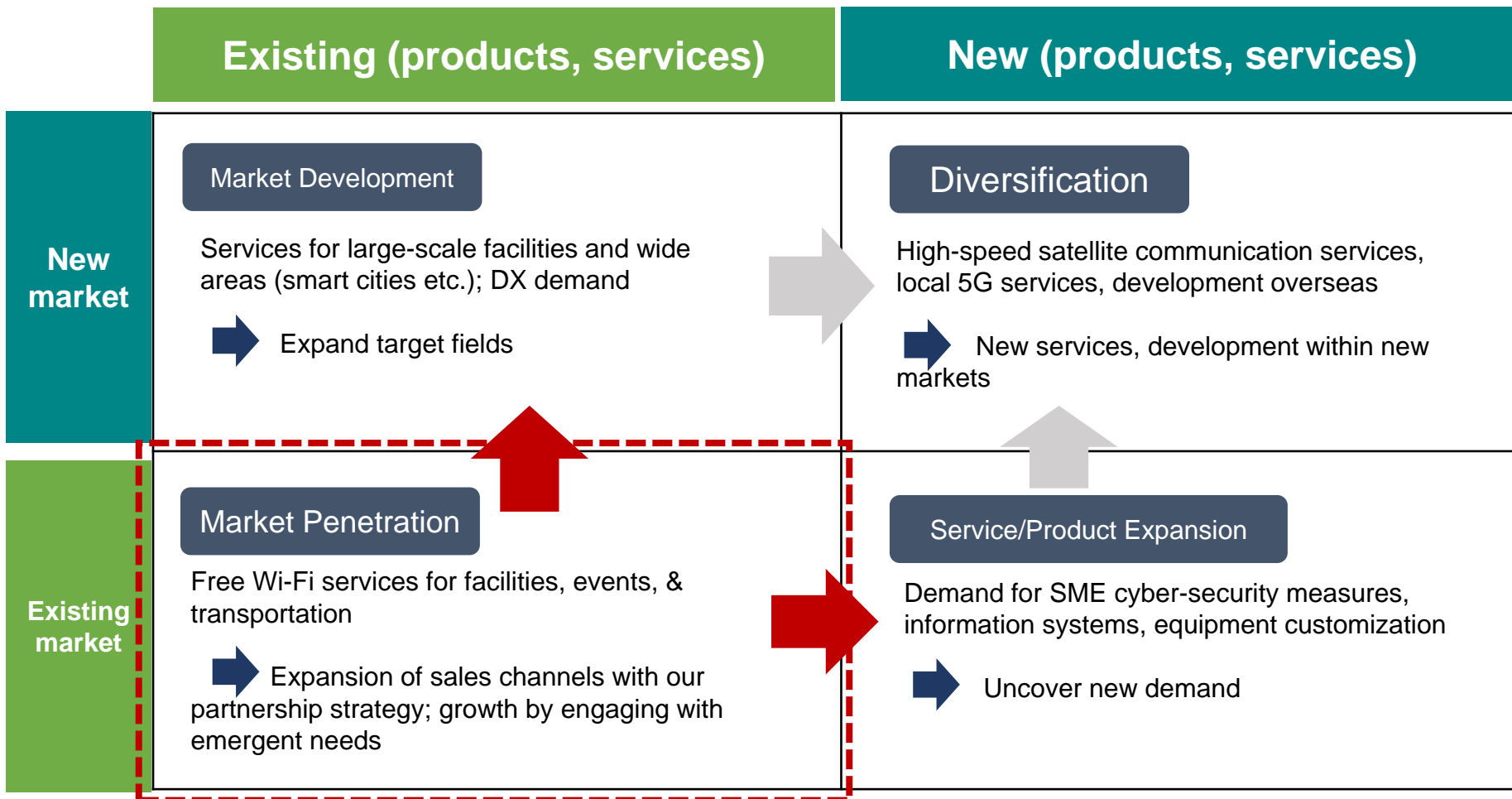**Corporate Network Target Field: SMEs in need of a stronger telecoms network**

Hospitals

Entertainment
Events/conventions

Carehomes

Education

Expansion of Free Wi-Fi Needs

Public offices

Accommodation
Offices
Factories/
warehouses

Tourism
Commerce

+

SME telecom networks
Information systems

Corporate Network

Inter-facility
communication

Cyber-
security

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Thorough Strengthening of Business-Use Fields

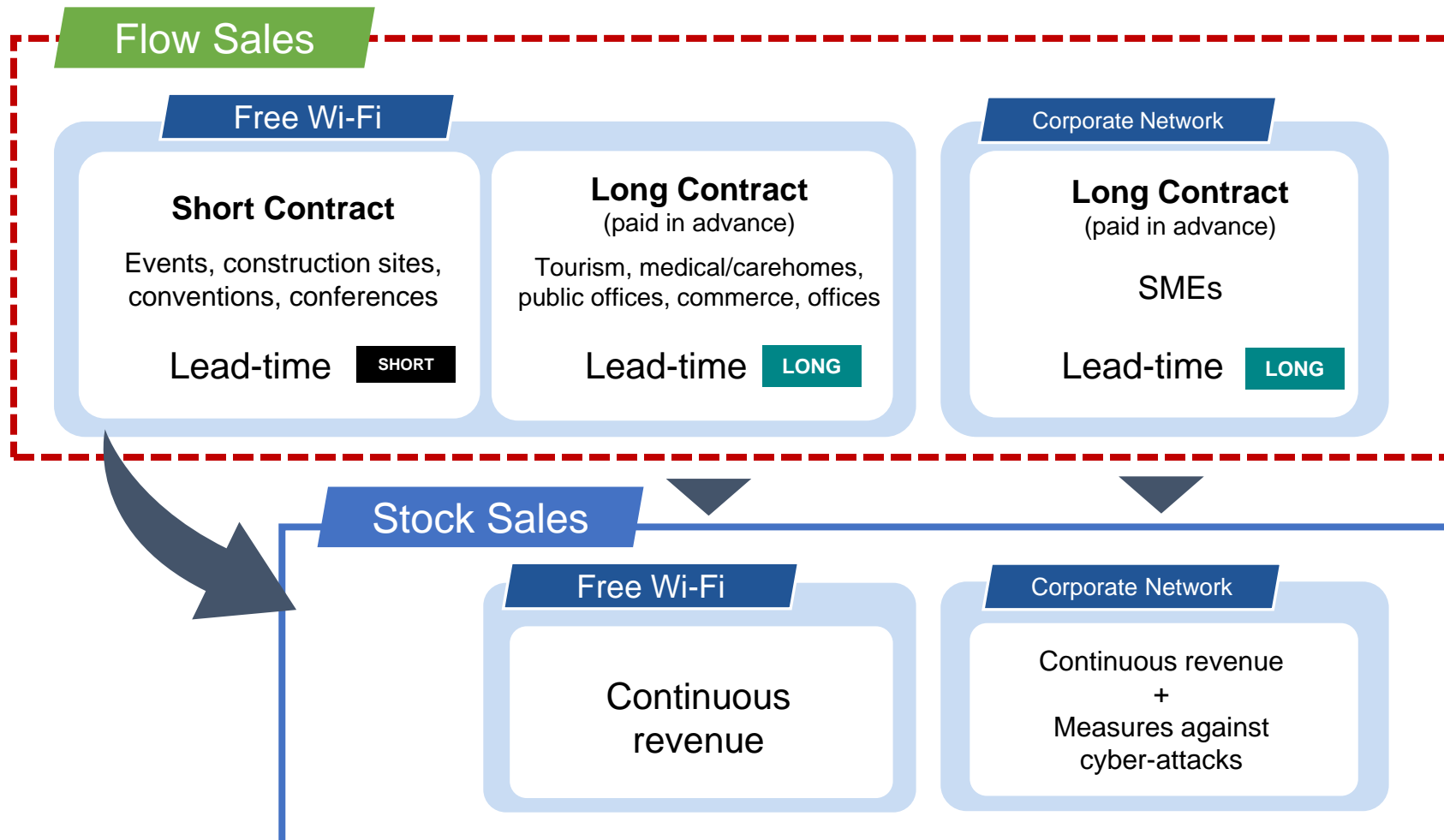**Fibergate Inc.**
株式会社ファイバーゲート

We will roll out Wi-Fi to all facilities to realize our Alternative Carrier vision
With our second start-up growth driver, we will respond to rising demand and further exploit our target fields
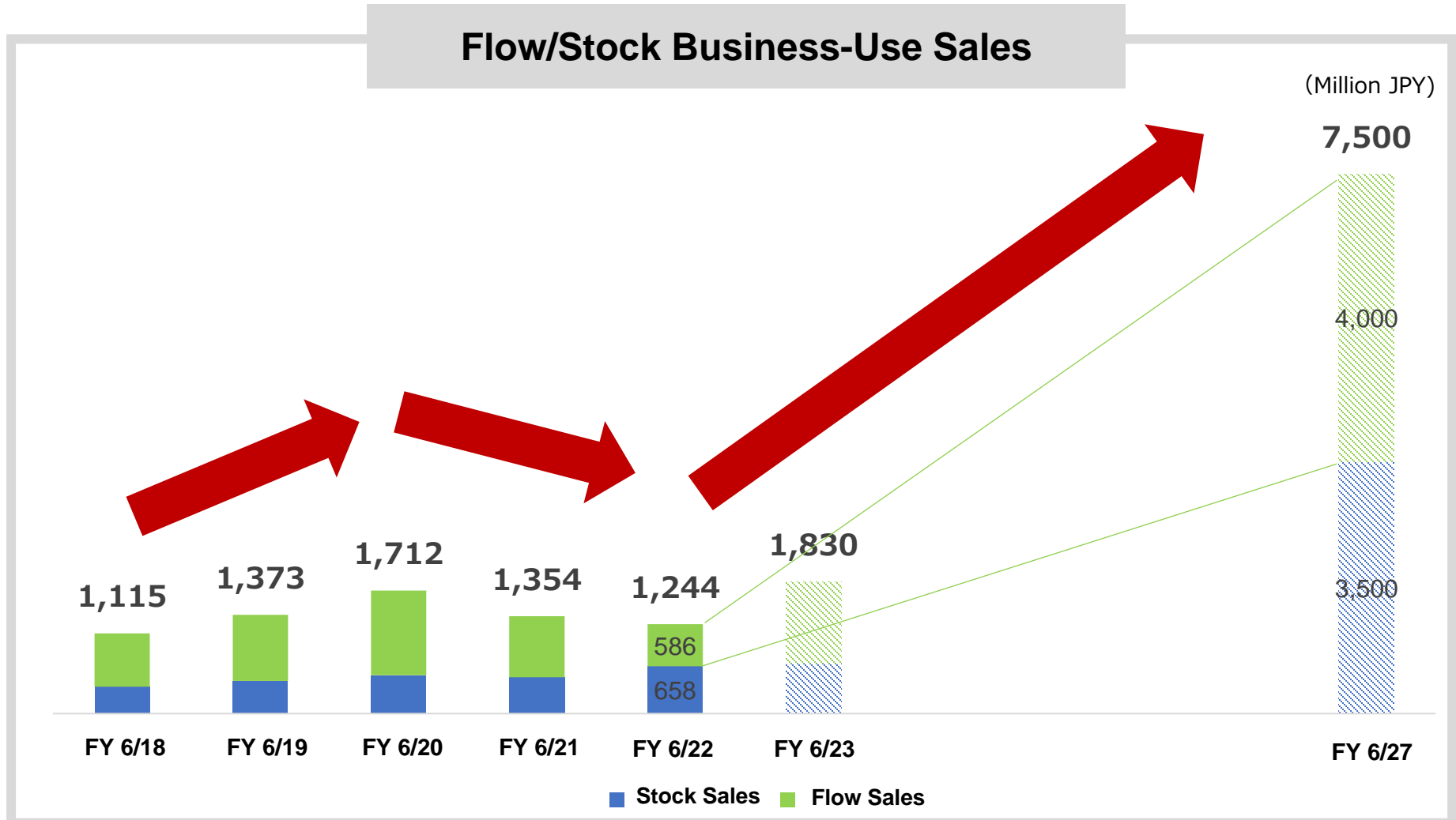
	Existing (products, services)	New (products, services)
New market	**Market Development** Services for large-scale facilities and wide areas (smart cities etc.); DX demand ➡ Expand target fields	**Diversification** High-speed satellite communication services, local 5G services, development overseas ➡ New services, development within new markets
Existing market	**Market Penetration** Free Wi-Fi services for facilities, events, & transportation ➡ Expansion of sales channels with our partnership strategy; growth by engaging with emergent needs	**Service/Product Expansion** Demand for SME cyber-security measures, information systems, equipment customization ➡ Uncover new demand

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Business-Use Business KPIs ①

We have set our flow sales as a KPI as they are an advance indicator of stock sales

Flow Sales

Free Wi-Fi

Short Contract

Events, construction sites, conventions, conferences

Lead-time `SHORT`

Long Contract
(paid in advance)

Tourism, medical/carehomes, public offices, commerce, offices

Lead-time `LONG`

Corporate Network

Long Contract
(paid in advance)

SMEs

Lead-time `LONG`

Stock Sales

Free Wi-Fi

Continuous revenue

Corporate Network

Continuous revenue
+
Measures against cyber-attacks

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Business-Use Business KPIs ②

With our second start-up growth driver, we will accelerate regrowth in existing markets and expand our business to new markets, products and services: we aim for Y4bn flow sales
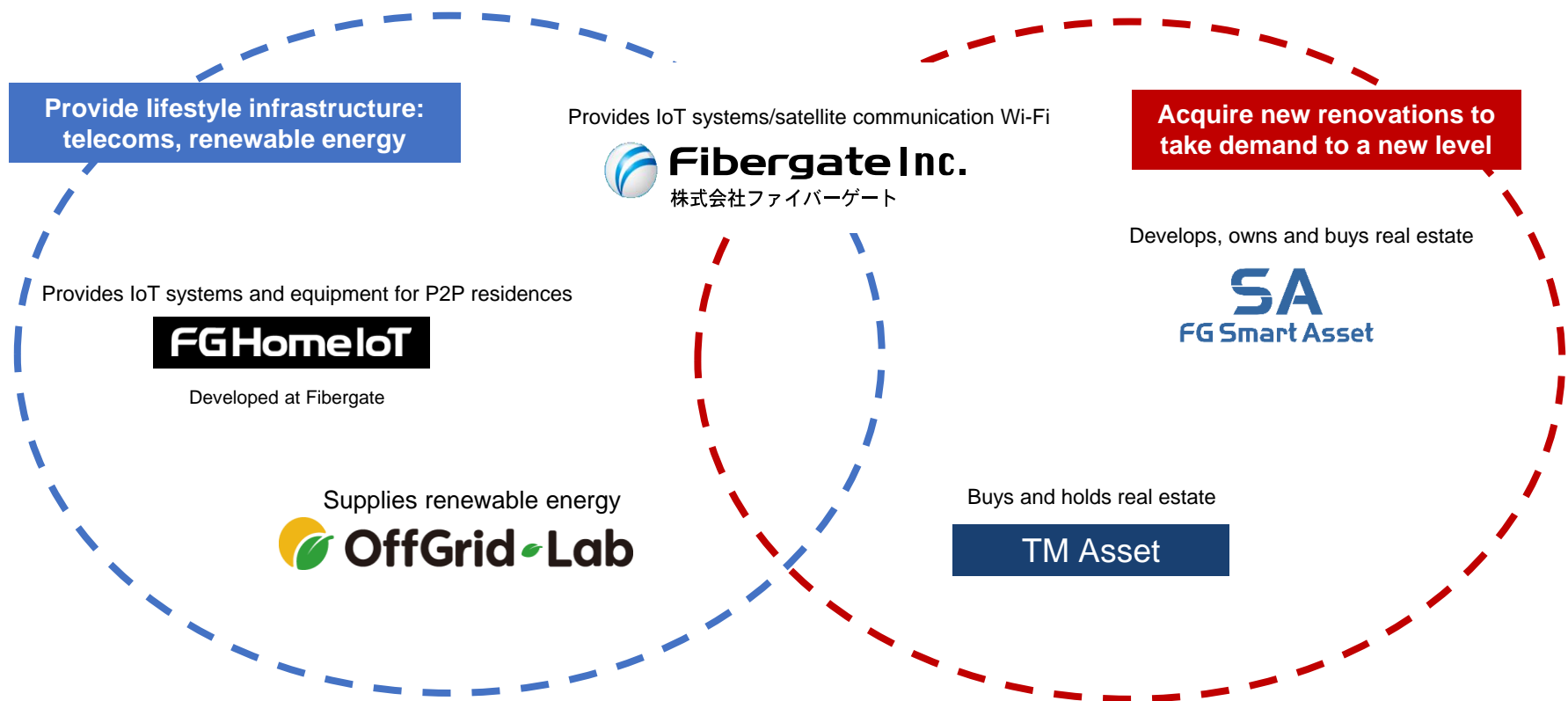

Flow/Stock Business-Use Sales

（Million JPY）

7,500

4,000

3,500

1,115   1,373   1,712   1,354   1,244   1,830

586
658

FY 6/18   FY 6/19   FY 6/20   FY 6/21   FY 6/22   FY 6/23   FY 6/27

■ Stock Sales   ■ Flow Sales

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５．Non-Telecommunication Infrastructure Business

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Home-Use Business demand has levelled up via the Real Estate Business
We will provide sustainably high value-added renewable energy infrastructure to our Home-Use customer base

Provide lifestyle infrastructure: telecoms, renewable energy

Provides IoT systems/satellite communication Wi-Fi

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Acquire new renovations to take demand to a new level

Develops, owns and buys real estate

SA FG Smart Asset

Provides IoT systems and equipment for P2P residences

FG Home IoT

Developed at Fibergate

Supplies renewable energy

OffGrid·Lab

Buys and holds real estate

TM Asset

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● **Phase 2: Introductions to local governments are in progress**
● **We have begun to develop high cost performance storage batteries in-house**

✓ Phase 1: July 2021〜 Began substantiative experiments for storage battery/control system development

Jan 2022〜 Began substantiative experiments at a model complex in Kawaguchi City, Saitama
Also considering joint experiments with collaborators/sponsors

➡ Phase 2: 2023〜 Began installation in local government offices, schools, large evacuation sites, and apartment complexes etc.

Phase 3: 2025〜 Begin virtual power plant service

Phase 4: 2030〜 Target over 30,000 residential complexes with power generation equivalent to one nuclear power plant (approx. 1GW)
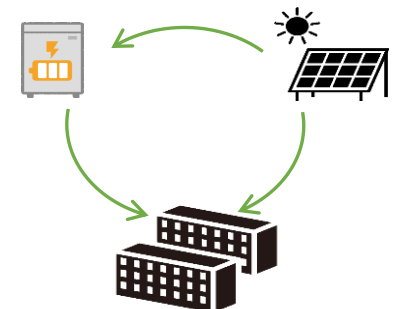
**Toward the establishment
of an off-grid system**

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６．　Achieving Human Capital Management

Diversity of Roles

Our strength is in our diversity of roles that allow us to fashion our company as a one-stop-shop

Product Development	Sales	Installation	Operations	Support

Hardware engineers	Firmware engineers	Project management	Construction engineers	Network engineers	System engineers
Sales staff	Partner support	Customer support	Administrative staff		

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Fibergate Inc.
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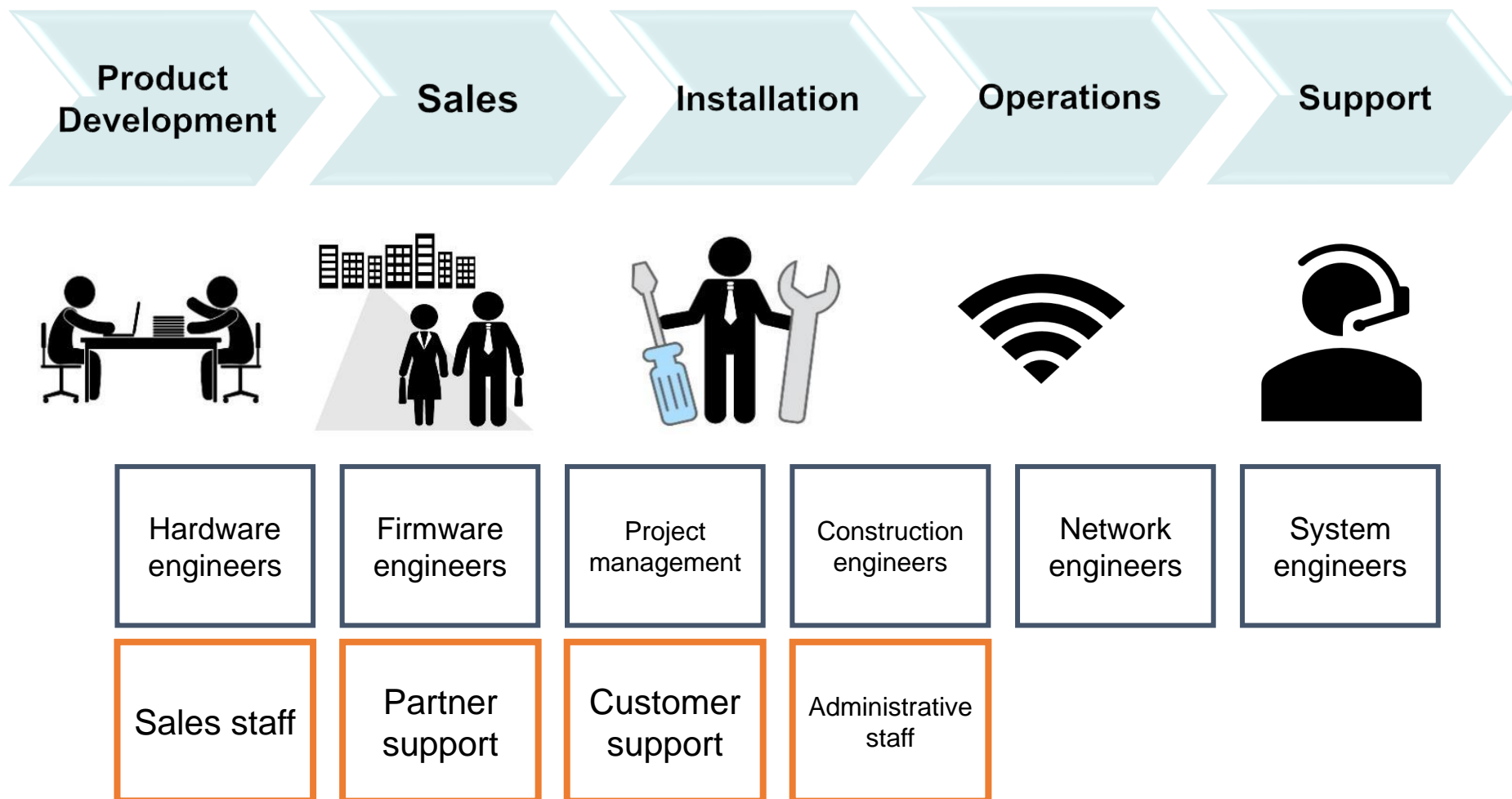
Building a company culture that can respond to change

● Personnel strategy as a management strategy

・ Selection and education of next generation leaders

・ In-house recruitment system

・ Amendments based on employee engagement visualization

●Support for self-actualization through work

・ Enhancement of in-house education and a system to support certification acquisition

・ Establishment and operation of an awards system

・ Active use of side-job system

● Response to diverse personnel and workstyles

・ Promotion of diversity and inclusion

・ Promotion of flexible workstyles (flextime, childcare leave)

・ Introduction of an appropriate evaluation system for a multifunctional organization

Percentage of women in management
(As of FY6/22)

27%
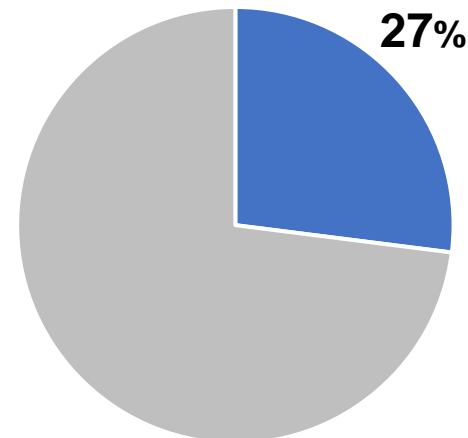
Percentage of global personnel
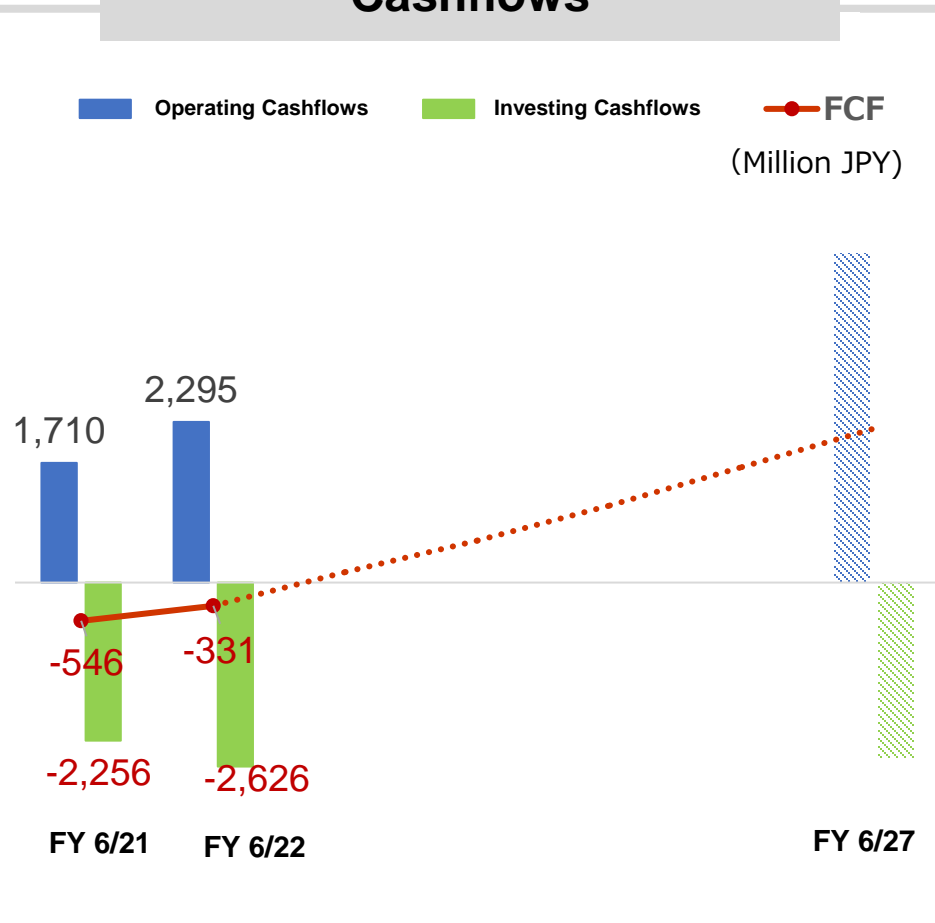(As of FY6/22)

13%

30
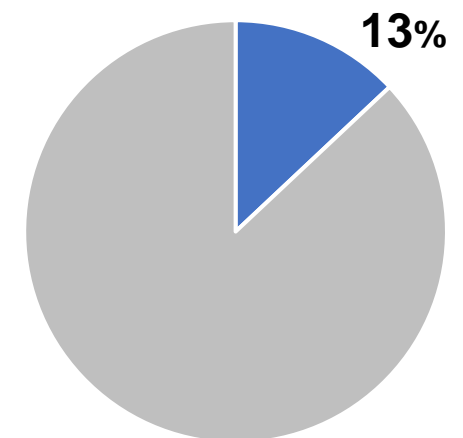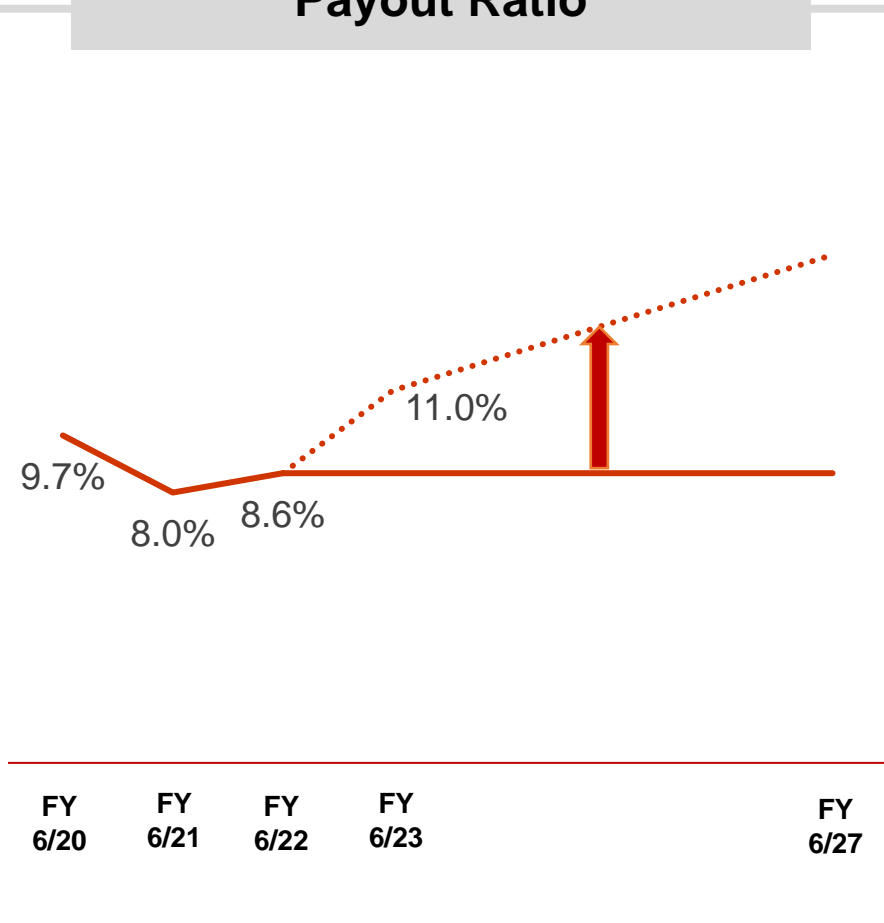
７． Shareholder Returns

Shareholder Returns

Our FCF has increased as stock sales increase and Business-Use expands
We plan to raise the payout ratio from the previous FY as a result of earnings growth and FCF growth

Cashflows

■ Operating Cashflows ■ Investing Cashflows ━●━ FCF

（Million JPY）

1,710
2,295
-546
-331
-2,256
-2,626

FY 6/21　FY 6/22　FY 6/27

Payout Ratio

9.7%
8.0%
8.6%
11.0%

FY 6/20　FY 6/21　FY 6/22　FY 6/23　FY 6/27

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The forward-looking statements such as earnings forecasts in these materials are based on the information available to the Company at the time of preparation, and are not intended to guarantee forecast figures or measures.

Actual results may vary significantly according to domestic and overseas economic environments, exchange rate fluctuations and other unpredictable factors. We will notify the market in the event of a significant event through timely disclosure.

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